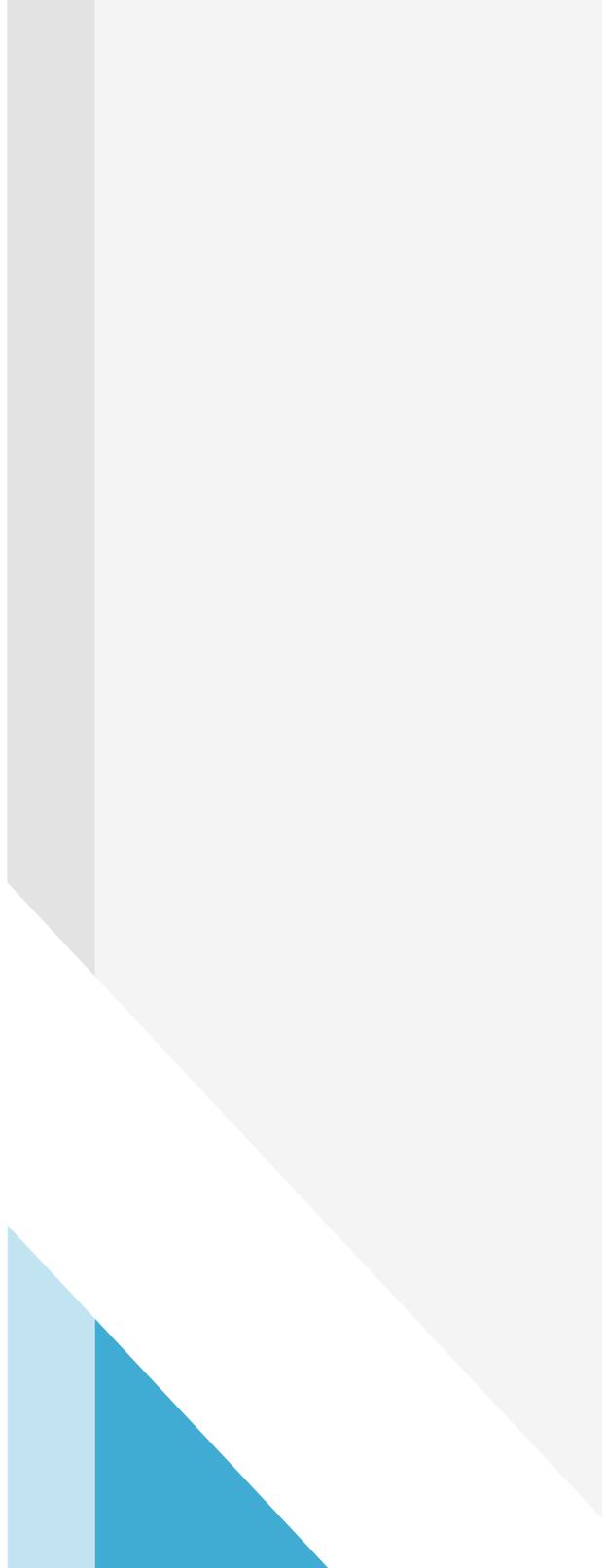


INKOMATI-USUTHU
CATCHMENT MANAGEMENT AGENCY

ANNUAL REPORT 2016/17

(01 April 2016 - 31 March 2017)





**ANNUAL
REPORT**
2016/17



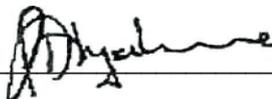
OFFICIAL SIGN OFF

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 legislations, policies and other mandatory documents applicable on the IUCMA.
- Accurately reflects the performance of the IUCMA in 2016/17 financial year.



Dr TK Gyedu-Ababio
CHIEF EXECUTIVE OFFICER



Ms TP Nyakane-Maluka
CHAIRPERSON: GOVERNING BOARD

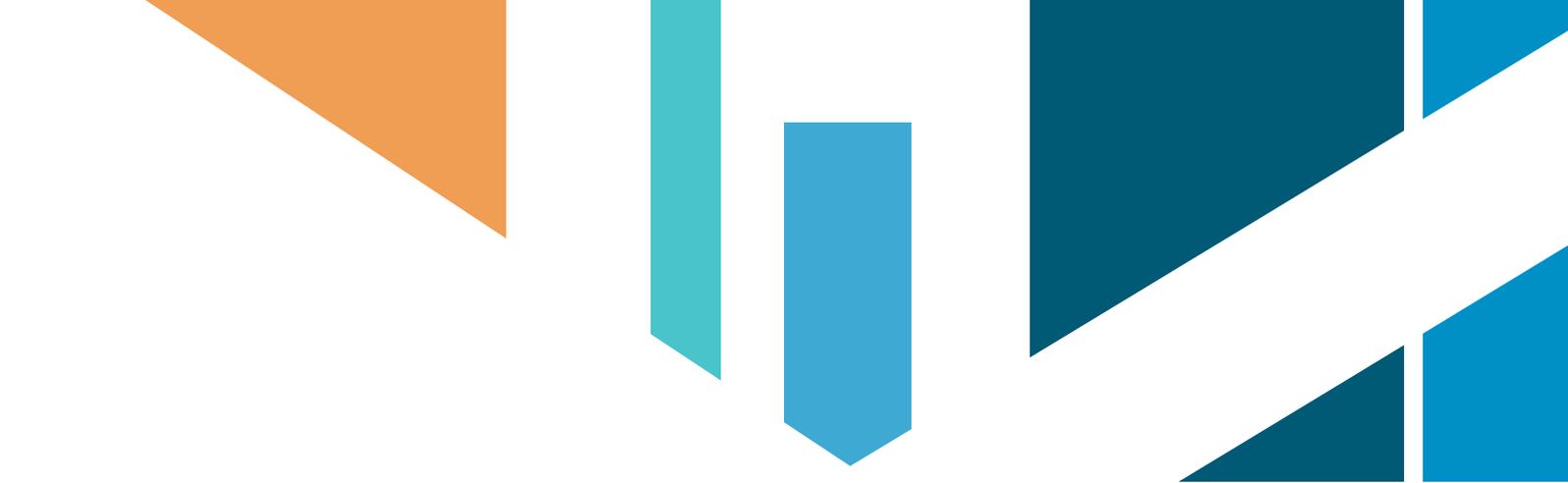


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LIST OF ACRONYMS

ACRONYM	DESCRIPTION
AMD	Acid Mine Drainage
APP	Annual Performance Plan or Annual Performance Plan
ARA-Sul	Aqua Regional Association- South (Mozambique)
AWARD	Association for Water and Rural Development
BGCMA	Breede-Gouritz Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
CL	Compulsory Licensing
CM	Compliance Monitoring
CMA	Catchment Management Agency
CME	Compliance Monitoring and Enforcement
CMF	Catchment Management Forum
CMS	Catchment Management Strategy
COSO	Committee of Sponsoring Organisation
CROCOC	Crocodile River Catchment Operations Committee
CSIR	Centre for Scientific and Industrial Research
D&I	Domestic and Industrial Use
DDG	Deputy Director General
DSS	Decision Support System
DNA	National Department of Water Affairs in Mozambique
DMR	Department of Mineral and Energy
DMS	Decision Making System
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration

ACRONYM	DESCRIPTION
DWS	Department of Water and Sanitation
EE	Employment Equity
EEA	Employment Equity Act
EEP	Employment Equity Plan
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
ER	Ecological Reserve
EWR	Environmental Water Requirement
EWSETA	Energy and Water Skills Education Training Authority
EPM	Evaluation Panel Meeting
EWR	Environmental Water Requirement
GA	General Authorisation
GB	Governing Board
GIS	Geographical Information Systems
GWP	Global Water Partnership
HDIs	Historically Disadvantaged Individuals
HYCOS	Hydrological Cycle Observing System
HYDSTRA	Surface Hydrology Information System
IAAP	Implementation Activity and Action Plan
IAP's	Invasive Alien Plants
IB	Irrigation Board
IUCMA	Inkomati-Usuthu Catchment Management Agency
IBWiWC	Inter Basin Women in Water Conference
ICC	International Convention Centre
ICMA	Inkomati Catchment Management Agency
IGR	Inter-Governmental Relations
I&P	Institutional Participation
IDPs	Integrated Development Plans
IFR	In Stream Flow Requirement
IIF	Inkomati Irrigation Forum

ACRONYM	DESCRIPTION
INBO	International Basin Organisation
IRR	Internal Rate of Return
IIMA	Interim Inco-Maputo Agreement
ISOTG	Inkomati Systems Operations Task Group
IS	Information Systems
IT	Information Technology
IUCMA	Inkomati-Usuthu Catchment Management Agency
IWA	International Water Association
IWAAS	Inkomati Water Availability Assessment Study
IWMA	Inkomati Water Management Area
IWRM	Integrated Water Resources Management
JACANA	Joint Approaches for Catchment Netherlands and South Africa
KJOF	Komati Joint Operations Forum
KNP	Kruger National Park
KOBWA	Komati Basin Water Authority
LM	Local Municipality
MAR	Mean Annual Runoff
MCCAW	Mpumalanga Coordinating Committee on Water Use
MDALA	Mpumalanga Department of Agriculture and Land Administration
MOA	Memorandum of Agreement
MSF	Mpumalanga Spatial Framework
MTEF	Medium Term Expenditure Framework



ACRONYM	DESCRIPTION
MTPA	Mpumalanga Tourism and Parks Agency
MTSF	Medium Term Strategic Framework
MWF	Mpumalanga Wetland Forum
NFEPA	National Freshwater Ecosystems Priority Areas
NGO	Non-Governmental Organization
NWA	National Water Act, Act 36 of 1998
NWRI	National Water Resources Infrastructure
NWRIA	National Water Resources Infrastructure Agency
NWRS	National Water Resources Strategy
OHS	Occupational Health and Safety
OP	Operational Plan
OR	Operating Rules
OSD	Occupation Specific Dispensation
PA	Performance Agreements
PCC	Project Coordinating Committee
PFMA	Public Finance Management Act 1 of 1999
PGDS	Provincial Growth and Development Strategies
PMDS	Performance Management and Development System
PRIMA	Progressive Realisation of the Inco-Maputo Agreement
PSP	Professional Service Provider
REMCO	River and Environment Management Cooperation
REMP	River Eco-status Monitoring Programme
RDM	Resource Directed Measures
RMC	Risk Management Committee
RHP	River Health Programme
ROR	River Operating Rules

ACRONYM	DESCRIPTION
RPF	Resource Poor Farmers
RQO	Resource Quality Objectives
RWQOs	Resource Water Quality Objectives
SADC	Southern African Development Community
SAM	Strategic Adaptive Management
SANBI	South African National Biodiversity Institute
SANCIAHS	South African National Committee on Implementing Applied Hydrological Sciences
SANCOLD	South African National Convention on Large Dams
SANPARKS	South African National Parks
SASRI	South African Sugar Research Institute
SCM	Supply Chain Management
SDC	Source Directed Controls
SDP	Spatial Development Plans
SFRA	Stream Flow Reduction Activity
SG	Surveyor General
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Realistic, Time-bound
SMME	Small Medium Micro Enterprises
SP	Strategic Plan
STEEP	Social, Technological, Ecological, Economic, Political
TOR	Terms of Reference

ACRONYM	DESCRIPTION
TPTC	Tri-Partite Permanent Technical Committee
TSB	Transvaal Sugar Board
UCMF	Usuthu Catchment Management Forum
UWAAS	Usuthu Water Availability Assessment Study
VSTEEP	Values, Social, Technological, Ecological, Economic, Political
WAP	Water Allocation Plan
WARMS	Water Authorisation and Registration Management System
WAR	Water Allocation Reform
WC/DM	Water Conservation /Demand Management
WDCS	Water Discharge Charge System
WISA	Water Institute of South Africa
WMA	Water Management Area
WMI	Water Management Institution
WMS	Water Management System
WRC	Water Research Commission
WRM	Water Resource Management
WReMP	Water Resources Management Platform
WRIM (S) (D)	Water Resources Information Management (System) (Database)
WSDP	Water Services Development Plan
WSP	Water Service Plan
WRU	Water Resource Utilization
WUA	Water Users Association
WUAAAC	Water Use Application Authorisation Assessment Committee
WUL	Water Use License
WULA	Water Use License Application
WTW	Water Treatment Works



MINISTER'S FOREWORD

Introduction

The year under review saw the IUCMA achieving most of its targets. The financial performance as audited indicated no qualified audit which is quite impressive taken into account the fact that the IUCMA has achieved clean audits since inception.

Water is a limiting factor to development in our country which is adjudged to be the 30th driest country in the world. Integrated Water Resources Management is therefore very important as we need to manage the little we have. Water Management Institutions have a responsibility to ensure that our water resources are protected, developed, used and controlled in a sustainable manner. During 2016/17 the Department of Water and Sanitation (DWS) started a process of institutional realignment of the Catchment Management Agencies (CMAs). It is hoped that this will be completed in time to ensure stability going forward.

Planning Documents

As per the norm the Shareholder compact (SHC) was developed and approved for the Inkomati-Usuthu (IUCMA) at the beginning of the 2016/17 financial year together with the annual performance plan (APP) including the budget. The early approval of the APP and associated budget provided assurance that the planned projects and activities could be undertaken.

Performance

The River and Environmental Management Cooperation (REMCO) Steering Committee involving the three SADC countries, South Africa, Swaziland and Mozambique developed its constitution for proper inter-basin water resource management by water management institutions from the three countries in the Inco-Maputo Basin in collaboration with the Netherlands partners. Upon its approval, this will enable the opening of the REMCO bank account to administer the funds for the activities 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.

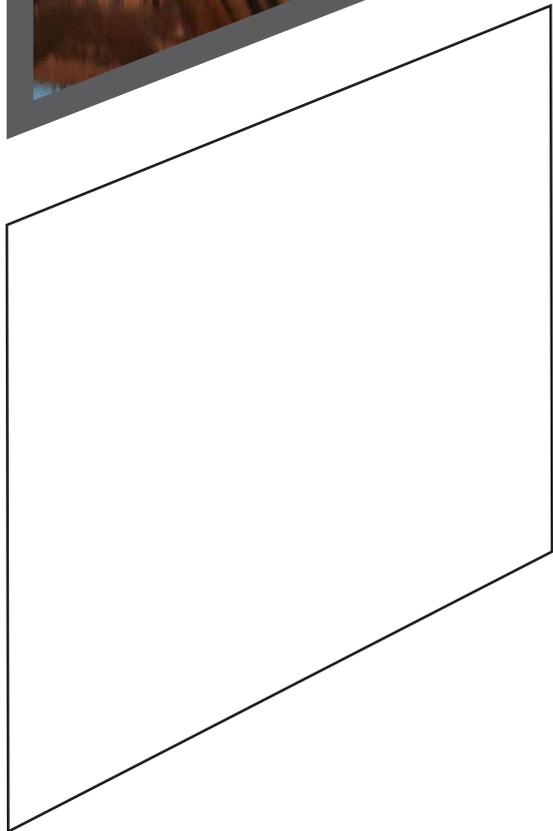
Gratitude

I am grateful to the IUCMA governing board, management and staff for their hard work and contribution towards the sound management of water resources in the IUCMA water management area. Your achievements have well been noticed. Keep up the good work.

Way Forward

It is believed that the finalisation of the CMA model will be achieved in the next financial year to ensure that roles and responsibilities are clearly defined and that the relevant delegations and or assignments and associated resources are given to the water management institutions to enhance service delivery.

Honourable NP Mokonyane
MINISTER: WATER AND SANITATION





CHAIRPERSON'S FOREWORD

Introduction

This Annual Report of the Inkomati-Usuthu Catchment Management Agency (IUCMA) for the 2016/17 is submitted with great pleasure, enthusiasm and confidence under the theme: "Moving Forward with Momentum".

Strategic Change

Since the withdrawal of the delegated powers and functions by the Minister of Water and Sanitation on 12 December 2015, the IUCMA completed the Verification of the Existing Lawful Use (ELU) of water in the former Inkomati Water Management Area (WMA) during February 2017. The IUCMA commenced with the verification of the ELU in the Usuthu Catchment for the purposes of the Water Allocation Plan (WAP) to be developed and captured in the Catchment Management Strategy (CMS) for the whole of the Inkomati-Usuthu WMA. This development of the CMS was initiated in the 2016/17 financial year and will continue in the 2017/18 financial year.

The challenges experienced during 2016/17 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 should 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.

During 2016/17 the Department of Water and Sanitation (DWS) started a process of institutional realignment of the Catchment Management Agencies (CMAs). It would be expected that the Governing Boards of CMAs would be consulted on the outcomes and the way forward.

Due to the reporting requirements and for cost cutting purposes in the IUCMA, the committee structure of the IUCMA was changed from the three committees: Governance & Corporate Services; Water; and Audit to two committees being the Executive and Audit Committees. These committees were operational as from the first quarter of 2016/17. Furthermore, since inception of the current Governing Board, there was no increase in the rate of the remuneration of the Governing Board. The determination of a new rate is still to be done.

The IUCMA anticipates focussing on outcome/impact-based performance objectives, indicators and targets in order to achieve maximum productivity (maximum outcome with the minimum input).

International Relations

A constitution was developed for the River and Environmental Management Cooperation (REMCO) Steering Committee under the cooperation between South Africa, Swaziland and Mozambique water resource management institutions in collaboration with the Netherlands partners. Upon its approval, this will enable the opening of the REMCO bank account to administer the funds for the activities 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 the development of an adaptive operational dashboard developed by the University of Kwa-Zulu Natal (UKZN) to reflect on maps the Values, Social, Technological, Ecological, Economic and Political (VSTEOP) operational governance status of the IUCMA which the Netherlands want to implement in their applications.

Planning

The determination of the water resource management charges according to the actual cost recovery is still a challenge. 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 hand-over of the billing and collection of revenue related for the water resource management charges to the IUCMA by the DWS has still to take place. This is still outstanding due to the IUCMA not being registered as a VAT vendor. This matter was clarified with National Treasury and SARS that the water resource management charge is not subject to VAT and the IUCMA as public entity does not have to register as a VAT vendor. Thus, the billing of the water resource management charges by the IUCMA will be handed over by the DWS in the 2017/18 financial year.

The Water Resource Management function of the IUCMA has established the Compliance, Monitoring and Enforcement (CME) division separate from the Water Resource Protection & Waste division as from 1 April 2017. This division will be independent under the supervision of a new senior manager and will add the much needed resources to promote compliance in the WMA and fight various non-compliance issues within the WMA related to resource pollution. The late transfer of the funds to the IUCMA by the DWS causes a risk of the IUCMA achieving its objectives.

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 the enduring guidance and support as well as the IUCMA management and employees for a sterling job 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 2016/17 financial year are attributed to your respective massive contributions.

Since inception, the IUCMA's strategic framework has consistently placed strong emphasis on organizational 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.

Our stakeholders and their participation in our activities in the catchments under our jurisdiction is close to the core of our mandate. We have, during the year, engaged with them vigorously to ensure that the necessary capacity and awareness on various water resources management are extended throughout the Inkomati-Usuthu water management area. One of the programmes in which our stakeholders participated effectively was the "Clear Rivers" campaign during the Madiba month of July.



Way Forward

I can confidently say that the IUCMA is competent and ready for delegations, implementing agent 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 update;
- Joint Climate Change research project between South Africa, Swaziland and Mozambique;
- REMCO work plan to include programmes for knowledge exchange by Governing Boards; and
- 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; and Convening a meeting between the Minister of Water and Sanitation and a combined delegation of the IUCMA and BGCMA for the submission of a CMA model countering the current CMA institutional realignment in process by DWS without consulting the existing CMAs.

In closing, Honourable Minister, I would like to reiterate that it is indeed inspirational for all of us in the IUCMA to devote our energy towards serving your interests in the best way possible and we look forward to your continued support and contribution in all our endeavours in 2017/18 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

Mr J.M. Mathebula
Member

QUALIFICATION:

BA (HUMAN RESOURCE)

SKILLS:

HUMAN RESOURCE MANAGEMENT

Mr P.J. Venter
Member

QUALIFICATION:

BSC (WOOD SCIENCE MECHANICAL)

N. DIP (AGRICULTURE, ANIMAL HUSBANDRY)

SKILLS:

WATER RESOURCE MANAGEMENT AND TECHNICAL

Mr N. Govender
Member

QUALIFICATION:

BSC (MECHANICAL ENGINEERING)

SKILLS:

CORPORATE GOVERNANCE, TECHNICAL AND RISK



Ms S.D. Wiggins
Member

QUALIFICATION:

BSC HONS
(TOWN & REGIONAL
PLANNING)

SKILLS:

CORPORATE
GOVERNANCE
AND TECHNICAL

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

Dr T.K. Gyedu-Ababio
Ex officio 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 LLB

SKILLS:

LOCAL
GOVERNMENT

GOVERNANCE

LAWYER

EXECUTIVE COMMITTEE



Mr M.S. Mthembu
Chairperson



Ms T.P. Nyakane-Maluka
Member



Mr P.J. Venter
Member



Mr J.M. Mathebula
Member



Ms S.D. Wiggins
Member

AUDIT COMMITTEE



Mr M. Secker CA(SA)
Chairperson
External Member



Dr P.E. Malokwane
Member



Mr P.A. Tshabangu
Member



Mr N. Govender
Member



Ms V.M. Moholovela
External Member



OVERVIEW

BY CHIEF EXECUTIVE OFFICER

Introduction

Under the theme “Moving forward with Momentum”, commitment, dedication, hard work and passion produced the good results obtained in the 2016/17 Financial Year. This theme best describes the synergy and positive energy our team mastered to ensure that the set targets for the year under review were achieved.

With the merger with Usuthu, the Inkomati-Usuthu Catchment Management Agency (IUCMA) has grown spatially including in number of employees. In terms of operations and the legal mandate, the IUCMA can relate the following for the financial year under review:

- There were no properly delegated functions from the Minister since the withdrawal of the same in December 2015;
- Performance of our initially delegated functions in the entire IUCMA WMA necessitated the progressive development of corresponding capacity in terms of personnel to enable effective implementation;
- Additional capacity came due to the filling of critical posts as a result of the creation of a new division, Compliance Monitoring and Enforcement (CME) and restructuring of the existing divisions to cater for improvements in processing license applications;
- The filling of the Executive Water Resource Management post during the 3rd quarter of the year under review;
- The establishment of joint Water User Application Authorisation Assessment Committee (WUAAAC) with the Olifants Proto-CMA;
- The loss of two senior managers in the water resource management function; and
- Technology -
 - o Improvement in the information systems of the IUCMA and links to those of the DWS through WARMS and SAP; and
 - o The use of BoardPad for Board and Committee meetings.

Catchment Management Strategy (CMS) Review

The IUCMA developed a CMS document for the former Inkomati Water Management Area in 2010. The programme for the visioning process in the Usuthu towards the review of the CMS in the whole of the IUCMA WMA was started during the year under review. Implementation of the entire programme will be completed in the 2017/18 financial year.

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 participate 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 successfully participated fully in an international trans-boundary River and Environmental Management Cooperation (REMCO) conference in Swaziland during September of the year under review. The IUCMA contributed both in terms of logistics and the planning as a member of the Local Organising Committee (LOC). The attendance and participation by our regional partners, Mozambique and Swaziland as well as our twinning partners from Netherlands and Germany was impressive. The development of a joint climate change adaptation strategy was mooted at this conference.

Our stakeholder empowerment as a result of capacity building and stakeholder interactions improved greatly in the 2016/17 financial year. The IUCMA continues to add more stakeholders to, and maintain the existing stakeholder base. It is encouraging to report that the relationship between the IUCMA and its stakeholders is such that stakeholders continue to sponsor some educational/awareness campaigns as well as some of the CMF meetings. A good example is the National Water Week activities which we organised with the help of our stakeholders at the Mbombela Stadium. We salute our stakeholders for their continued support.

The cooperation with the municipalities within the Inkomati-Usuthu WMA has greatly improved. Many interactions at strategic level took place. 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. A working relationship as to how municipalities can correct their faulty systems on IUCMA advice has yielded positive results. Chief Albert Luthuli Municipality is a good example.

Accomplishing Planning and Reporting Requirements

As in previous years, the IUCMA never reneged on its legislative requirements. The Annual Performance Plan (APP) for 2017/18, all the quarterly reports and the Annual Report for 2015/16 were submitted as required. We complied with all other regulatory requirements during the year under review. We also received an unqualified audit. Thanks to the management and staff of the IUCMA.

Drought Challenges

As a result of the very poor rainfall in a decade received a year before, the impact of drought continued in the IUCMA WMA. The drought impacted negatively on our planning and service delivery activities as we could not meet our international obligations according to our 100% target. We however managed the situation quite well with the involvement of our stakeholders in the operations committees. The IUCMA River Operations Committee which has the DWS, Irrigation Boards and the Komati Basin Water Authority (KOBWA) as members managed to implement restrictions which contributed to the successful regulation and availability of the available resources in the WMA. The IUCMA is a partner in the provincial and basin-wide climate change adaptation strategy and planning task team. The strategy development is completed. It is believed that this team will come up with plans that will cushion the basin against future extreme weather and climatic changes.

Management of Risk

Concerned with optimising operational efficiency, the IUCMA 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. A risk management workshop was organised for all board members, 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;
- the control methods in terms of management responsibilities for risk management; and
- the control systems in place to manage risks.

Quarterly updated risk registers were submitted to the Governing Board's Audit Committee and thereafter to 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, we 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.

We therefore had to budget for pollution remedial action in the form of mitigation fund to ensure we rehabilitate where we can and reclaim from the defaulters later. This will be effected in the 2017/18 financial year.

Additional monitoring points were identified and established in the WMA to ensure effective monitoring. Water quality monitoring probes were installed to provide online telemetric results on a few important variables. The water quality reporting system was also improved due to the use of the Hydronet Water Control Room reporting platform.

Water Allocation Plan (WAP)

The development of the WAP which has Water Allocation Reform (WAR) as its core has been ongoing and will be finalised after the Validation and Verification (V and V) of Existing Lawful Use (ELU) of water in the WMA. However, the IUCMA WAR plan for the 2016/17 financial year was compiled and quarterly reports were compiled and submitted to DWS.

As we proceed to another promising, positive and envisioned financial year, we envisage continued support from our stakeholders in order for the institution to successfully implement its functions and live up to its mission and vision.

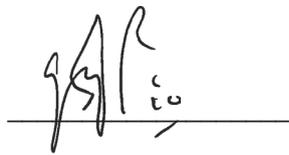
Human Capacity Development and Redress

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 14 internal bursaries were awarded. Fourteen new employees were recruited in the year under review. Approximately 45% of our workforce are women.

Way Forward

The completion of the review and update of the CMS for the whole of the WMA will provide for the WAP including WAR to be a priority. The IUCMA will improve IWRM by ensuring that the necessary resources are in place. These include human capital, the finalisation of an electronic control room to monitor weather patterns as well as weather forecasts, monitoring of water use based on the measurement of evaporation over land, collection of data on land uses and rainfall, etc. We will continue to process water use license applications as a result of the capacitated and improved WUAAAC for the Olifants Proto-CMA and IUCMA with support from the DWS Regional Office. The validation and verification project in the Usuthu will be completed in the 2018/19 financial year and attention will 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



Mr Brian Jackson
Manager: River Systems
Operations and Planning
(resigned 31 October 2016)



Mr Joseph Mabunda
Manager: Institutions
and Participation



Mr Marius Kolesky
Manager: Water
Resource Utilization
(retired 31 August 2016)

CORPORATE SERVICES



Mr Zephrus Molewa
Manager: Human Resource



Mr Garry Robbertze
Manager: Finance



Mr Lington Skhosana
Manager: Information
Technology

Board Secretary

Assistant Board Secretary

Committee Secretary

GOVERNING

Chief Executive

Office/Planning Manager
Internal Audit Specialist

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 Axillary 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 of a pioneering catchment management system that empowers stakeholders to engage in consensual and adaptive decision making, to achieve reform, and to promote persistent social, economic and environmental justice across the Inkomati catchment. The 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.

LEGISLATIVE FRAMEWORK

On 12 December 2015, the Minister of Water and Sanitation withdrew the powers and functions delegated to the IUCMA on 15 January 2015. These delegations included the responsible authority powers and functions in Chapter 4 of the NWA to the IUCMA together with the existing delegation of the powers and functions in Schedule 3 of the NWA. The mandate of the IUCMA is reflected here for your information.

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 WMIs;
- 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 withdrawn them 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.

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 and community institutions 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 source.

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	GB W/S	GB S/H	EXCO	AUDIT	TOTAL	BENCH- MARK
BENCHMARK	4	2	1	*N/A 2 Held	4	7		
Ms T.P. Nyakane-Maluka	4	2	1	1	3	N/A	10	11
Mr M.S. Mthembu	4	1	1	L	N/A	7	13	14
*Dr J.B. Molwantwa	2	1	N/A	L	2	N/A	5	5
Dr P.E. Molokwane	3	1	1	L	N/A	7	12	14
Ms S.D. Wiggins	3	1	1	1	4	N/A	10	11
Mr P.A. Tshabangu	4	2	1	1	N/A	7	14	14
Mr P.J. Venter	4	2	1	1	4	N/A	12	12
Mr J.M. Mathebula	4	2	1	1	4	N/A	12	12
*Mr N. Govender	1	1	1	N/A	*1	N/A	4	3
Dr T.K. Gyedu-Ababio (<i>ex officio</i>)	3	2	1	2	N/A	N/A	6	6

* Dr J.B. Molwantwa resigned as Governing Board Member in September 2016 and was replaced by Mr N. Govender in November 2016.

Mr N. Govender attended one Executive Committee meeting on invitation.

Stakeholder meetings are not considered as part of meetings attended, because only Members available in the relevant areas attended.

The Governing Board appointed two external members for the Audit Committee. Their attendance is reflected in the table below.

Table 2: Summary of Audit Committee meetings

External Audit Committee Members	GB ORD	GB SPEC	GB W/S	GB S/H	EXCO	AUDIT	TOTAL	BENCH-MARK
Mr M. Secker	3	N/A	L	N/A	N/A	7	10	12
Ms V.M. Maholovela	4	#1	1	N/A	N/A	6	11	12

Ms Maholovela attended one Special Governing Board meeting on invitation.

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
- GCSC – Governance and Corporate Services Committee
- WACO – Water Committee

GOVERNING BOARD MEETINGS

Ordinary	: 4
Special	: 2
Workshop	: 1
Stakeholders	: 2
TOTAL	: 9

COMMITTEE MEETINGS

Executive Committee	: 4
Audit Committee	: 7
Ad Hoc	: 3
TOTAL	: 14

STRATEGIC ACTIVITIES

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

Policies approved and reviewed by the GB

Reviewed

1. Master Systems Plan
2. Supply Chain management Policy
3. Delegation of Powers and Functions within the IUCMA
4. Induction Manual for Governing Board Members and Staff
5. Governing Board Charter
6. Audit Committee Charter

Approved (new)

1. IT Policy
2. Terms of Reference of the Executive Committee

Governing Board Training

IOD Training Workshop on the King IV Report and Audit Committees on 24 & 25 January 2017

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Reporting Requirements

The 2016/17 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:

- Annual Performance Plan was submitted;
- 2016/17 Annual Report submitted to National Treasury, Auditor-General and Office of the Minister and subsequently to parliament;
- The amended Annual Performance Plan for 2016/17 /financial year was submitted and approved by DWS;
- 2017/18 Annual Performance Plan was 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.

The organizational structure of the IUCMA is presented in the figure below.

Marketing and Communications

The Marketing and communications unit is an integral part of the Office of the CEO. In the year under review the IUCMA has, as planned, developed two Inkomati Flows newsletters. The newsletter is rich in content. It informs stakeholders of activities of the IUCMA. Several Reports/ brochures were developed and circulated to stakeholders as well as made available on the website of the IUCMA.

The IUCMA has since sought the participation of stakeholders in the newsletter name-change and in developing a new drop-off line. Responses were overwhelming, and new name that emerged on top is “Water News 2day” while the drop-off line is “Inkomati-Usuthu CMA, your partner in water management”. The new look Newsletter was launched and circulated.

Both Print and Electronic media continue to be used to enhance public awareness in the WMA. Promotional material was also used to strengthen the IUCMA corporate image. On the on-line space, the IUCMA has affiliated to a number of organizations including Match Deck, Enviropaedia, and a number of local Media’s online advertising platforms to strengthen the corporate image. The institution is also making inroads in the use of social media for information exchange, dissemination and marketing purposes. This, will be articulated in depth during the next reporting cycle.

Affiliations

The IUCMA continues to be patron member of the Water Management Institute of Southern Africa (WISA). WISA seeks to promote professional excellence in the water sector, through building expertise, sharing knowledge and improving quality of life. IUCMA staff members also hold individual membership of WISA.

In addition, the IUCMA is also affiliated to international water management organizations namely; the International Water Management Association (IWA), the International Network of Basin Organisation (INBO) and the Global Water Partnership (GWP).

EXPOs

The IUCMA has participated in several EXPOs including the 2016 WISA Biennial Conference ICC in Durban, the annual TSB career EXPO and the annual Sustainable Water week EXPO that took place at the CSIR ICC in Tshwane. It also participated in a few Local annual career expos that take place in the WMA.



WATER RESOURCES MANAGEMENT

Resource Protection and Waste

- The division Resource Protection and Waste has during the 2016/17 Performance Cycle attained several exciting achievements including:
- Recommending a Water Use License with the First Financial Provision made for water resource environment rehabilitation under the National Water Act. This will enable the DWS/ IUCMA to access financial provision made similar to that provided for in terms of the Mineral and Petroleum Resource Development Act (MPRDA), especially to address the water related impacts associated with mines when they liquidate or are bankrupt.
- Development and finalisation of an Integrated Water Quality Management Strategy (IWQMS) to enable the IUCMA to have a holistic view on impacts and formulate solutions accordingly. This strategy considered the current status of the resource and the various sources of pollution. It further considered the legislative framework and the relevant institutional arrangements that will enhance the success of implementing the strategy. This strategy will not only serve as a regulatory document but also as a knowledge management tool that records the processes that will need to be followed and the stakeholders that must be involved in addressing specific water quality management challenges in the water management area.
- The division entered into a co-operative agreement with the Mpumalanga Tourism and Parks Agency (MTPA) to conduct biomonitoring/ River Health Monitoring in 2010. This suited the institution at the time since the institution did not have the full delegation to manage water resources within the WMA. While this was strategic in the short to medium term, the institution further established a component and recruited personnel to fulfil this function which is one of the scarce skills required in the sector. The positions filled include: (i) aquatic and terrestrial vegetation; (ii) fish biology; (iii) macro-invertebrate biology; and (iv) geomorphology, during the period under review.

River Systems Planning and Operations

The Inkomati Usuthu WMA received significantly below normal rainfall and experienced extremely elevated temperatures during the 2015/2016 (Oct-Sept) hydrological year. In fact, the rainfall in the Lowveld was the lowest on record. However, the IUCMA collaborated in the operations committee to keep the rivers flowing during the drought. The situation has changed since October 2016 and river flow levels were above normal levels. Figure 1 illustrates the Sabie River flows in March 2017.



Figure 1: Flooding in the Kruger National Park Sabie River March 2017

The significant improvements of the water availability in the WMA resulted from the effect of the Ex tropical cyclone “Dineo” and the tropical depression rain-falls that were experienced across the Inkomati-Usuthu water management area (WMA) in February 2017 as depicted in Figure 1

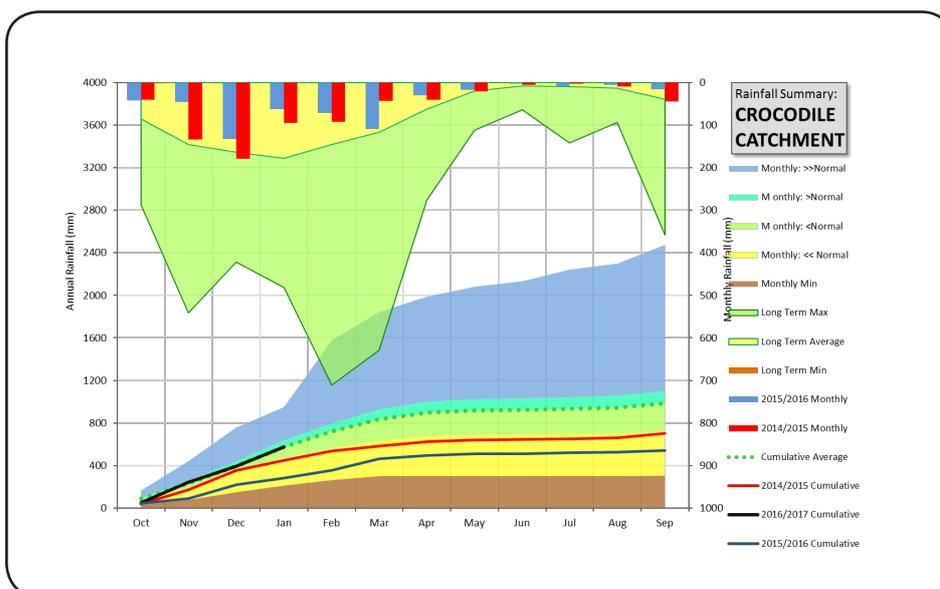


Figure 2: Rainfall in Crocodile Catchment during the year. Note that the cumulative rainfall for 2014/2015 and 2015/2016 hydrological year is lower than the cumulative average.

Both the Crocodile and Sabie River Operating Rules and the related Decision Support systems (DSS) are fully operational and being implemented through the River Operations Committee in an Adaptive Management ethos with decisions based on consensus by all stakeholders. Due to the significant above normal rainfall in the crocodile river catchment, the river flowed above the no worry level throughout January 2017 and above the no worry level 80% of the time in February 2017 as shown in Figure 3.



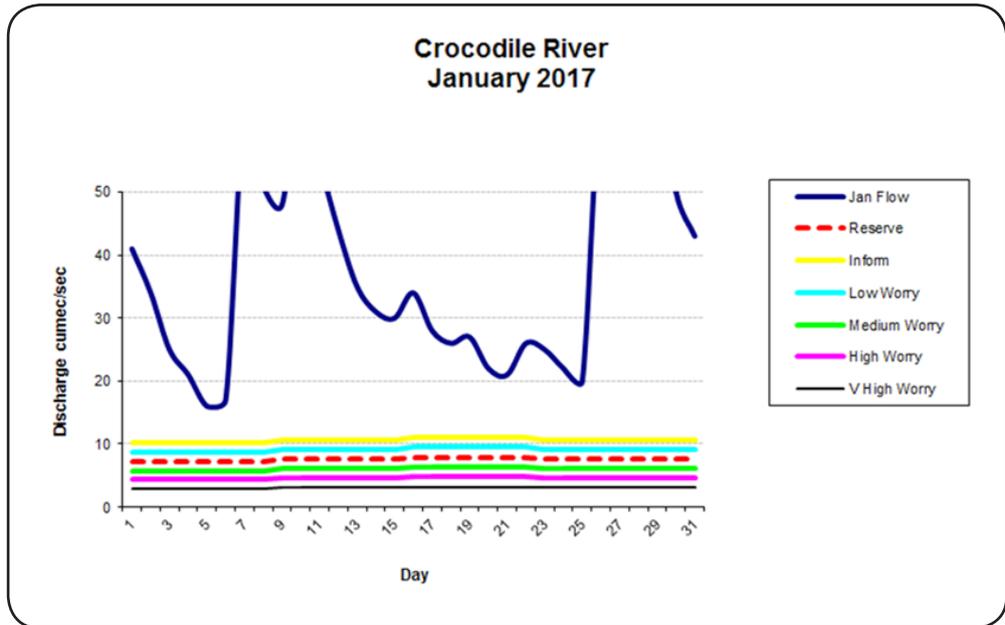


Figure 3: Crocodile River January Reserve requirements

Water Availability Assessment Study

The Usuthu Water Availability Assessment Study (UWAAS) was completed. The aim of the study was to determine the water availability in the Usuthu catchment. This information will assist in the Catchment Management Strategy (CMS) development/ update and the development of the Water Allocation Plan (WAP). The report also detailed the water availability and balance for inclusion in the CMS which indicated that for the most catchments and overall, there is a deficit of water available to meet the demand (Table 3)

Table 3: Usuthu Catchment Water Balance

Description	Demand	Supply	Percentage supplied
	(million m ³ /a)	(million m ³ /a)	
Assegaai catchment	8.93	8.72	Deficit
Hlelo catchment	3.48	2.56	Deficit
Ngwempisi catchment	2.41	2.37	Deficit
Usuthu catchment	0.72	0.72	Equilibrium
Mpuluzi Catchment	4.23	4.02	Deficit
Metula Catchment	0.90	0.90	Equilibrium

The study noted that water requirements of Swaziland are a crucial factor in this catchment, and, international agreements with Swaziland and Mozambique do not allow much, if any, scope for further development in this catchment.

The Domestic (Urban/Rural)/Industrial/Mining water requirement represents only approximately 4% of the total study area water requirement in 2015 and is expected to increase by almost 6.93 million m³/annum representing almost 7% of the total water requirement by 2040. At 2014 development level only 7% of the Urban/Industrial/Mining/Rural-domestic water requirement is supplied from groundwater resources. Irrigation water requirement represents only approximately 5% of the total study area water requirement in 2015. At 2015 development level approximately 3% of the irrigation water requirements are supplied from groundwater resources. There is no other information that indicate further irrigation developments (expansions) planned within the study area. It has been noted that irrigation is not the major water use in this catchment. It is assumed that in general irrigation will not increase and that the irrigation water requirements will remain the same over the planning period.

It is important to note that a DSS will need to be development for the Usuthu catchment as part of updating the operating rules and a decision management system for the Inkomati-Usuthu WMA at large in the long term.

Through the International Collaboration with the Netherlands partners, the IUCMA acquired the Hydronet Water Control Room which is now fully functional since March 2016. They system delivers the IUCMA real time satellite rainfall information calibrated against ground based rain stations (Figure 4). This application has a 10-day forecasted rainfall and this data will be incorporated into our river systems models.



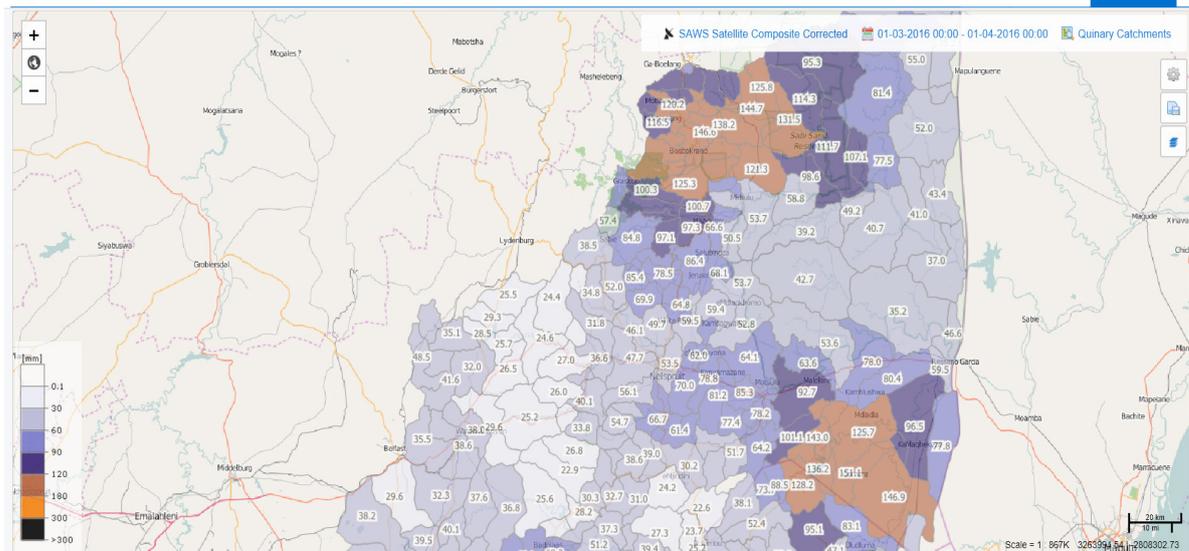


Figure 4: Hydronet Rainwatch Application.

The Komati Joint Operations Forum (KJOF) of KOBWA was actively supported during the year. The IUCMA is currently running a model in conjunction with KOBWA for a period of one year to compare, and improve the operating rules for the Komati River System. The division also attended and presented the Hydronet and Drought status report at REMCO. The division also continued to play an important role in several Water Research Commission and other related DWS projects.

Water Resources Planning and Coordination

The Water Resources Utilisation Division (WRU) started the 2016/17 financial year with only three permanent technical skilled staff plus the transferred WARMS staff. However, as the year progress some noteworthy evolution occurred including:

- Division name change from Water Resources Planning and Coordination to Water Resources Utilisation;
- The transfer of WARMS staff to Water Resources Utilisation;
- The creation of additional three new posts and appointment thereof in the last part of the financial year; and
- The retirement of Senior Manager, Marius Kolesky.

Human resources strain the division resulted in Mr. Sampie Shabangu (with limited managerial experience) acting as a manager to operate and ensure divisional performance. The highlights in the year under review include:

- Successful completion of the groundwater monitoring project;
- Eradicated license backlog;
- Drilling of two (2) community water supply groundwater boreholes; and
- Merging of water use authorisation and water use registration.

Institutions and Participation

Chapter 7 of the National Water Act (Act 36 of 1998) espouses one of the main functions of a Catchment Management Agency, which is to promote community participation in the protection, use, development, conservation, management and control of the water resources in its water management area.

Institution and Participation is a dedicated division responsible for the fulfilment of the above-mentioned function. Therefore, the coordination of stakeholders' participation in all programmes of the IUCMA is within the functional area of responsibility of this division.

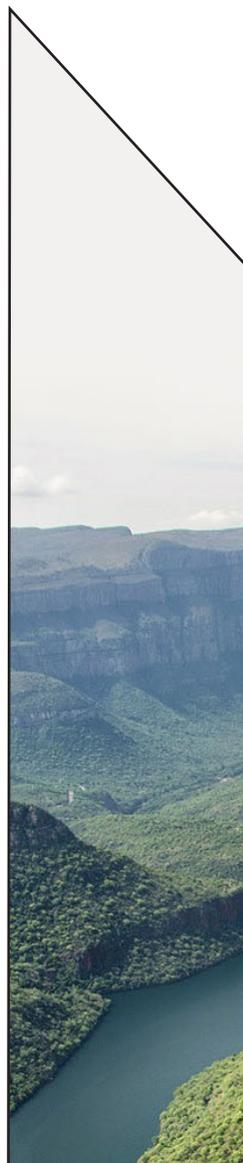
The strategic objective of this division is to position the IUCMA as a local and an internationally recognized Water Resources Management Institution with respect to participative management of water resources. This was achieved through adaptively, disseminating the generated data and information, coordinating knowledge, skills and management systems and approaches among water users in the WMA. In an endeavour to realise this overarching objective, the following programme areas and activities were undertaken during the financial year under review.

Establishment and Support of Water Management Institutions

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

The annual target for the 2016/17 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.

It is important to note that the above-mentioned forums were used as the conduit for information with regard to the review and other projects lead by the Department of Water and Sanitation, such as Water Allocation Reform (WAR).



The following highlights are worth noting:

- The I&P facilitated the feasibility study on the gravity flow irrigation system project in the Sibange irrigation scheme. The Terms of Reference were completed.
- The Department of Water and Sanitation (DWS) presented the draft Climate Change Policy in the CMF meetings for the stakeholders to make inputs. The Komati Basin Water Authority (KOBWA) also involved the IUCMA in the development of the Basin Strategy on Climate Change.
- A collaboration with the South African Police Services (SAPS) was initiated to address environmental crimes within the water management area especially illegal sand mining.
- A collaboration with the RAITH foundation on a three-year project which is implemented by Pegasys Institute to assist rural water users in accessing water for productive use was supported.
- The I&P conducted several workshops on water resources management in all the six sub-catchments.
 - o A total of 46 capacity building workshops targeting HDIs and other emerging water users were conducted in the year under review. These workshops focused on the Act, Resource Poor Farmer Support, Resource Protection as well as Water Conservation and Water Demand Management.
 - o Waste management was tackled through several Adopt-A-River and River Clean-up Campaigns throughout the WMA involving communities and schools.
- As part of the international basin shared between the Republic of South Africa, Mozambique and the Kingdom of Swaziland. The I&P division participated in a number of localised forums of voluntary resource-sharing, relationship building and skills development within and outside the water management area. A number of 19 knowledge sharing networks were attended during the financial year.
- The I&P successfully coordinated the Science Schools Competitions in celebration of the National Water Month (NWM) 2017 which took place in Mbombela Stadium on the 25th March 2017.
- The I&P attended the African Sustainable Agricultural Summit 2016 held on the 6th to 7th of April 2016 at Radisson Blue Gautrain (Johannesburg). The summit focused on driving sustainability and profit through technological innovation, infrastructure development and value chain finance in African agriculture.

- The I&P attended Hach4Water Innovation held on the 21st and 22nd of April 2016 at Johannesburg held by DWS. The IUCMA team presented a proposal on Diapers Drop Box that can be a solution in dealing with the uncontrolled disposing of diapers which result in poor water quality within our catchment.
- The I&P attended the REMCO plenary meeting in June 2016 at Mbabane (UNDP Offices).
- The REMCO conference was held from the 26th to the 28th of September 2016 in Swaziland at Esibayeni Lodge. The theme for the conference was Climate Resilience Transboundary Catchments. It focused on five different key topics being i) Water Governance ii) Climate change & Resilience iii) Innovations & Research iv) Gender mainstreaming in the water sector v) Water supply and Sanitation. The conference was attended by delegates from South Africa, Mozambique, Kingdom of Swaziland and delegates from the Netherlands. The I&P served in the local organizing committee (LOC) meetings and executed responsibilities given for the REMCO 2016 Conference.
- The IUCMA participated in the National Wetlands Indaba which was held at Swadini Forever Resort in Limpopo from the 25-28th of October 2016
- On the 1st November 2016 the Mkhondo Waste Management Summit was held in collaboration with the IUCMA and other stakeholders to try and find solutions to illegal refuse/waste dumping at the Mkhondo Town and the surrounding communities.
- The I&P attended the National Conference on Rural Local Governance and Re-inventing Agriculture and Rural Development to combat Rural Economic Stagnation and Poverty on 6-7 December in Durban.



Stakeholder issues raised during forums, workshops and other stakeholder interactions and our responses

1. Need for IWRM workshops on resource protection.

Response: We receive a lot of these requests and we have acted accordingly. We have given trainings in many communities but much as we love to empower so many communities, we operate on a fixed budget as planned in our APP. We shall now prioritise those communities that we had never visited. We will also partner with sister departments for support in this venture.

2. Pollution of stream, rivers and the environment in general.

Response: We have programmes that address similar issues or challenges at community level, schools, church structures and traditional authorities. We workshop the entire tribal council on composite pollution issues, coupled with their immediate impact on our resources. We indicate as well that we do support water sector institutions embarking on the same drive.

3. HDIs or Resource Poor Farmers support needs or requests.

Response: This resource support /request include the following; dams, dilapidated canals, earth dams, jojo tanks, pumping equipment, irrigation pipes, collapsed weirs, boreholes and any other municipality infrastructure challenges and even capacity building on better farming practices. We indicate that we liaise and connect the affected parties with the relevant department, e.g. DARDLEA officers who are best placed to address their issues. We do supply relevant departments with the database of our registered HDI farmers including their needs. We are in consultation with DWS to act as implementing agents in some of these support services.

4. Commercial Farmers/HDI disputes.

Response: We have investigated cases of this nature with officials of DWS at the regional level. Results of the investigation have been referred to the relevant departments and or units. Some of the parties in dispute reached amicable solutions with our help and that of the regional office of DWS.

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.

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, Human Resource Management, Information Technology Management and Risk Management amongst others.

Finance and Compliance:

This year has seen the continued enforcement of Cost Containment Measures as implemented by National Treasury, which has seen the organization realizing some cost savings. We have participated in the following transversal contracts as part of the holistic cost containment initiatives co-ordinated by National Treasury:

- **RT3-2016- Supply, delivery and maintenance of office equipment and devices.** IUCMA has utilised this contract for procurement of printing devices and leasing of the big printers.
- **RT15-2016- Supply and delivery of communications services.** IUCMA has utilised this contract for the procurement of cell phones and data. The New cellular network provider for the IUCMA is VODACOM.
- **RT 57-2016- Supply and delivery of motor vehicles-** The IUCMA will utilise this for the procurement of vehicles when the need arises in future, however our participation there in as already been approved by National Treasury.

The IUCMA has once again achieved an unqualified audit opinion also known as “clean audit” outcomes. The IUCMA continues to comply with all regulatory and compliance requirements. However, revenue recognition of the water resource management charges billed and collected by the Water Trading Entity (WTE) came under debate due to uncertainties regarding uncollected revenue (old debt balances) that might be transferred to the IUCMA. Furthermore, Inkomati has no control over the revenue charging unit at WTE.

The current year audit opinion has not been impacted, however clarity will be sought in the new Financial Year on arrangement between the entities and any risks and rewards due and payable to one another.

Tariffs:

The IUCMA has had two successful tariff consultation sessions in the Inkomati part of the catchment hosted in Nelspruit as well as one hosted in the Usuthu part of the catchment held at Piet Retief. A trend analysis is not 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 subsidized through augmentation by the department of Water and Sanitation considering the affordability and current economic conditions.

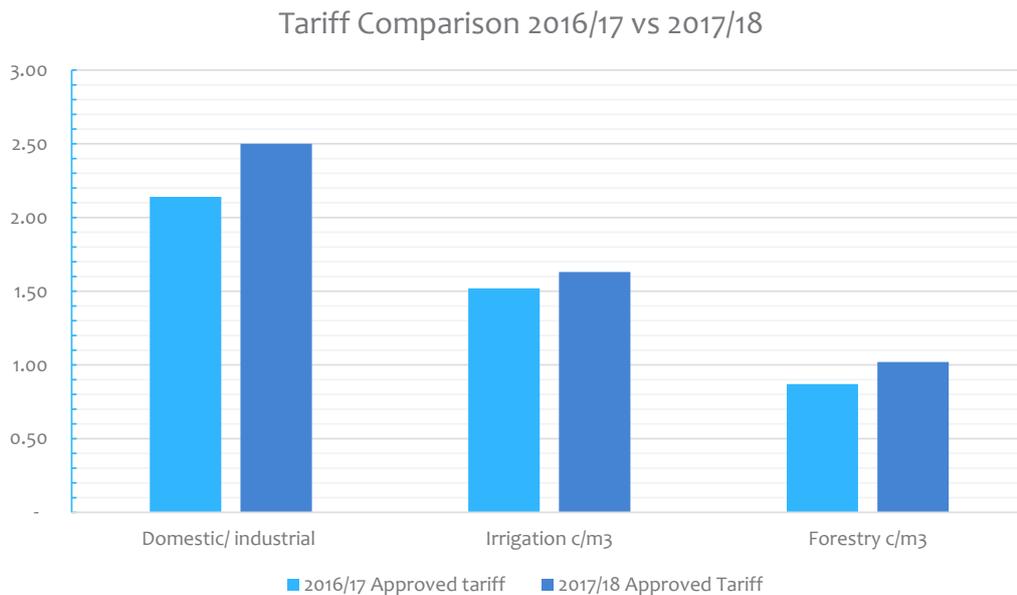


Figure 5: Tariff Comparison

D&I tariffs rose from 2.14c to 2.50 c/m³ thereby resulting in an increase of 17% from 2016/17, IRR increased from 1.52c/m³ to 1.63c/m³ translating into a 7% increase from the prior year due to affordability of tariffs in that sector also having far reaching implications towards the greater economy and food security priorities. SFRA increased 0.87c /m³ to 1.02c/m³ translating into a 17% increase.

Human Capital, Information Technology and Broad Based Black Economic Empowerment:

Human Capital

Investment in human resource development forms an integral part of the IUCMA's long term strategy and a skilled workforce is vital for every organization. The institution developed and implemented strategies to attract, develop, engage, motivate and retain talent in the organisation to ensure that the organisation is the employer of choice. Through Employment Equity Plan continues to be monitored to ensure equity in line with the national government goals. Few internal employees were also awarded bursaries to further their studies for employees to be exposed to research and this broaden their knowledge base and help them derive innovative ways of doing things especially being in such a specialised sector such as Water Resource Management.

During the year our staff attended different courses, in-house training sessions were also arranged to ensure cost savings are realized and cross cutting strategic skills are attained and accessible to all employees. Staff performance is evaluated quarterly and annually and our performance management system provides continuous evaluation and the results thereof also inform future training and development programmes. Some employees were also selected to participate in knowledge sharing and capacity building workshops held in the Netherlands through the kingfisher project.

Challenges with the implementation of the SAP Financial System at the IUCMA by DWS

The identified challenges with the implementation of the SAP Financial System at the IUCMA by DWS are:

- Due to the remote file server of DWS in Pretoria, the IUCMA has no control over the operations and maintenance of the SAP software and SAP file server;
- The IUCMA has also no control over technical problems experienced by the State Information Technology Agency (SITA) that cause down times of SAP;
- With the remote file server, the risk of cable theft causing down time on SAP is faced; and
- The IUCMA does not have control over the capturing of the water resource management charges and other financial settings on the SAP fileserver.

Identified Risks

During the 2016/17 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.

- Late transfer of approved funding from DWS: The late transfer of funding resulted into delays in the implementation of the approved plans. Discussions with the DWS and National Treasury yielded fruits. The department has indicated that the IUCMA will be given the function of billing and collection of charges starting from the 3rd quarter of the 2017/18 financial year.

- Drought conditions: These conditions resulted into non-sustainability of our water resources. However, the sector forums were continued to ensure integrated approach that saw collective restrictions on water use. 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.
- IT systems controls: The limited segregation of duties on the SAP system due to low finance staff resulted in some personnel performing incompatible functions. This increases the risk of override of controls going undetected.

Information Technology and Records Management

To remain effective in the regulation of the water sector, particularly the water resource management, we have to keep abreast of any technological developments. The Hydronet project is successfully underway, the river operations website is effectively functioning with real-time river flow and dam level information. The IT division was established in house so that we ensure accountability and good governance. We now have direct link to the WARMS system directly from the IUCMA office as was previously accessed through the DWS regional office and that has greatly assisted to resolve customer queries more effectively and timeously.

The year has seen the successful implementation and effective maintenance of all the records within the IUCMA, including electronic records management systems being fully functional and effective. Water quality and quantity files are continuously updated and maintained.

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 BBEE spend. 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, Treasury Regulations, as well as B-BBEE legislation.

Employment Equity

Table 4: Employment Equity

Occupational Level	AM	CM	IM	WM	AF	CF	IF	WF	FOREIGN M	FOREIGN F	TOTAL
Top Management	1				2						3
Senior Management	3			2							5
Professionally qualified and experienced specialists & mid Management -D band	4				5						9
Skilled technical & Academically qualified workers Jnr management, supervisors, foreman & superintends- C Band	25	1		1	20	1		1			49
Semi-skilled & discretionary decision making-B Band	6				2						8
Unskilled & defined decision making- A Band											
TOTAL	39	1		3	29	1		1			74

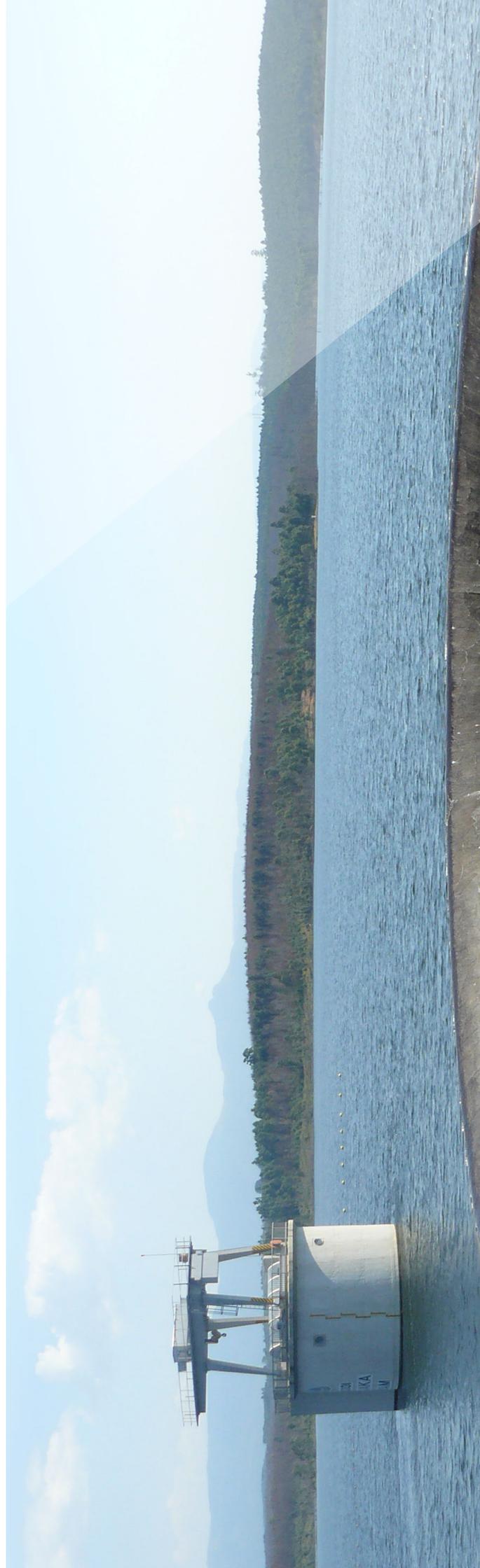
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**CONSOLIDATED
ANNUAL
PERFORMANCE TABLES**

Consolidated Annual Performance Report
2016/17 Financial Year

GOVERNANCE

Performance Objective	Alignment	Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan							
Effective corporate governance	Effective and efficient internal control environment	Ensure Effective and Efficient Management of IUCMA resources	Number of Governing Board and committee meetings	31	19	22	In the second quarter the financial statements were received late that required a special audit meeting. The committee structure of the GB was restructured by merging the GCSC and WACO into the EXCO. The performance appraisal of the CEO was not reported as the ad hoc committee meetings.	None

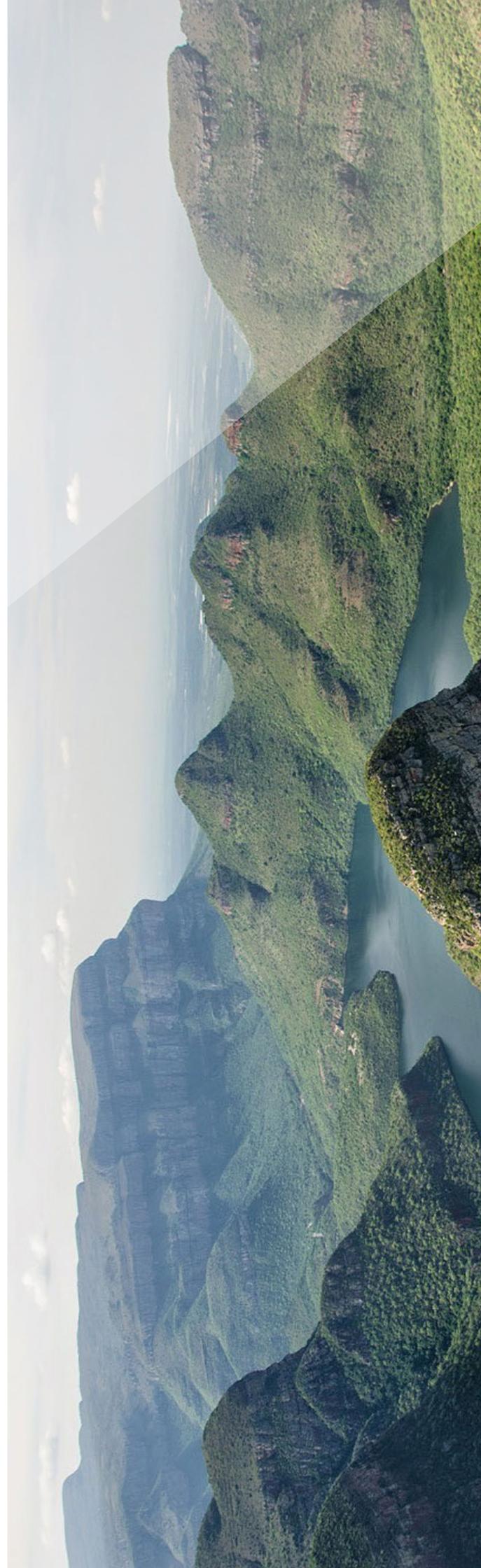


OFFICE OF THE CHIEF EXECUTIVE OFFICE

Performance Objective	Alignment	Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan							
Legislative reporting requirements effectively complied with	Effective and efficient internal control environment	Ensure Effective and Efficient Management of IUCMA resources	Number of Approved Plans (Annual Performance Plans) Number of Statutory reports submitted	1 4 Quarterly Performance Reports and 1 Annual Report	1 4 Quarterly Performance Reports and 1 Annual Report	1 4 Quarterly Performance Reports and 1 Annual Report	None None	None None
Performance management system effectively aligned to the APP	Effective and efficient internal control environment	Ensure Effective and Efficient Management of IUCMA resources	Percentage of signed alignment of performance agreement	100%	100%	100%	None	None
IUCMA activities effectively marketed	Effective and efficient internal control environment	Ensure Effective and Efficient Management of IUCMA resources	Number of publications produced	2	2	3	Due to the drought awareness campaign	None
		Ensure Effective and Efficient Management of IUCMA resources	Number of brochures developed	4	3	5	Media presence campaign due to the drought. In quarter 4, 4 water saving tips pamphlets were produced	None
		Ensure Effective and Efficient Management of IUCMA resources	Number of projects advertised through electronic and print media	6	6	25	Due to the drought, the IUCMA took a resolution to have a media campaign on the drought	None

EXECUTIVE: WATER RESOURCE MANAGEMENT

Performance Objective	Alignment		Outcomes /Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Water Allocation Reform	Equitable Water Allocation		Ensure Effective, Efficient and Sustainable Management of Water Resources	Percentage completion of UJWAAS	10%	30%	30%	None	None
				Percentage of Inkomati Verification Completed	0	35%	35%	None	None
				Percentage Validation Usuthu completed	0	50%	0%	In the first quarter, the tender was delayed due to the delegations that were withdrawn by the Minister.	Ensure the project is implemented and the next financial year
				Percentage Visioning in Usuthu for CMS	0	35%	0%	Late start to the visioning process	The project will be completed in the 2017/18 Financial year
				IUCMA CMS	0	20%	0%	The validation of Usuthu must be completed prior to revision of the CMS	Project will commence in the 2017/18 Financial Year



Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Water Allocation Reform	Equitable Water Allocation	Ensure Effective, Efficient and Sustainable Management of Water Resources	Compilation of WAR Plan	1	1	1	1	None	None
			Number of WAR Plan reports submitted to WAR Office	4	4	4	4	None	None
Dam Safety	Equitable and sustainable (provisioning of raw water)	Ensure Effective, Efficient and Sustainable Management of Water Resources	Percentage of dam safety evaluations carried out	100% of required	100% of required	0 required	0 required	None	None
			Percentage of construction supervision carried out on dams with safety risk	0	100% of required	0 required	0 required	None	None
			Dam safety monitoring of Dam safety evaluation recommendation	3	3	3	3	None	None
Ground water strategy	Equitable and sustainable (provisioning of raw water)	Ensure Effective, Efficient and Sustainable Management of Water Resources	Number of contracts for drilling and testing of Monitoring Boreholes completed	1	1	1	1	None	None
			Number of water quality related authorizations issued	8	10	13	13	Demand driven	None
Authorized Water Use	Equitable and sustainable provisioning of water	Ensure effective, Efficient and Sustainable Management of Water Resources	Number of water quantity related authorisations	20	20	29	29	This was due to a back log of WULAs inherited from DWS	None
			WARMS office functional	100% functional	100% functional	100% functional	100% functional	None	None
			Percentage of temporary transfers in terms of s25 (1) of NWA processed	0	100% of applications received	0 received	0 received	None	None
			Percentage of temporary transfers in terms of s25 (2) of NWA finalised	0	100% of applications received	0 received	0 received	None	None

Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	Alignment	DWS Strategic Plan							
Discharge and water resource quality effectively monitored	Equitable and sustainable provisioning of water		Ensure effective, Efficient and Sustainable Management of Water Resources	Number of samples taken with analysis results	2175	3108	2950	Due to the drought, there was no flow at some sampling sites	None
River Echo-Status Monitoring: Catchment	Equitable and sustainable (provisioning of raw water)		Ensure Effective, Efficient and Sustainable Management of Water Resources	Number of comprehensive River Ecosystem monitoring program (REMP) annual reports produced for each sub catchments	1	Correct Target is (Crocodile) Reporting was done for the 1 (Sapie sub-catchments)	1 Sapie sub catchment	None	None
Water resource pollution prevention	Equitable and sustainable (provisioning of raw water)		Ensure effective, Efficient and Sustainable Management of Water Resources	Number of sub-catchments monitored for REMP and reports produced	1	Sapie X2 Crocodile X2 Komati X2 Usuthu X1	1 Sapie sub-catchment 1 Crocodile sub-catchment	Due to high flows, which resulted from the rains between January and March 2017, the selected sites in the river could not be sampled. Pictures are attached as part of the PoE. The Komati river could not be monitored due to high flows and inaccessibility of sites.	Both rivers will be monitored in the next financial year when flows in the rivers have decreased. For sites which could not be accessed, new replacement sites within the reaches should be identified and sampled
				Percentages of reported/ identified pollution incidents attended to	100%(19/19)	100%	100% (40/40)	None	None

Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Interaction with Water Management Institutions (CMIFs)	Equitable and sustainable provisioning of water	Ensure effective, Efficient and Sustainable Management of Water Resources	Number of CMF meetings	30	36	36	36	None	None
Effective Data Management for river operations	Equitable and sustainable provisioning of water	Ensure effective, Efficient and Sustainable Management of Water Resources	Number of Loggers maintained	28	28	28	28	None	None
			Number of Installed functional rain gauges maintained	16	15	19	19	New additional Gauges were installed as needed	Target to be amended in the coming financial year
Effective compliance monitoring	Equitable and sustainable provisioning of water	Ensure effective, Efficient and Sustainable Management of Water Resources	Number of water quality inspections reports	200	292	305	305	Some inspections needed follow ups	None
			Number of compliance audit report	9	8	9	9	Demand Driven	None
Effective enforcement of schedule 3 and section 19,20 and 53 of the NWA	Equitable and sustainable provisioning of water	Ensure effective, Efficient and Sustainable Management of Water Resources	Percentage of notices issued to non-compliant users. (where required)	100%	100%	100%	100% (12of12)	None	None
			Percentage of directives issued to non-compliant users (where required)	100%	100%	100%	100% (20of20)	None	None
			Number of criminal cases opened against unlawful users and polluters	100% (2of2)	2	2	2	None	None

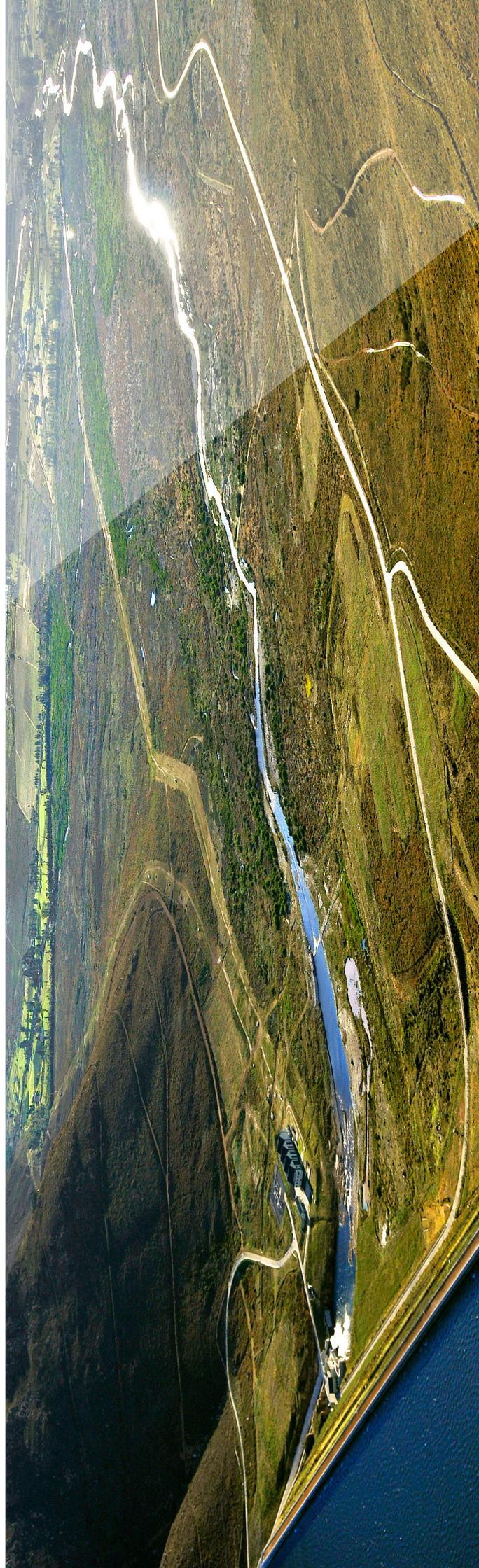
Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Stakeholder Empowerment and interactions	Equitable and sustainable provisioning of water		Ensure effective, Efficient and Sustainable Management of Water Resources	Number of stakeholder empowerment workshops conducted with HDI users and traditional authorities Number of stakeholder interactions/ involving other external stakeholders	28 48	28 48	51 63	Demand Driven Demand Driven	Better planning Better planning
Effective River Operations Committees	Protection of freshwater ecosystems		Ensure collaborative and coordinated IWRM for wise socio-economic development	Number of Operational river operating committees	2	1	1	None	None





Performance Objective	Alignment	Outcomes/Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan							
Co-operative governance	Protection of freshwater ecosystems	Ensure collaborative and coordinated IWRM for wise socio-economic development	Percentage of EIAs received reviewed within specified timeframes (30Days) Percentage of EMPRs and prospecting applications received reviewed within specified timeframes (60 Days) Percentage of institutions in whose planning instruments inputs are made	100%	100%	100% (11of11) 75% (3of4) 100% (0of0)	None None None	None None None
Provision of advisory services in respect of international agreements	An Efficient, effective and development orientated sector leader	Promote and pursue International development agenda	Number of advisory inputs made	12	12	21	Demand Driven	None

Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Water Quality status report	Protection of freshwater ecosystem		Promote knowledge generation and distribution	Number of water quality status reports disseminated	36 quarterly and 1 annual water quality status report	30 quarterly and 1 annual water quality status report	30 quarterly and 1 annual water quality status report	None	None
Strengthened IWRM knowledge sharing networks	Protection of Freshwater ecosystems		Promote knowledge generation and distribution	Number of IWRM related forums with the provision of advisory services from IUCMA	29	10	19	Demand Driven	None



CORPORATE SERVICES

Performance Objective	Alignment		Outcomes/ Impact	Indicators	Measure/ Baseline	Target 2016/17	Annual Performance	Reasons for Variance	Corrective action
	DWS Strategic Plan								
Effective Internal Control	Efficient and effective internal control		Ensure Effective Management of IUCMA resources	Percentage compliance to audit recommendations	100%	100%	100%	None	None
Effective risk management	Efficient and effective internal control		Ensure Effective Management of IUCMA resources	Number of risk assessment reports	4	4	4	None	None
PFMA effectively complied with Increase BBBEE spend	Enhance regulatory compliance Implement programmes that create job opportunities		Ensure Effective Management of IUCMA resources Ensure Effective Management of IUCMA resources	Number of audit strategies developed. Percentage of factual expenditure on BBBEE suppliers	2 2.67% (R451 316 of R16 893 643)	2 30%	2 30% (10 481,983.48 of 34,286,101.70)	None None	None None
Training and skills development	Building skills pool and competencies		Ensure Effective Management of IUCMA resources	Number of Trainings facilitated	All staff (68/68)	All Staff	68/68	None	None
Jobs created	Implement programmes that create job opportunities		Ensure Effective Management of IUCMA resources	Percentage number of internal Bursaries awarded	100%	8	18	Due to new awarded bursaries added to existing ones.	None
Employee Relations	Building skills pool and competencies		Ensure Effective Management of IUCMA resources	Number of permanent and contract (direct) Jobs Created	15	5	13	Demand Driven	None
Employee Health/wellness	Building skills pool and competencies		Ensure Effective Management of IUCMA resources	Number of labour forum meetings facilitated	4	4	3 (Quarter: 1 April 2016, 2 nd Quarter: 6 July 2016 and 4 th Quarter: 16 January 2017)	Labour forum (LF) postponed twice (22/09/2016 & 29/09/2016) due to unavailability of the LF Members	Proper planning
			Ensure Effective Management of IUCMA resources	Coordinate and facilitate wellness days (life skills programs) to encourage healthy lifestyle	2	2	2	None	None
			Ensure Effective Management of IUCMA resources	Conduct quarterly OHS inspections of all IUCMA offices to ensure compliance	4	4	4	None	None



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ANNUAL
FINANCIAL
STATEMENTS

2016/17 Financial Year

Inkomati Usuthu Catchment Management Agency

Formerly Inkomati Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2017

Contents

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

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Inkomati Usuthu Catchment Management Agency

Formerly Inkomati Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2017

Statement of Responsibility for the Annual Financial Statements

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

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

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP). They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting authority believes that the Inkomati Usuthu Catchment Management Agency will be a going concern in the year ahead due to the Government grant and the continuous collection of Water Resource Management Charges. For this reason the accounting authority continues to adopt the going concern basis in preparing the annual financial statements.

The accounting authority approved the annual financial statements for the year ended 31 March 2017 set out on pages 7 to 28 on 31 May 2017 and which were signed on its behalf by:



Ms TP Nyakane-Maluka (Chairperson)
Chairperson



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

Place of signature: Mbombela

Wednesday, May 31, 2017

Inkomati Usuthu Catchment Management Agency

Formerly Inkomati Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2017

Audit Committee Report

We are pleased to present our report for the financial year ended March 31, 2017.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 7 meetings were held.

Name of member	Number of meetings attended
Mr M Secker (Chairperson)	7
Ms V Maholovela	6
Mr MS Mthembu	7
Mr PA Tshabangu	7
Dr PE Molokwane (appointment 01/04/2016)	7

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 public entity has submitted monthly and quarterly reports to the Executive Authority in terms of the PFMA.

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 Auditor and the Accounting Authority;
- reviewed the External Auditor's management report and management's response thereto;
- reviewed the entities compliance with legal and regulatory provisions

Internal audit

The following Internal Audit work was completed during the year under review:

Review of the Internal Audit Plan;
Finance review audit;
Human Resource review audit;
Performance Information review audit;
Take on balance audit from Pastel to SAP accounting system review

Areas of concern are that of certain performance objectives were not achieved in the current year due to challenges detailed in the annual performance tables which include vis. the drought impacts on monitoring areas where there was no river flow as well as demand driven targets. The concern over the impact of the withdrawn delegations of authority from the IUCMA by the Minister of Water and Sanitation still remains a challenge, however the matter has been escalated appropriately from the audit committee to the Governing Board.

The audit committee concur with and accept the External Auditor'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.

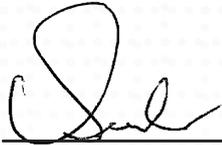
Inkomati Usuthu Catchment Management Agency

Formerly Inkomati Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2017

Audit Committee Report

External Auditor

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



Mr M Secker (Chairperson of the Audit Committee)

Date: 31/07/2017

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Inkomati- Usuthu Catchment Management Agency set out on pages 7 to 28, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and statement of cash flows and the 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.

In our opinion, financial statements present fairly, in all material respects, the financial position of the Inkomati Usuthu Catchment Management Agency as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the the Public Finance Management Act of South Africa (PFMA).

Basis for opinion

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 our report.

We are independent of the agency in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct for 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 IRBA code and in accordance with 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).

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

Responsibilities of the accounting authority

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.

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

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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.

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 indicators established and included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information relating to future periods that may be included as part of the reported performance information. Accordingly our findings do not extend to these matters.

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 2017:

Objectives	Pages in the annual performance report
Objective 1: Ensure effective, efficient and sustainable management of water resources.	49-53
Objective 2 : Ensure collaborative and co-ordinated IRWM for wise socio-economic development	53-54
Objective 3 :Promote and pursue international developmental agenda	54-54
Objective 4 : Promote knowledge generation and distribution	55-55

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.

We did not identify 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;
- Objective 2: Ensure collaborative and co-ordinated IRWM for wise socio-economic development;
- Objective 3: Promote and pursue international developmental agenda; and
- Objective 4: Promote knowledge generation and distribution.

Other matters

Achievement of planned targets

Refer to the annual performance report on pages 47 to 56; for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

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 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.

Report on the audit of compliance with legislation

Introduction and scope

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.

We did not identify material findings in respect of the compliance criteria for the applicable subject matters.

Other information

The Inkomati- Usuthu Catchment Management Agency's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives

presented in the annual performance report that have been specifically reported on in the auditor's report.

Our opinion 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.

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 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. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Internal control deficiencies

We considered internal control relevant to our audit of the financial statements, annual performance information and compliance with legislation, however the objective is not to express any form of assurance thereon.

Auditor tenure

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 1 year.

Nexia SAB&T

Nexia SAB & T

Per: S. Kleovoulou

Director

Registered Auditor

31 July 2017

28 van Rensburg Street

Suite 18/19 Liza's Court

Nelspruit

1200



Annexure – Auditor’s responsibility for the audit

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

In addition to our responsibility for the audit of the financial statements as described in the 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 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’s 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 the auditor’s report. However, future events or conditions may cause the agency to cease to continue 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

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.

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 safeguard

Inkomati Usuthu Catchment Management Agency

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Accounting Authority's Report

The Accounting Authority submits its report for the year ended March 31, 2017.

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

Net surplus of the Agency was R 1,713,351 (2016: surplus R 1,502,405). The Agency has deferred income R17,285,224 (2016: R17,822,807) 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.

2. Subsequent events

The withdrawal of delegations of authority from the IUCMA by the Minister of Water and Sanitation on 12 December 2015 still remains a challenge and the impacts thereof cannot be accurately quantified at this stage, however the matter has been escalated appropriately from the Governing Board to the Minister of Water and Sanitation. Currently, an Institutional realignment process is underway, looking into the governance models of CMA's.

The SAP ERP system was implemented in the IUCMA as at 1 September 2016, however due to the uncertainty over IUCMA being eligible to register as a VAT Vendor, the Water Trading Entity continued to do the billing and collection function on behalf of the IUCMA. Negotiations are currently underway with SARS and National Treasury to determine the way forward.

3. Accounting Authority

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

Ms TP Nyakane-Maluka (Chairperson)	
Mr MS Mthembu (Deputy Chairperson)	
Dr JB Molwantwa	Resigned Friday, September 30, 2016
Dr PE Molokwane	
Ms SD Wiggins	
Mr PA Tshabangu	
Mr PJ Venter	
Mr JM Mathebula	
Mr N Govender	Appointed Wednesday, November 16, 2016

4. Audit Committee

Mr M Secker
Ms V Maholovela
Mr MS Mthembu
Mr PA Tshabangu
Dr PE Molokwane

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Statement of Financial Position as at March 31, 2017

	Note(s)	2017 R	2016 R
Assets			
Current Assets			
Receivables from exchange transactions	4	35,300	407,864
Cash and cash equivalents	5	31,525,158	33,812,637
		31,560,458	34,220,501
Non-Current Assets			
Property, plant and equipment	3	5,593,339	3,081,776
Deposits		195,900	210,600
		5,789,239	3,292,376
Total Assets		37,349,697	37,512,877
Liabilities			
Current Liabilities			
Finance lease obligation	6	135,219	241,378
Payables from exchange transactions	10	2,645,785	4,308,728
Provisions	8	1,432,414	1,177,728
Deferred Income	7	17,285,224	17,822,807
		21,498,642	23,550,641
Non-Current Liabilities			
Finance lease obligation	6	218,601	43,133
Total Liabilities		21,717,243	23,593,774
Net Assets		15,632,454	13,919,103
Accumulated surplus		15,632,454	13,919,103

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Statement of Financial Performance

	Note(s)	2017 R	2016 R
Revenue	12	80,151,265	65,336,603
Other income	13	396,205	91,211
Operating expenses		(80,431,735)	(65,347,872)
Operating surplus		115,735	79,942
Investment revenue	16	1,713,352	1,502,405
Finance costs	17	(115,736)	(79,942)
Surplus for the year		1,713,351	1,502,405

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Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at April 1, 2015	12,416,698	12,416,698
Changes in net assets		
Surplus for the year	1,502,405	1,502,405
Total changes	1,502,405	1,502,405
Balance at April 1, 2016	13,919,103	13,919,103
Changes in net assets		
Surplus for the year	1,713,351	1,713,351
Total changes	1,713,351	1,713,351
Balance at March 31, 2017	15,632,454	15,632,454

Inkomati Usuthu Catchment Management Agency

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Cash Flow Statement

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Receipts			
Grants		80,151,265	65,336,603
Interest income		1,713,352	1,502,405
Other receipts		268,011	91,211
		82,132,628	66,930,219
Payments			
Employee costs		(47,302,977)	(36,486,367)
Suppliers		(32,846,451)	(16,449,628)
		(80,149,428)	(52,935,995)
Net cash flows from operating activities	19	1,983,200	13,994,224
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4,352,603)	(1,562,482)
Proceeds from sale of property, plant and equipment	3&19	128,351	-
Net cash flows from investing activities		(4,224,252)	(1,562,482)
Cash flows from financing activities			
Finance lease payments		(46,427)	(199,365)
Net increase/(decrease) in cash and cash equivalents		(2,287,479)	12,232,377
Cash and cash equivalents at the beginning of the year		33,812,637	21,580,260
Cash and cash equivalents at the end of the year	5	31,525,158	33,812,637

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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
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other Income	-	-	-	396,205	396,205	Note 29
Interest received - investment	-	-	-	1,713,352	1,713,352	Note 29
Total revenue from exchange transactions	-	-	-	2,109,557	2,109,557	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	79,613,682	17,822,807	97,436,489	80,151,265	(17,285,224)	Note 29
Total revenue	79,613,682	17,822,807	97,436,489	82,260,822	(15,175,667)	
Expenditure						
Personnel	(48,133,572)	(96,000)	(48,229,572)	(47,302,977)	926,595	
Depreciation and amortisation	-	-	-	(1,840,882)	(1,840,882)	
Finance costs	(75,000)	-	(75,000)	(115,736)	(40,736)	
Lease rentals on operating lease	(4,374,552)	-	(4,374,552)	(4,139,607)	234,945	
Repairs and maintenance	(772,896)	(292,400)	(1,065,296)	(676,808)	388,488	
General Expenses	(25,219,098)	(7,403,407)	(32,622,505)	(26,471,461)	6,151,044	Note 29
Total expenditure	(78,575,118)	(7,791,807)	(86,366,925)	(80,547,471)	5,819,454	
Surplus before taxation	1,038,564	10,031,000	11,069,564	1,713,351	(9,356,213)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1,038,564	10,031,000	11,069,564	1,713,351	(9,356,213)	

Inkomati Usuthu Catchment Management Agency

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Accounting Policies

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.

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.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

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

Inkomati Usuthu Catchment Management Agency

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Accounting Policies

1.1 Property, plant and equipment (continued)

Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT 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.

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 and trade payables. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through surplus or deficit, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data.

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.

Inkomati Usuthu Catchment Management Agency

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Accounting Policies

1.2 Financial instruments (continued)

A financial asset is:

- cash and receivables in the context of the entity;

Initial recognition

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

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of Non-Financial Assets

Non-financial assets are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated cash flow of the asset is discounted to the present value based on the time value of money and the risks that are specific to the asset. If the value in use of an individual asset for which an indication of impairment cannot be determined, the recoverable amount of the asset is determined.

An impairment loss is recognised in surplus or deficit when the carrying amount of an individual asset exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. Impairment losses are reversed only to the extent of the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversal of impairment losses are recognised directly in surplus or deficit.

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.

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Accounting Policies

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 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.

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.

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.

Interest, royalties and dividends

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

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Accounting Policies

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.

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 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. There were no changes in comparative figures in the current financial year.

1.10 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 in the current financial year.

1.11 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):

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Accounting Policies

1.11 Irregular expenditure (continued)

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.

1.12 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.

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2017
R

2016
R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> GRAP 17 (as amended 2015): Property, Plant and Equipment 	April 1, 2016	The expected impact of the amendment is not material
<ul style="list-style-type: none"> GRAP 16 (as amended 2015): Investment Property 	April 1, 2016	The expected impact of the amendment is not material

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities 	April 1, 2018	Expected impact of the amendment is not material
<ul style="list-style-type: none"> GRAP 20: Related parties 	April 1, 2017	Expected impact of the amendment is not material

3. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	1,351,252	(30,172)	1,321,080	-	-	-
Furniture and fixtures	2,758,288	(1,785,993)	972,295	2,306,365	(1,392,205)	914,160
Motor vehicles	1,352,497	(697,609)	654,888	1,079,262	(689,857)	389,405
Office equipment	1,984,057	(881,592)	1,102,465	1,491,489	(947,202)	544,287
Computer equipment	5,316,347	(3,773,736)	1,542,611	4,480,805	(3,246,881)	1,233,924
Total	12,762,441	(7,169,102)	5,593,339	9,357,921	(6,276,145)	3,081,776

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
	3,081,776	4,352,603	(157)	(1,840,883)	5,593,339

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	2017 R	2016 R
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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	924,459	325,507	(335,806)	914,160
Motor vehicles	605,775	-	(216,370)	389,405
Office equipment	585,201	289,099	(330,013)	544,287
Computer equipment	799,815	947,876	(513,767)	1,233,924
	2,915,250	1,562,482	(1,395,956)	3,081,776

Assets subject to finance lease (Net carrying amount)

Office equipment	352,286	254,037
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Details of properties

Office Building in Mkhondo Municipality

Building is situated on Portion 1 of Erf 32 Piet Retief (Mkhondo)
- Purchase price: 20 October 2016

1,351,252	-
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4. Receivables from exchange transactions

Prepayments	-	393,093
Sundry debtors	35,300	14,771
	35,300	407,864

5. Cash and cash equivalents

Cash and cash equivalents consist of:

ABSA Current Account	1,167,765	3,747,061
Corporation for Public Deposits	30,356,630	30,063,576
Petty cash float	763	2,000
Cash and cash equivalents	31,525,158	33,812,637

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	2017 R	2016 R
6. Finance lease obligation		
Minimum lease payments due		
- within one year	158,661	255,140
- in second to fifth year inclusive	231,421	45,937
	390,082	301,077
less: future finance charges	(36,262)	(16,567)
Present value of minimum lease payments	353,820	284,510
Present value of minimum lease payments due		
- within one year	218,601	241,378
- in second to fifth year inclusive	135,219	43,132
	353,820	284,510
Non-current liabilities	218,601	43,133
Current liabilities	135,219	241,378
	353,820	284,511

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

The average lease term is 3 years and the average effective borrowing rate was 8% - 10% (2016:8%-10%). There are no options for renewal and ownership remains with the lessor.

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

The entity 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 received late in the last quarter of the financial year (End of February 2017) , this resulted in the excess budget of R17 285 224 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.

Delayed budget transfers also occurred in the 2015/16 Financial year resulting also resulting in income of 17 822 807 to be deferred into the 2016/17 financial year.

Movement during the year

Balance at the beginning of the year	17,822,807	6,400,000
Current year receipts	79,613,682	76,759,410
Revenue recognised in the current the year	(80,151,265)	(65,336,603)
Deferred Income	17,285,224	17,822,807

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	2017 R	2016 R
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8. Provisions

Reconciliation of provisions - 2017

	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

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	915,261	421,132	(158,665)	1,177,728

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

9. Current tax payable (receivable)

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

10. Payables from exchange transactions

Trade payables	1,415,950	1,780,475
Sundry payables	962,165	1,771,533
Accruals	267,670	756,720
	2,645,785	4,308,728

11. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

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

Financial liabilities

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

2016

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	2017 R	2016 R
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Financial instruments disclosure (continued)

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	407,864	407,864
Cash and cash equivalents	33,812,637	-	33,812,637
	33,812,637	407,864	34,220,501

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	4,308,728	4,308,728
Finance Lease liability	284,511	284,511
	4,593,239	4,593,239

12. Revenue

Transferred Government grants & Water Resource Management Charges	80,151,265	65,336,603
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13. Other income

Dam safety inspections, fees for tender documents and cost recoveries from DWS	268,011	91,211
Profit on disposal of assets	128,194	-
	396,205	91,211

14. General expenses

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

Advertising and Marketing	1,452,380	879,784
External Auditors remuneration	197,221	176,787
Computer expenses	1,838,405	876,386
Consulting and professional fees	10,062,283	11,065,746
Consumables	128,479	166,208
Insurance	199,128	120,854
Motor vehicle expenses	313,516	225,820
Printing and stationery	322,519	76,696
Security (Guarding of municipal property)	172,687	-
Subscriptions and membership fees	150,152	92,013
Telephone and fax	1,076,880	731,658
Training	1,826,447	1,055,492
Travel - local	4,723,545	3,612,464
Travel - overseas	66,345	62,038
Electricity	624,507	471,667
Laboratory testing	1,713,336	1,437,944
Relocation expenses	429,784	315,000
Rental Expense	4,119,089	3,880,697
Venue expenses	1,074,676	608,949
	30,491,379	25,856,203

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	2017 R	2016 R
15. Employee related costs		
Basic	35,577,104	27,229,317
WCA	67,141	49,461
Leave pay provision charge	512,806	421,132
Company Contributions	6,044,185	5,021,893
Overtime payments	73,534	31,320
Car allowance	5,028,207	3,733,244
	47,302,977	36,486,367
16. Investment revenue		
Investment revenue		
Bank interest	1,713,352	1,502,405
17. Finance costs		
Finance leases	115,736	79,942
18. Auditors' remuneration		
Fees	197,221	176,787
19. Cash generated from operations		
Surplus (Deficit) for the year	1,713,351	1,502,405
Adjustments for:		
Depreciation and amortisation	1,840,882	1,395,956
Finance costs - Finance leases	115,736	79,942
Movements in provisions	254,686	262,467
Movement in deferred income	(537,581)	11,422,807
Profit on disposal of assets	(128,194)	-
Changes in working capital:		
Receivables from exchange transactions	372,564	144,566
Prepayments	14,700	-
Payables from exchange transactions	(1,662,944)	(813,919)
	1,983,200	13,994,224
20. Commitments		
This committed expenditure relates to property and will be financed by available bank facilities and retained surpluses.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	4,050,721	2,336,801
- in second to fifth year inclusive	6,663,221	-
	10,713,942	2,336,801

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

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2017	2016
R	R

21. Contingencies

There is currently a CCMA case in process relating to an employee of the IUCMA, estimated legal costs are anticipated not to exceed R140 000 for the arbitration process, should the dispute not be resolved through an arbitration process of the CCMA scheduled to take place in July 2017 additional legal costs may be incurred in the next financial year should the matter proceed to the labour court whereby provision will be made through the 2018 budget cycle.

22. Related parties

Relationships

Members

Refer to members' report note 23

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[

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Notes to the Annual Financial Statements

Figures in Rand

23. Members' and prescribed officer's emoluments

Governing Board

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
	940,682	940,682

2016

	Committees fees	Total
Ms TP Nyakane-Maluka (Chairperson)	200,932	200,932
Mr MS Mthembu (Deputy Chairperson)	78,838	78,838
Dr JB Molwantwa	109,236	109,236
Dr PE Molokwane	109,236	109,236
Ms SD Wiggins	88,072	88,072
Mr PA Tshabangu	71,783	71,783
Mr PJ Venter	129,128	129,128
Mr JM Mathebula	106,629	106,629
	893,854	893,854

Audit Committee

2017

	Committees fees	Total
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
	177,413	177,413

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Figures in Rand

23. Members' and prescribed officer's emoluments (continued)

2016

	Committees fees	Total
Mr M Secker	41,216	41,216
Ms V Maholovela	26,112	26,112
Mr MS Mthembu	22,297	22,297
Mr PA Tshabangu	22,297	22,297
	111,922	111,922

Management

2017

	Emoluments	Other benefits*	Performance Bonus	Total
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
	3,362,598	312,912	268,540	3,944,050

2016

	Emoluments	Other benefits*	Performance Bonus	Total
Chief Executive Officer (Acting until official appointment 1 February 2016)	1,650,453	129,600	105,404	1,885,457
Executive Corporate Services (Chief Financial Officer)	1,250,948	129,396	85,336	1,465,680
	2,901,401	258,996	190,740	3,351,137

* Other benefits comprise travel allowance

24. Comparative figures

No comparative figures have been reclassified.

25. 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.

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25. Risk management (continued)

Market risk

Interest rate risk

Comprises 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.

26. 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.

27. Events after the reporting date

The withdrawal of delegations of authority from the IUCMA by the Minister of Water and Sanitation on 12 December 2015 may have an impact particularly on the declarations made for existing water use under the Validation and Verification projects, however these matters continue to be escalated to the appropriate levels at DWS.

The IUCMA is currently negotiating with SARS and National Treasury to determine the way forward for the IUCMA to be registered as a VAT Vendor or Non VAT Vendor, in order to take over the billing and collection function from the Water Trading Entity which is currently doing it on behalf of the IUCMA.

28. Irregular expenditure

Add: Irregular Expenditure - current year	217,018	-
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Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
These 2 incidents relate to quotation procurement deviations not deemed as deviations meeting the requirements of National Treasury S16A as tested through the external audit process	Under investigation	217,018

29. 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. The Department of Water and Sanitation implemented a half yearly invoice system during the year whereby funds were transferred on a half yearly basis 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 2017) , 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.

Changes from the approved budget to the final budget

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29. Budget differences (continued)

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 (R 396 205) and Investment Interest received (R1 713 352) are items not budgeted for due to the uncertainty of cashflows and are accounted for once actual cashflows are determined
- Government grants and subsidies budget was adjusted by R 17 822 807 to cater for the deferred Revenue from the 2015/16 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 R1 840 882 is an unbudgeted non cash item
- The adjustments on General Expenses of R 7 403 407 form part of the expenditure on projects that had to be delayed for implementation in 2016/17 due late cashflow transfers from DWS. These adjustments comprise of purchasing of the Piet Retief Office Building, Office equipment, acquisition of Lidar for the lower komati and purchase of the new pool vehicle amongst other projects deferred for implementation in the 2016/17 Financial year

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Tel: 013 753 9000
www.iucma.co.za

Private bag X11214, Mbombela, 1200
The Maxsa Building, 13 Streak Street,
Mbombela, 1200

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