

(01 APRIL 2020 - 31 MARCH 2021)



INKOMATI-USUTHU

CATCHMENT MANAGEMENT AGENCY

ANNUAL REPORT 2020/21

The background is a complex, abstract design. It features a large, central white circle. Surrounding this circle are several concentric, overlapping circles and bands of varying shades of gray. These bands contain intricate geometric patterns, including squares, diamonds, and dots. The overall effect is a sense of depth and movement, with the patterns appearing to flow around the central text.

ANNUAL REPORT 2020/21

OFFICIAL SIGN OFF

It is hereby certified that this Annual Report:

- Was developed by the Governing Board of the Inkomati-Usuthu Catchment Management Agency (IUCMA) with the assistance of its Management.
- Considers all relevant legislation, policies, and other mandatory documents applicable to the IUCMA.
- Accurately reflects the performance of the IUCMA in the 2020/21 financial year.



Adv. M.B. Shabangu
Acting Chief Executive Officer



Mr. M.S. Mthembu
Acting Chairperson: Governing Board

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LIST OF ACRONYMS

ACRONYM	DESCRIPTION
APP	Annual Performance Plan
ARA-Sul	Aqua Regional Association- South (Mozambique)
CMA	Catchment Management Agency
CME	Compliance Monitoring and Enforcement
CMF	Catchment Management Forum
CROCOC	Crocodile River Catchment Operations Committee
DEA	Department of Environmental Affairs
DSS	Decision Support System
DMR	Department of Mineral Resources
DWS	Department of Water and Sanitation
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
EWSETA	Energy Water Sector Education Training Authority
EXCO	Executive Committee
GA	General Authorisation
GB	Governing Board
HYDSTRA	Surface Hydrology Information System
IUCMA	Inkomati-Usuthu Catchment Management Agency
IBWiWC	Incomati Basin Women in Water Conference
IT	Information Technology
JWC	Joint Water Commission

ACRONYM	DESCRIPTION
KJOF	Komati Joint Operations Forum
NWA	National Water Act, Act 36 of 1998
OHS	Occupational Health and Safety Act, Act 85 of 1993
PFMA	Public Finance Management Act, Act 1 of 1999
REMCO	River and Environment Management Corporation
RMC	Risk Committee Meeting
REMP	River Eco-status Monitoring Programme
SAHRC	South African Human Rights Commission
TPTC	Tripartite Technical Committee
WAP	Water Allocation Plan
WAR	Water Allocation Reform
WMA	Water Management Area
WUA	Water Users Association
WULA	Water Use Licence Application

FOREWORD BY THE MINISTER



Introduction

South Africa is adjudged to be the 30th driest country in the world. South Africa is making strides in the provision of access to water for all her citizens. We do accept the fact that water has and will always be a limiting factor to development in this beautiful country of ours. Managing our water resources effectively and efficiently is of prime importance. Water management institutions have a responsibility to ensure that our water resources are protected, developed, used and controlled in a sustainable manner. During 2019/20 the Department of Water and Sanitation (DWS) continued the process of institutional realignment of the Catchment Management Agencies (CMAs) but was unable to complete the process. It is hoped that this process will be speeded up in the 2020/21 financial year.

Planning Documents

As expected, the Shareholder Compact (SHC) was developed and approved for the Inkomati-Usuthu Catchment Management Agency (IUCMA) at the beginning of the 2018/19 financial year together with the Annual Performance Plan (APP) which contained a detailed budget. The early approval of the APP and associated budget provided assured that planned projects and activities could be undertaken.

Performance

The IUCMA managed to achieve most of its targets in the 2020/21 financial year. The financial performance as audited indicated no qualified audit opinion which is quite impressive because the IUCMA has achieved clean audits since inception.

The cooperation of the water management institutions in the Inco-Maputo transboundary basin involving the three SADC countries, South Africa, Swaziland, and Mozambique represented by the IUCMA, RBA and ARA-Sul respectively continued to grow. The REMCO has now developed its constitution which has been approved for implementation.

The IUCMA continued with its international collaboration relationship with water boards in the Netherlands by cooperating with remote sensing of water resources, especially HydroNET. In this regard, IUCMA has successfully pioneered HydroNET applications in South Africa.

The IUCMA contributed to the processing of water use licence applications in the Inkomati-Usuthu Water Management Area. I urge them to continue in the same spirit to ensure we serve our people efficiently and effectively.

Way Forward

Hopefully, the establishment of CMAs as water management institutions will be finalised in the next financial year. The relevant delegations - roles and responsibilities and associated resources will be provided to the water management institutions to enhance service delivery.

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 Inkomati-Usuthu Water Management Area. Your achievements have been noticed. Keep up the good work.

CHAIRPERSON'S FOREWORD



Established in terms of section 78 of the National Water Act 36 of 1998 (NWA) to perform water resource management at catchment level, the Inkomati-Usuthu Catchment Management Agency (IUCMA) is a body corporate, listed as a national public entity in Schedule 3A of the Public Finance Management Act 1 of 1999 (PFMA). Our mandate is to protect, use, develop, conserve, manage and control water resources within the Inkomati-Usuthu Water Management Area (WMA), as contemplated in the NWA and the National Water Resource Management Strategy (NWRS).

PricewaterhouseCoopers (PWC) audited the financial records of the IUCMA for the year under review, as required by the PFMA and it is with great pride that we report a 10th consecutive unqualified audit report. This is attributed to effective governance, improved controls, monitoring mechanisms, and effective strategic adaptive management in response to the prevailing conditions. On behalf of the Governing Board, I wish to express our appreciation to management for recording another unqualified audit opinion. It is a source of inspiration, taking into consideration the resignation of the former CFO followed by the CEO whose contract had expired.

In the year under review, we engaged stakeholders during the feedback session on the Annual Report and to present the APP and Budget where we sought the consent of the stakeholders for an increase in the tariff. While stakeholders agreed with the IUCMA tariff proposal, the ultimate approved budget by DWS resulted in a budget cut. The IUCMA actively participates in transboundary water resources management forums/ meetings between the Kingdom of eSwatini and the Republics of Mozambique and South Africa, including the Komati Joint Operations Forum (KJOF); Tripartite Technical Committee (TPTC) of the Joint Water Commission (JWC), and the Incomati River Basin Committee.

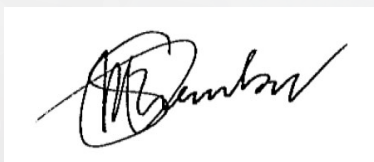
This 2020/21 Annual Report presents the performance against the targets set in the 2020/21 Annual Performance Plan (APP) while being mindful of the National Development Plan (NDP) goals, State of the Nation Address (SONA), Ministerial outcomes, DWS Strategic Objectives, National Water Resource Strategy 2 (NWRS 2) and the Catchment Management Strategy. Due to COVID-19 the IUCMA had to amend the 2020/21 Annual Performance Plan (APP) and still managed to archive most of its performance indicators.

To the IUCMA, as to the entire world, Covid-19 came with immense challenges and responsibilities. The IUCMA was able to adapt and re-prioritize the APP and budget in order to safeguard the health of our personnel (by extension their families) and stakeholders while never losing sight of the mandate of water resources management. Through the Corporate Social Investment (CSI) budget, we offered support to the communities (on behalf of the Minister) and provided water storage tanks and boreholes at a time when washing hands was one of the critical interventions known to combat Covid-19.

The Minister's re-assignment of Schedule 3 delegated Powers and Functions which were revoked in December 2015, would be appreciated to prevent the potential overlapping of powers and functions between the CMA and the WUAs as the process of transforming Irrigation Boards to establish the Water Users Associations (WUAs) has commenced in earnest. Furthermore, it is critical that the IUCMA Catchment Management Strategy (CMS) 2020 to 2025 is approved as this is the compact between the Board (on behalf of the Minister) and the stakeholders for the next five years.

This was a painful year where the IUCMA lost the Governing Board Chairperson, Ms Thokozane Patience Nyakane-Maluka and Board member Mr Pillay Absalom Tshabangu. Ms Nyakane-Maluka was the founding Chairperson of the IUCMA since 2005. On behalf of the Governing Board, management, and staff, may I take this opportunity to pay a special tribute to them and dedicate this report to the former Chairperson whose immense contribution to the water sector and the IUCMA cannot be forgotten.

In closing, I would like to indicate that the IUCMA continued devotion to serving your national interest and we look forward to your continued support and contribution to all our endeavours in the 2021/22 financial year and beyond.



Mr. M.S. Mthembu
Acting Chairperson: Governing Board



OVERVIEW BY ACTING CHIEF EXECUTIVE OFFICER



It is with great pride that I provide the overview presentation of the IUCMA performance. In a year filled with so many challenges and uncertainty, we considered it befitting to present the Annual Report under the theme “**Thriving in Times of Uncertainty**”. This is on a premise that through all challenges and shortcomings, the work of the IUCMA remained courageous, innovative, and committed to protecting our water resource. As management, we appreciate the astuteness of our committed employees in navigating these challenging times and producing the greatest performance as per the standard of the IUCMA.

During the 2020/21 financial year, we were globally hit by the Covid-19 pandemic which compelled governments and private Institutions to reshape organisations from what was deemed as normal operations to a new normal. This “new normal” proved that humanity can adapt to new developments and rally together to ensure that the common vision is attained. In response to the reshaping of organisations to ensure that all our international and domestic compliance requirements are adhered to, the IUCMA had to amend the 2020/21 Annual Performance Plan (APP). In the amendment process, targets of performance indicators which required employees to travel were reduced due to the traveling restrictions put in place to minimise infections. The targets were reduced to strategic sites which needed to be monitored to ensure constant protection of the water resource. In addition, other performance indicators were recrafted to ensure business continuity.

To ensure that the IUCMA was compliant to all Covid-19 regulations and protects its employees, a Covid-19 committee was established. This committee ensured that all cases were reported, and necessary support was provided to the IUCMA regarding the safety of employees.

It is worth mentioning in the same spirit that during the same period, the IUCMA was also provided with an opportunity to reflect on its strategic planning framework. The revision of the planning framework from a strategic objective planning design to an outcomes-based planning environment was incepted after the DPME advised that the government-wide planning shift had become obligatory.

As the IUCMA, we had to dig deep into the philosophy of our whole organisational design and create a new strategic approach and performance alignment for the various functions within the organisation. This process resulted in a situation where the organisation adopted four (4) strategic outcomes in line with the new planning framework for performance planning of the Department of Planning, Monitoring and Evaluation (DPME). This process was successfully executed and provided the IUCMA with an opportunity to redesign our APP and to ensure that we develop outcome-based plans that were aligned to DPME frameworks and provided a more visible path in attaining the vision of the IUCMA. Like Ben Okri posits in *The Age of Magic*, replenish yourself In the aleph”, pausing and going back to the beginning, the IUCMA has successfully embarked on a process to revisit the mandate of the institution and craft strategies that will enable a positive impact on the administration and governance of the water management area.

Despite all the challenges present in our organisational environment and context, there were many good stories to tell in the IUCMA and water sector. As part of the Corporate Social Investment projects, the IUCMA donated 40 water tanks and 3 boreholes to communities within the water management area as part of the Presidential call for institutions to conceive support projects in response to the Covid-19 pandemic.

In the year under review, dam levels increased significantly because of heavy rains experienced following tropical cyclone Eloise. This was a great relief following the long period of drought which continued to negatively impact water security in the catchment and its related activities.

In redressing imbalances of the past in the water sector, the Minister of the Department of Human Settlements, Water and Sanitation, in terms of section 92 (1), continued to support the long-standing efforts towards the dis-establishment of Irrigation Boards and their transformation into Water Use Associations (WUAs) in the country.

The Inkomati-Usuthu Catchment Management Agency, as a delegated authority and custodian of the Water Resource Management at catchment level, has also increased its efforts in facilitating this process towards the establishment of the WUAs within its area of jurisdiction. In the 2020/21 the IUCMA developed the baseline information with regard to the proposed hydrological boundaries of the WUA. It is envisaged that in the following financial year, stakeholder consultations will be completed.

Aligned to redressing the imbalances of the past, the IUCMA assisted Historically Disadvantaged individuals (HDis) with Technical Reports required in applying for water use licenses. This support extended to HDIs was particularly focused on the Hydrological and Geohydrological reports. This kind of support has enabled the HDIs, who otherwise would not have been able to meet the minimum requirement for a consideration of their Water Use license Applications, the opportunity to have their applications considered and allocated.

The IUCMA committed to ensuring equitable water resource management within the water management area, continued to implement its Water Allocation Reform Plan. All activities planned for in the pursuit of this objective, were successfully executed. As part of this initiative, the IUCMA continued to host empowerment workshops for all stakeholders.

Catchment Management Strategy

The Catchment Management Strategy (CMS) for the IUCMA – the Vision and Mission aspects were completed and submitted to the Minister for gazetting. The IUCMA team worked very hard in ensuring that the process was complete and the CMS submitted.

Building partnerships for sustainable IWRM

It is a pleasure to report that over the years, the IUCMA has remained steadfast in its commitment to generate value for all stakeholders. The IUCMA subscribes to a vision that considers and positions water resources as an integral component of the ecosystem, a natural resource for social and economic good. 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 Annual Performance Plan, the IUCMA was able to participate in transboundary water management initiatives, international programmes beneficial to IUCMA, IWRM-related projects, forums, and conferences. The IUCMA continues to be a key member of an international transboundary River and Environmental Management Cooperation (REMCO), Komati Joint Operations forum (KJOF), ARA-Sul stakeholder's forum and the Blue Deal. The IUCMA also contributes to skills (technical and non-technical). The committees are functioning well and convene regularly.

Our stakeholder empowerment programmes improved greatly in the financial year as a result of capacity building, empowerment, and stakeholder interactions. The IUCMA continues to add stakeholders and maintain the existing stakeholder base. Capacity-building workshops targeting HDIs, and other emerging water users were conducted in the financial year under review. These workshops focused on the National Water Act, Water Use Licence Applications, Resource Protection as well as Water Conservation and Water Demand Management. Cooperation with the municipalities within the Inkomati-Usuthu WMA has greatly improved and many interactions took place at strategic level.

Accomplishing reporting requirements

Even though a number of operational and strategic challenges were experienced, as reported above, which impacted on the performance of the organisation in different ways, the IUCMA managed to achieve most of its targets. As in previous years, the IUCMA achieved all the targets on its legislative requirements and achieved an unqualified audit opinion in this regard.

Equitable allocation of resource

Rainfall statistics have been poor for the past three years. Even though dam levels increased to full capacity in the year under review (as compared to 2016/17 and 2017/18) in the IUCMA WMA, water users were cautioned to use water sparingly. The IUCMA River Operations Committee which has the DWS, Irrigation Boards and the Komati Basin Water Authority (KOBWA) as members, managed to provide all water users their equitable share of the resource. This included our neighbouring countries, Mozambique and Swaziland. The IUCMA is a partner in the provincial and basin-wide climate change adaptation strategy and planning task team.

Management of risks

The Risk Management Committee, chaired by an Independent Member, has been established to assist the Accounting Authority to fulfil its risk management and control responsibilities in accordance with, and in terms of the sections 51(1)(a)(i) of the PFMA. The wake of the Covid-19 pandemic has also influenced, among other things, the establishment of the Business Continuity Management (BCM) framework. This would enable the institution to deal with and mitigate the impact of challenges presented by any form of business disruptions and other natural disasters. The BCM policy and plan have been developed and duly approved to guide the institution's response to these risks as well as any unforeseen circumstances.

Water Quality

Part of the mandate of the IUCMA is to ensure water resource quality within the Water Management Area. Several programmes have been rolled out in the financial year to monitor and remediate resource quality pollution incidents. The organisation continues to grapple with continuous incidences of resource pollution year-on-year.

These challenges affecting water resource quality in the Inkomati-Usuthu WMA are largely attributed to industrial and mining activities as well as the poor state of water service authorities' infrastructure.

The common cases during the financial year under review include:

- raw water (water resources) contamination by sewage and
- mining effluents seeping into water resources.

Enforcement measures were taken to mitigate pollution incidents. Positive outcomes were realised from these 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.

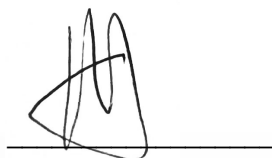
Human Capacity Development and Redress

The IUCMA has revived and approved an Employment Equity and Disability Policy to guide the institution to achieve its targets in line with the National Framework on Employment Equity. The institution continues to make efforts to ensure that human capacity development is available to the institution and the sector. External bursaries were awarded to needy (HDI) matriculants, while internal bursaries were awarded to IUCMA employees to improve their skills. In the year under review, the institution reviewed the structure to ensure effective implementation of its constitutional mandate. In line with the new structure, twenty-one (21) new employees were recruited to fill new vacancies. Approximately 50% of our workforce are women. In addition, set targets on BBBEE spend were exceeded due to increased work awarded to BBBEE service providers.

Way Forward

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

The leadership of the Governing Board, support from the DWS and the dedication of IUCMA employees are highly appreciated.



Adv. M.B. Shabangu
Acting Chief Executive Officer

GOVERNING



Mr M.S. Mthembu
Chairperson



Ms S.D. Wiggins
Deputy Chairperson



Ms L.M. Skhakhane
Member



Mr M. Gangazhe
Member



Adv G. Khoza
Member



Ms L.C. Zulu
Member

BOARD



Mr W.B. Baird
Member



Dr T. Kelly
Member



Mr Treasure Mathebula
Board Secretary



Mr J.K. Sithole CA(SA)
Chairperson
External Member



Mr L.C. Mohalaba
External Member

IUCMA MANAGEMENT



Adv M.B. Shabangu
Acting Chief Executive Officer



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



Ms Sylvia Machimana
**Acting Executive: Corporate
Services**

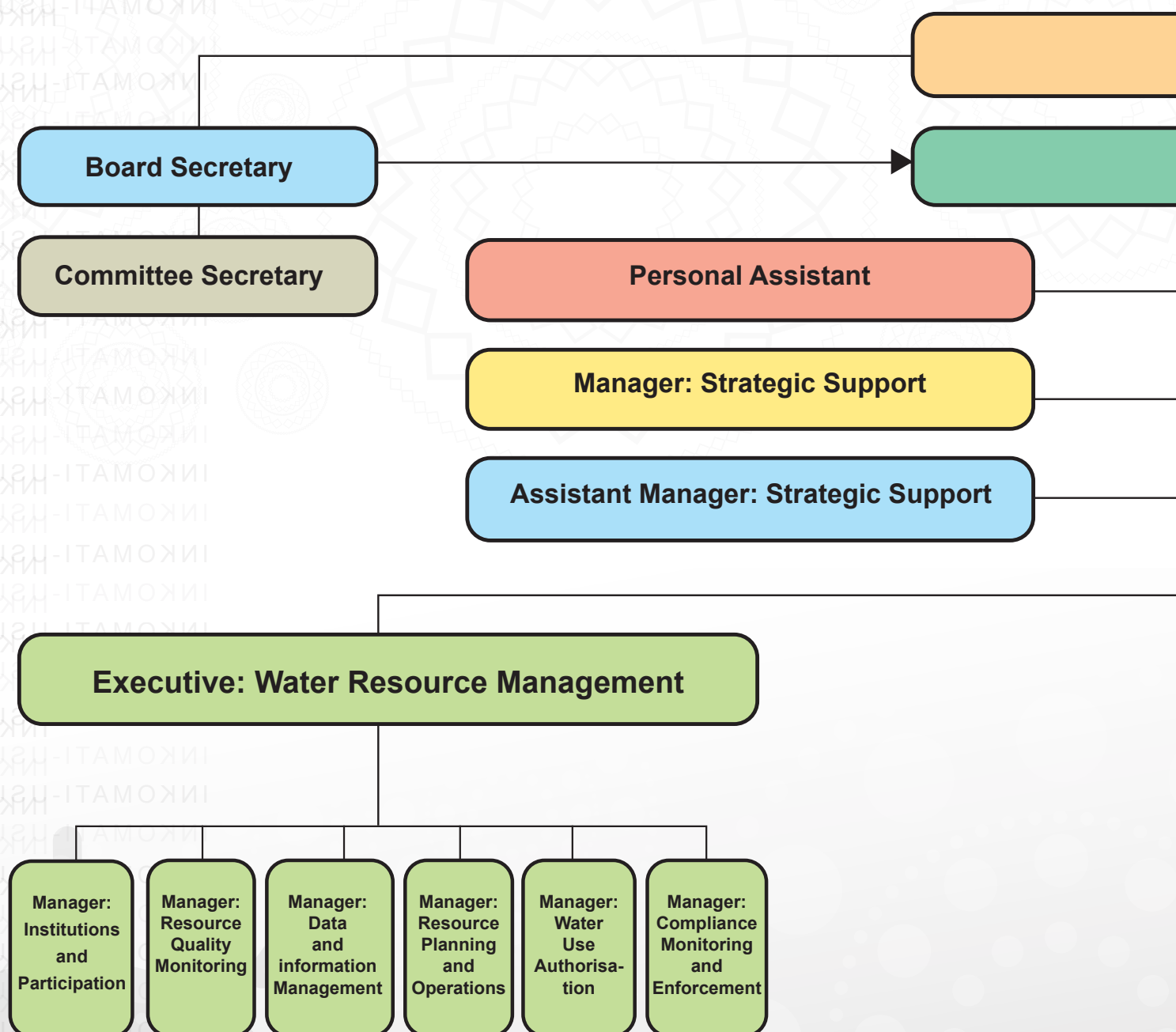


Ms Sandra Govere
Chief Financial Officer



ORGANISATIONAL

In the 2020/21 financial year the IUCMA operated with the following organisational structure. The structure was approved by the Governing Board and budgeted for.



STRUCTURE

Governing Board

Chief Executive Officer

Internal Audit Specialist

Internal Auditor

Executive: Corporate Services

Chief Financial Officer

**Manager:
Human
Resources
Management**

**Manager:
Information
Technology**

**Legal
Advisor**

**Manager:
Records
and
Auxiliary
Services**

**Risk and
Compliance
Management
Specialist**

**Manager:
Communication
and
Intergovernmen-
tal Relations**

**Manager:
Finance**

**Manager:
Revenue**

**Manager:
Supply
Chain
Management**



STRATEGIC OVERVIEW

IUCMA Vision

The Vision, Mission and Values of the IUCMA are depicted in the visuals below.

VISION

Sufficient, equitable and quality water resources for all
in the Inkomati-Usuthu Water Management Area

MISSION

To efficiently manage water resources by empowering
our stakeholders in our quest to contribute towards
transformation by promoting equal access to water and
protecting the environment

VALUES

Integrity
Batho Pele (Stakeholder Orientation)
Accountability
Diversity
Transparency

Performance Delivery Environment

IUCMA Existence

The IUCMA exists within the Inkomati-Usuthu Water Management Area (WMA) with a purpose to:

- Manage 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 water resources.
- 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 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 water resources.
- Involve stakeholders in decision making regarding water resources. We will achieve this through mobilising, empowering, and consulting water users and stakeholder by focusing on expanding participation with communities, women, and the rural poor.
- Facilitate cooperation between water-related institutions to promote political credibility within the Inkomati WMA. We will achieve this through building strong relationships, advising, supporting, and monitoring water-related activities of private and public sector bodies.
- Contribute towards redressing past imbalances, including 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 cooperative 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 2020/21 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 by 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 Coordinated IWRM for Wise Socioeconomic Development

- Grow multi-level, multi-sectoral (private, NGO and Government.) governance networks and engagement processes that keep IUCMA agendas at the forefront by 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 (WUAs, CMCs, 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 a demand from a neighbour).
- Exchange of knowledge and expertise.
- Share resources to optimise transboundary 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 metadata 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.
- Undertake statutory reporting to the Minister of Water and Sanitation and National Treasury.
- Conduct strategic interaction 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.
- Coordinate 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

The current mandate of the IUCMA is reflected below.

Inherent Functions

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

- Investigate and advise interested persons on water resource management.
- Compile the CMS.
- Coordinate related activities of water users and WMIs.
- Promote coordination of implementation of any applicable water services development plan; and
- Promote community participation in water resource management.

Section 80(b) must be read with sections 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:

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

The powers and functions in the following provisions of the National Water Act have been delegated to the Inkomati-Usuthu Catchment Management Agency:

- 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 licence.
- Section 41 – Procedure for licence 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 licences.
- Section 53 – Rectification of contraventions.
- Section 54 – Suspension or withdrawal of entitlements to use water.
- Section 55 – Surrender of licence.
- 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.

The IUCMA appeals to the Minister to delegate Schedule 3 to the IUCMA to ensure that the IUCMA has the power to manage, monitor, conserve and protect water resources and to implement catchment management strategies; to make rules to regulate water use; to acquire the establishment of management systems; to acquire alterations to water works and to temporarily control, limit, or prohibit use of water during periods of water shortage. To effect executing of these delegations, 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 a water management institution appoint, in terms of section 124, Authorised Persons, to perform inspection and remedial duties in respect of water resources in terms of section 125(1) – (3). In terms of section 57(2) of the NWA, water resource management charges within a specific water management area may be determined 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 and has taken on this responsibility accordingly (since November 2017).

Social Responsibility

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


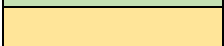


Social responsibility investment can be enhanced if the DWS appoints the IUCMA as implementing agent to provide assistance to resource poor farmers in areas like rainwater harvesting and simple water purification where communities are still dependent on raw water direct from the rivers or streams.

SUMMARY OF ORGANISATIONAL PERFORMANCE

In the 2020/21 financial year, the IUCMA managed to achieve eighty-eight percent (88%) of its targets. Nine per cent (9%) were partially achieved, and three per cent (3%) were not achieved.

The partial performance is a representation of the targets that were set, where the officials conducted/ attempted to perform but the output was not achievable. Examples include monitoring areas where there was no flow and no access.

The performance in comparison to the previous financial year 2019/20 represents a four per cent (4%) increase.

	88 % Achieved
	9% Partially Achieved
	3% Not achieved
	Over achievement (percentage 15% included in the achieved)

GOVERNANCE

Good Corporate Governance

There were no negative deviations from the expected performance of governance that includes legal services, committee work for the Governing Board and its Committees. The same applies to advisory services regarding ensuring compliance with legislation and policies, and 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 the 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 Committees

GB Members:	GB SS	GB ORD	GB SPEC	GB S/H	EXCO	AUDIT	TOTAL
BENCHMARK	1	4	6	3	4	7	25
Ms TP Nyakane	Sick Leave	2	2	1	2	N/A	7
Mr MS Mthembu	1	4	6	1	4	N/A	17
Dr T Kelly	1	4	6	N/A	4	N/A	16
Adv MB Shabangu	N/A	3	5	N/A	N/A	5	13
Ms SD Wiggins	Leave	4	6	1	N/A	7	18
Mr PA Tshabangu	1	3	5	2	4	N/A	15
Ms LM Sikhakhane	1	4	6	1	N/A	7	19
Ms LC Zulu	1	4	6	N/A	N/A	7	18
Mr M Gangazhe	Sick leave	4	6	N/A	4	N/A	14
Dr T Gyedu-Ababio (Ex-Officio) (Special leave as from 4 August 2020)	1	2	1	-	-	-	4
Dr JB Molwantwa (Ex Officio) (Appointed as Acting CEO from 4 August 2020)	1	2	1	-	-	-	4

GLOSSARY:

GB ORD – Ordinary Governing Board Meeting

GB SPEC – Special Governing Board Meeting

GB S/S – Governing Board Strategic Session

GB S/H – Governing Board Stakeholders Meeting

AUDIT – Audit Committee

EXCO – Executive Committee

GOVERNING BOARD MEETINGS:

Ordinary	:	4
Special	:	6
S/S	:	1
S/H	:	3
TOTAL	:	14

COMMITTEE MEETINGS:

Audit Committee	:	4
Special Audit Committee	:	3
Executive Committee	:	4
Special Executive Committee	:	N/A
TOTAL	:	11

AD-HOC MEETINGS: 8

- GB Chairperson, Ms TP Nyakane passed away 4 January 2021 and buried 8 January 2021
- GB Member, Mr PA Tshabangu passed away 24 January 2021 and buried on 29 January 2021
- GB Member, Adv MB Shabangu resigned as a member effective from 31 October 2020 and was appointed Executive Corporate Services as from 1 November 2020

Table 2 Audit Committee meetings

EXTERNAL Audit Committee Members:	GB SS	GB ORD	GB SPEC	GB S/H	EXCO	AUDIT	TOTAL
BENCHMARK	1	4	6	3	4	7	25
Mr JK Sithole	1	4	2	N/A	N/A	7	14
Mr LC Mohalaba (Resigned 30 November 2020)	N/A	2	N/A	N/A	N/A	5	7
Ms MA Mphahlele (Appointed 15 February 2021)	N/A	N/A	1	N/A	N/A	N/A	1

Table 3: Ad hoc Committee meetings

Member	09.06.20 20 (CEO's Performance Appraisal)	07.09.20 20 (Shortlisting for CFO and ECS positions)	16.09.20 20 (Interviews for CFO position)	17.09.20 20 (Interviews for ECS position)	05.02.20 21 (Shortlisting for External Audit Committee Member)	11.02.20 21 (Interviews for External Audit Committee Member)	17.03.20 21 (Shortlisting for ICT Steering Committee Chairperson)	29&30.03. 2021 (Interviews for ICT Steering Committee Chairperson)	TOTAL:
Ms TP Nyakane	1		1	1				1	4
Mr MS Mthembu		1				1			2
Dr T Kelly	1		1	1	1				4
Adv MB Shabangu									
Ms SD Wiggins			1	1		1	1		4
Mr PA Tshabangu		1							1
Ms LM Sikhakhane		1				1	1	1	4
Ms LC Zulu		1			1				2
Mr M Gangazhe	1				1				2
Mr JK Sithole			1				1		2
Ms MA Mphahlele								1	1

Table 4: Governing Board and Committee meetings

GB Members:	GB INAUGURAL	GB W/S	GB ORD	GB SPEC	GB S/H	GB S/S	EXCO	AUDIT	TOTAL	BENCH MARK
BENCHMARK	1	2 (Corporate Governance training & Diligent Boards)	4	6	2	3	4	6	29	
Ms TP Nyakane	1	2	4	6	1	3	3	N/A	17	18
Mr MS Mthembu	1	2	4	6	N/A	3	4	N/A	18	18
Adv MB Shabangu	1	2	4	6	N/A	3	N/A	5	19	20
Dr T Kelly	1	2	4	6	1	3	4	N/A	18	18
Ms SD Wiggins	1	2	4	6	1	3	4	N/A	18	18
Mr PA Tshabangu	1	2	4	5	2	3	N/A	6	19	20
Mr M Gangazhe	1	2	4	4	N/A	3	4	N/A	16	18
Ms LC Zulu	1	2	4	4	N/A	3	N/A	4	16	20
Ms LM Sikhakhane	1	2	4	6	1	3	N/A	6	20	20
Dr T Gyedu-Ababio (Ex-officio)	1	2	3	6	2	3	3	5	22	24

Table 5: Audit Committee attendance

EXTERNAL Audit Committee Members:	AC INDUCTION (30.09.2019)	GB ORD	GB SPEC	GB S/S	EXCO	AUDIT	TOTAL	BENCH MARK
BENCHMARK	1	4	6	3	4	6		
Mr JK Sithole (Appointed 15.08.2019)	1	2	2	1	N/A	3	9	10
Mr LC Mohalaba (Appointed 15.08.2020)	1	2	3	1	N/A	3	10	10

The Governing Board also convened ad hoc meetings as indicated below in Table 4.

Table 6: Ad hoc Committee attendance

MEMBER	APPRAISAL COMMITTEE	PERFORMANCE MODERATION	AC EXTERNAL SHORTLISTING	AC EXTERNAL INTERVIEWS	BS SHORTLISTING	BS INTERVIEWS	SUB-COMMITTEE ON IUCMA ORGANISATIONAL STRUCTURE	MEETING WITH DEPUTY MINISTER	TOTAL
Ms TP Nyakane-Maluka	1					1	1		3
Mr MS Mthembu		1		1		1			4
Adv MB Shabangu				1		1	1	1	4
Dr T Kelly		1		1		1	1		4
Ms SD Wiggins	1			1		1	1		4
Mr M Gangazhe		1	1		1			1	4
Ms LC Sikhakhane			1		1				2

MEMBER	APPRAISAL COMMITTEE	PERFORMANCE MODERATION	AC EXTERNAL SHORTLISTING	AC EXTERNAL INTERVIEWS	BS SHORTLISTING	BS INTERVIEWS	SUB-COMMITTEE ON IUCMA ORGANISATIONAL STRUCTURE	MEETING WITH DEPUTY MINISTER	TOTAL
Ms LC Zulu			1		1				2
Mr PA Tshabangu			1		1				2
Mr LC Mohalaba					1	1	1	1	4
Dr T Gyedu-Ababio (Ex-officio)	1	1	1	1	1	1	1		8

The Governing Board is responsible for stakeholder consultation related to tariff setting. In the year under review, the IUCMA consulted stakeholders on the CMS, its visioning process and the 2020/21 financial year APP. A total of seven (7) stakeholder consultation meetings were held and the attendance of the members is indicated below.

Table 7: Stakeholder consultation attendance

MEMBER	24.01.2019 (S/H CONSULTATION INKOMATI ON CMS FINAL VISIONING, APP)	TOTAL
Ms TP Nyakane-Maluka	1	7
Mr MS Mthembu	-	3
Ms SD Wiggins	1	2
Mr PJ Venter	-	3
Mr N Govender	-	1
Mr PA Tshabangu	1	4
Mr JM Mathebula	-	3

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Reporting Requirements

The 2020/21 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.
- 2019/20 Annual Report submitted to National Treasury, Auditor-General and Office of the Minister and subsequently to Parliament.
- 2021/22 Annual Performance Plan and Shareholders Compact were also submitted to the DWS.
- All four (4) quarterly reports, namely performance report, revenue, and expenditure report and PFMA Compliance Checklist were submitted to the DWS every quarter.

Internal Audit

The Internal Audit Specialist reports administratively to the Chief Executive Officer (CEO) and functionally to the Audit Committee. The mandate of the internal audit function is documented in the approved internal Audit Charter which is revised annually to ensure that there is assurance of the internal controls.

The approved Annual Audit plan and the strategic three-year rolling plan are based on strategic risks identified by management and approved by the Governing Board. The coverage plan is updated annually, based on the risk assessment, internal and external emerging issues and results of both internal and external audits performed in the previous financial year. This ensures that the audit coverage is focused on identified internal and external emerging risks.

In the 2020/21 financial year, the following audits were undertaken; Records Management, Institution and Participation, Performance Information - Q1, Q2, Q3 and Q4, Corporate Social Responsibility, Marketing and Communications, Resource Quality Monitoring, Review of AFS, Information Technology (IT), Water Use Authorisation, Occupation Health and Safety (OHS), Revenue Management, Contract Management, Supply Chain Management, Financial Discipline Review (FDR) and there were ad hoc audits conducted on IT server crash, data cleansing project, payment and investment processes and Subsistence and Travel for the Risk and Compliance office.

Quarterly, the Internal Audit function reports to the Audit Committee on all audit reviews conducted in relation to the approved annual audit plan as well as consulting and advisory services provided.

WATER RESOURCE MANAGEMENT

The Water Resource Management function is the technical core charged with the implementation of the National Water Act and related policies and regulations. The function comprises of six (6) divisions, namely Resource Planning and Operations, Resource Quality Monitoring, Water Use Authorisations (and caretaker of Data and Information Management), Compliance Monitoring and Enforcement as well as Institution and Participation. The function's key aim is the protection, use, conservation, and development of water resources as an integral part of implementing the Strategic Objectives and achieving the set targets.

The Water Management Area (WMA) is characterised as water stressed where the demand for water far exceeds the supply, the rainfall is variable and seasonal, evaporation exceeds precipitation, and the long rivers drain away from areas with most demand to flow into the neighbouring countries and into the Indian Ocean. Thus, the inadequate storage (particularly in the Crocodile catchment), makes resource management a challenging task. The transboundary nature of the WMA requires that international obligations are complied with under the Interim IncoMaputo Agreement (IIMA). This is achieved through ensuring that flow and quality from South Africa towards the Republic of Mozambique and the Kingdom of eSwatini meet the targets as set out in the IIMA. In the year under review, the requirement to increase flow to Mozambique (in line with IIMA) was implemented further making the demand higher and restrictions were increased up to 65% and 20% for the agricultural and domestic sectors respectively.

In the year under review, the Water Resource Management function concluded the development of the Catchment Management Strategy (CMS) for Board approval and Ministerial approval which gave effect to a five-year (2020/21 to 2025/26) compact between stakeholders and the IUCMA that will be implemented in five Annual Performance Plans (APPs). This achievement is worth noting as the IUCMA did not use services of a consultant but employed the technical core team to consult the stakeholders and develop the CMS which was submitted to the department for comments (which were addressed) and for the Minister to gazette. Through this process, the involvement of stakeholders in decision making remained central to the work of the IUCMA in implementing decentralised water resource management at a local level.

Central to the CMS is the constitutional imperative to redress and ensure equitable access to water resources for all in the WMA while complying with the Reserve (ecological reserve and human health needs), International Obligations (as a transboundary water resource management authority), strategic use (through transfers out of the catchment to ESKOM, the Sasol Secunda Complex and the town of Ermelo) and for poverty eradication in line with the National Water Resources Strategy 2 (NWRS2). The IUCMA further implements the decentralised water resources management at local level to ensure development and socioeconomic benefit of Mpumalanga Province within which the WMA is wholly located.

The IUCMA progressed to achieve 62% validation and verification (V & V) of the Existing Lawful Use (ELU) which is key to the development of the Water Allocation Plan (WAP) frameworks that will move the institution closer to the implementation of compulsory licencing which in turn will give effect to the Water Allocation

Reform (WAR) and the use of volumetric allocations aimed at redressing the skewed past allocation patterns that saw the majority of the population prevented from accessing water resources.

In implementing this, the IUCMA relies on evidence-based decision-making that has seen the cooperation with the Water Research Commission (WRC) in a project to investigate the water use efficiency of crop farming in the WMA. Furthermore, in pursuit of ensuring the Water Security of the WMA, the IUCMA has developed the groundwater strategy that is being implemented to reduce the burden on the surface water resources. This will see the move towards implementing a water mix when making allocations which includes surface- and groundwater use, grey water re-use, rainwater harvesting, water use efficiency, and implementation of water conservation and demand management by all water users in the WMA.

The impact of climate change saw the WMA experiencing the last year of a prolonged five (5) year drought that was effectively managed through strategic adaptive management where the IUCMA and key stakeholders self-regulated by self-imposing water use restriction when necessary. At the end of the 2020/21 financial year, the IUCMA saw for the first time in five (5) years the storage dams in the WMA reach 100% and, the Kweni Dam spilling within the Crocodile catchment. While the short- and long-term models predict that water in the storage system will carry the WMA through the dry season, it is imperative to note the stress on the catchment presented by the inadequate storage due to the delayed implementation of the Crocodile East dam construction which has now been earmarked to come into line by 2028.

The Water Allocation Reform (WAR) Plan was submitted to the DWS and the quarterly reports on the updated performance were also submitted to the DWS for all the quarters. The IUCMA commitment to engage and partner with stakeholders in implementing Integrated Water Resource Management (IWRM) function continued in the year under review albeit the Covid-19 pandemic which saw the different lockdown levels lead to the promulgation of various regulations. Critical to the impact of the pandemic was the closing of the office, banning of travel and inhibition of physical interaction amongst staff and with stakeholders. Thus, the APP was amended after a risk assessment to ensure that the set targets were achievable. This included reducing the lack of sampling in April, followed by the amended sampling programme to focus only on strategic sampling of Ecological Water Resource (EWR) sites and later expanding the sampling programme after the strict lockdown levels were eased.

The use of virtual media was implemented and enabled the participation of IUCMA officials in some technical stakeholder engagements, including the international Blue Deal Project (between the Dutch water authorities and DWS/ CMAs and in our case the IUCMA and local municipalities within the Crocodile catchment), transboundary stakeholder and technical meetings including the River Environmental Management Cooperation (REMCO), Joint Water Commission (JWC) of the Tripartite Technical Committee (TPTC), the Komati Joint Operation Forum (KJOF) between RSA and Swaziland stakeholders and local Catchment Management Forums (CMF) albeit less frequently. However, conferences planned for the year under review, namely the Incomati Basin Women in Water Conference (IBWiWC) and the REMCO conference could not be held as the pandemic risk posed by international travel was considered high.

To comply with COVID-19 regulations, the stakeholder meeting period, and numbers of attending participants were reduced. Innovative methods to engage with the other stakeholders entailed the printing

of booklets and making these available to stakeholders. Our officials continued to be available to explain any issues to the stakeholders as and when needed. The stakeholders however, experienced critical Covid-19 intervention support programmes where the IUCMA delivered 40 X 5 000L water storage tanks as well as tank stands to the Local Municipalities of Bushbuckridge, Chief Albert Luthuli, Nkomazi, and Mkhondo with each municipality receiving 10 tanks. There were six (6) boreholes drilled, equipped and 6 x 10 000L storage tanks provided in the communities of Jerusalem and Mshadza, these were handed over to the City of Mbombela as part of water service provision. This project was implemented from the CSI budget and prioritised as water was one of the critical interventions known to combat the pandemic as people needed to wash their hands.

Memorandums of understanding and cooperation agreements were implemented with some municipalities while the programmes under the Tripartite Memorandum of Cooperation with the University of Mpumalanga saw the partnership to conduct a transboundary study on Risk Assessment of rivers where the IUCMA would contribute to the purchase of a River Surveying Equipment. The joint project was approved by WRC. The need to expand the telemetric monitoring system was placed high on the procurement list although the ban on international travel would result in delayed delivery of the data logging equipment.

The following highlights, challenges and proposed solutions for the Water Resource Management (WRM) function are indicated per division:

Resource Planning and Operations

After a five-year prolonged drought where adaptive management was implemented for self-regulation by the IUCMA and key stakeholders, the heavy rainfall received in January to February 2021 brought by Tropical cyclone Eloise significantly increased the Inkomati Usuthu WMA water resource status from moderate low to very low between July and December 2020 (Kwena Dam storage analysis indicated below). All the major river systems had water use restrictions imposed between April and December 2020, and the restrictions were lifted after the tropical cyclone Eloise rains.

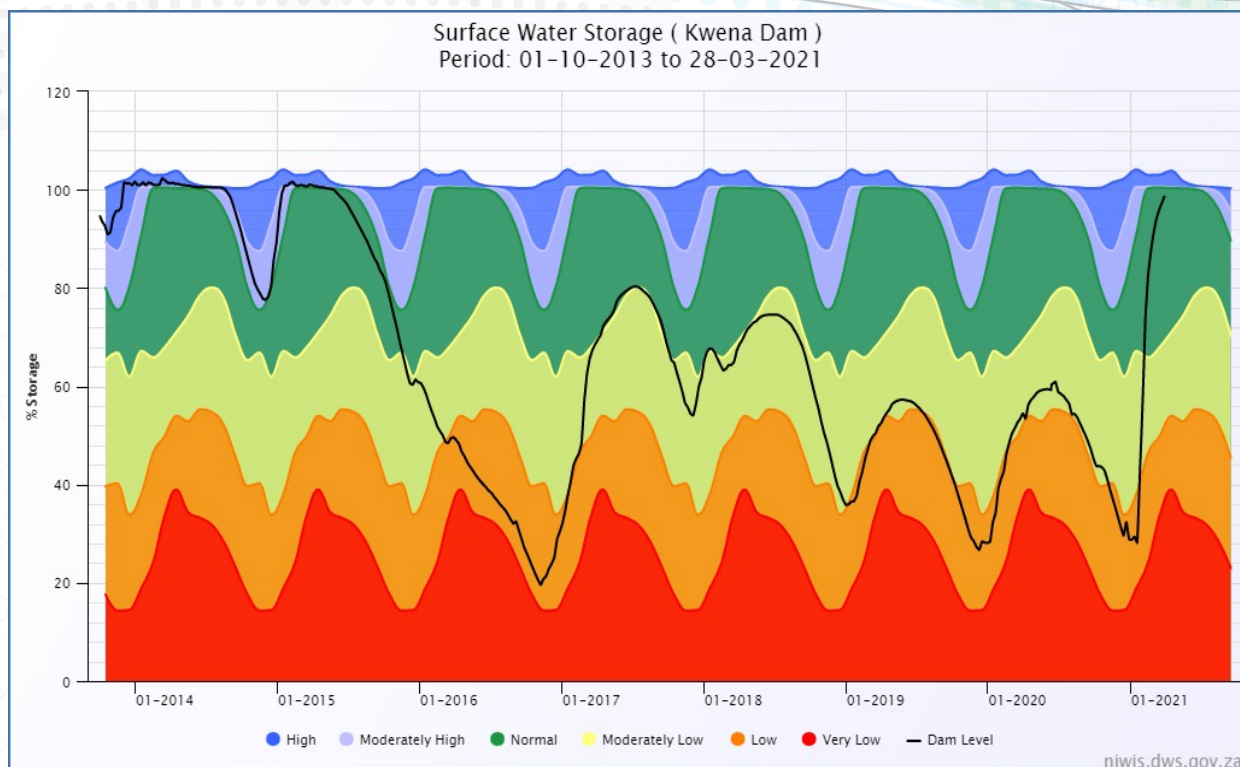


Figure 1: Kwena Dam storage historical analysis

Compliance with the international flows (which increased from 0.9 to 1.17m³/s from 1 October 2019) into Mozambique from Crocodile River, was 70.0 % in the 2019/20 hydrological year compared to 82.0 % the previous hydrological year (2018/19). The update of the Crocodile, Sabie/Sand, and Komati River hydrology was completed. The Sabie River is currently meeting the international river flow into Mozambique (100.0%).

Other highlights include the implementation of the Groundwater Strategy for which groundwater balance assessment as an alternative to surface water is being conducted and commencement of the water use efficiency research project implemented jointly between the IUCMA and WRC.

The implementation of the IIMA agreement which saw the increase of cross border flows to Mozambique increased from 2.0m³/s to 2.6m³/s (in line with the IIMA agreement) remains a challenge that can be solved through the implementation of conjunctive operation of the Komati and Crocodile Rivers in the short to medium term while the long-term solution of constructing a dam in the Crocodile River catchment is still to be implemented by the DWS. This task is earmarked for consideration and implementation from the 2021/22 year onwards and require strategic interaction at the level of the TPTC and JWC.

Resource Quality Monitoring Division

Resource quality monitoring is responsible for the monitoring of the surface water resource quality, to conduct the River Ecosystem Monitoring Plan (REMP) and in some cases to participate in the water use authorisation assessments and support the compliance monitoring and enforcement division. In applying resource quality monitoring, they benchmark the water quality data against several targets depending on the sites being monitored. The IUCMA WMA is transboundary and thus some of the sites are monitored and the variables are benchmarked against the International Water Quality Guidelines (IWQG) limits in line with the Interim IncoMaputo Agreement (IIMA) between the Republics of Mozambique and South Africa, and the Kingdom of eSwatini.

The division has performed well with respect to the monitoring of surface water quality in the 2020/21 financial year despite the risks and challenges brought by the Covid-19 pandemic. As such, the monitoring programme was reviewed and optimised to adequately monitor pollution sources. The impact of the Covid-19 pandemic and lockdown regulations affected the monitoring programme, particularly in April during Level 5. Also, in May 2020, only the Ecological Water Requirements (EWR) and International Obligation (IO) sites were monitored. Regarding the implementation of the IIMA, all sites, and variables as per the international water quality guidelines were monitored except for April 2020. The River Eco-Status Monitoring Programme was also conducted accordingly using the instream biological indicators or responders, namely fish and macroinvertebrates to ensure that the desired level of protection was achieved for the Sabie/Sand, Crocodile, Komati, and Usuthu Catchments. Specialist comments were provided on biomonitoring reports submitted to the institution as part of Water Use License (WUL) application requirements.

As part of public participation and involvement of stakeholders in the management of water resources as espoused in the Act, the status of the resource in terms of the water quality and the aquatic eco-status has consistently been shared with stakeholders virtually at various forums as well as other platforms such as the IUCMA website. The division continued to use the HydroNet as a tool for visualisation and presentation of information including reporting to authorities. Another system that has been put in place to optimise the monitoring of the impact of water use activities on the water resources is telemetric water quality monitoring. Although the network is currently limited and being gradually rolled out, the few stations that have been installed are placed strategically to assist the institution in achieving its objectives of protecting water resources. The maintenance of these stations has also been conducted to ensure that the stations are functional and record accurate results to enable operational decision making.

Water Use Authorisation

The year under review saw 92 licenses processed with no backlog from both the IUCMA and DWS applications. We started the 90-days Water Use License (WUL) turnaround process. The identified risks with complying with this Presidential proclamation was identified as the availability of the staff with the necessary skills and expertise. The V & V percentage completion was increased from 52 to 62%. The IUCMA contributed to the DWS WARMS clean audit outcomes and supported IUCMA's billing and revenue collection by keeping all required records.

Support was offered to the Department of Agriculture (DoA) and Bushbuckridge Local Municipalities in the process of WUA application. All other local municipalities in the WMA were also capacitated. Other support provided include I&P empowerment of emerging farmers regarding water use authorisation processes and support provided to CME during illegal sand mining workshops with local municipalities, Traditional Houses, and businesses. There were 45 inputs made into the cooperative governance reports (DFFE and DMR) within the regulated timeframe.

Compliance Monitoring and Enforcement (CME)

The CME function requires the most interaction with humans for successful implementation of the APP. In the year under review, the target of 80 per quarter was reduced to 25 per quarter taking into account the Covid-19 pandemic and lockdown regulations, particularly as the other sectors of the economy were shut and in some cases respondents refused to meet with our officials.

The resource quality monitoring data indicate that the impact on the water resources is mainly as a result of acid mine drainage in mining, wastewater treatment works, agriculture and industry which are the most water use sectors in our WMA.

The 2020/21 inspection reports indicate that majority of the non-compliances were as a result of the poor management and lack of operations and maintenance of wastewater treatment works (WWTW) by Local Municipality and the Department of Public Works. However, it must be noted that there were improvements in comparison to the previous year where local municipalities are addressing the non-compliances in a phased approach.

A roadmap was developed and approved by the IUCMA Governing Board to try and address the issues related to Local Municipality address of the WWTW challenges. The roadmap entails the strategic engagement between IUCMA, DWS, CoGTA and the Department of Public works with a view to get a commitment to address challenges related to WWTW.

The proposed plan is that once a responsible party makes financial commitment to either upgrade, refurbishment or decommissioning of the facility, the IUCMA and DWS should grant an exemption for obtaining a licence with a view to expedite the process (the DWS has still not responded to the proposal). However, the IUCMA further participates in the comments of the applications by local municipalities to address the water balance and the management of the waste linked to the bulk water and sanitation roll-out programmes.

Most pollution incidents that were reported in the year under review, were in the Usuthu catchment in all quarters. These included, with sewage spillage accounting for most of the reported cases.

Institution and Participation

The Institution and Participation division is responsible for facilitating participation of stakeholders in consensual decision-making processes, capacity building as well as inclusive governance of water resources within the Inkomati-Usuthu Water Management Area.

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

The Covid-19 pandemic rendered stakeholder engagement in water resources management a serious challenge and almost ineffective as the country was on lockdown and most government sectors were closed. However, as the Covid-19 risk factors were reviewed, the IUCMA also reviewed its public and stakeholder engagement strategy so that communities and water users are not left behind. This led to limited access of stakeholders to Catchment Management Forum (CMF) meetings, and the postponement of the 3rd Inkomati Basin Women in Water Conference (IBWiWC).

Issues by stakeholders included the Timber Growers changing from pines to eucalyptus and consequences for catchment water yields were raised as a serious concern. A case example was the community of Schoeman Kloof which submitted the impact of timber plantation on their water supply. These are some of the issues that could not be effectively discussed due to the restrictions in public engagement platforms. Despite the challenges related to Covid-19 pandemic the division dispatched its Community Officers to work with some identified municipalities in the WMA to assist communities with the provision of rudimentary water supply systems comprised of Plastic Storage Tanks and standpipes that were installed in strategic places for easy access by the rural communities. Agricultural and other empowerment workshops for the historically disadvantaged communities in rural areas were later held during the eased lockdown levels. The Science Schools Competition which was also postponed in 2020 due to the Covid-19 pandemic was also hosted at the end of the 2020/21 /financial year.

Some highlights in photographs



Figure 2: The Deputy Minister of Human Settlements and Water and Sanitation handed over the water storage tanks donated by the IUCMA



Figure 3: Teams of learners operating their water treatment systems models during the science schools competitions



Figure 4: Sabie Catchment Forum meeting at Bushbuckridge Local Municipality hall



Figure 5: Sustainable river project meeting held at Wales in the upper sand catchment



Figure 6: The IUCMA demonstrating water quality and river flow monitoring techniques during the media tour at Kwena Dam and Elands River

FINANCIAL SUSTAINABILITY

The advent of the Fifth Industrial Revolution presents maximised opportunities that enable smart and effective management of financial resources. These opportunities as maximised in the reported year realised an increase in efficiency by reducing administration and processing time whilst increasing time allocated for reviews and evaluation of processes. With activities competing for limited financial resources, a prerequisite to cautiously manage the working capital of the entity became apparent in the year. The result was that the Agency adequately met all its long and short-term obligations as they fell due. Sustainability was also achieved by protecting the already compromised capital base, applying prudent cashflow management, ensuring effective contract management and identification of cost containment strategies that did not stifle business processes but instead established improved overall performance of the Agency. Financial sustainability as a programme is broken down into sub-programmes each having its own specific mandate that ultimately supports the overarching mandate of the programme.

Supply Chain Management

This sub-programme's mandate is centred in establishing seamless transformed organisational value chain processes. Transformed value chain for the Agency is definitive of achieving economic empowerment for previously disadvantaged groups - black people, the youth, women as well as people living with disabilities - as prescribed by the Broad-Based Black Economic Empowerment Act, Act 46 of 2013 as amended.

In 2020/21, the sub-programme achieved its mandate by ensuring efficient, economic, transparent, competitive, and equitable procurement processes that supported the delivery of identified outcomes of the Agency. In addition, restoration of economic disparities by means of a competitive process, the sub-programme after considering all elements of value for money was achieved. A reported impressive 70% of spend in 2020/21 were awarded to those groups defined as previously disadvantaged. Whilst the Agency appreciates and commends reported socioeconomic contributions in the year under analysis, through application of a revised policy, it is expected that performance in future periods will not only be geared to achieve economic empowerment through competitive appointments but be further extended to include deliberate and strategic initiatives that allow for skills transfer and creation of long-lasting strategic partnerships. In addition, economic empowerment as a performance indicator will in future be disaggregated and indicative of actual contributions to women, youth and those living with disabilities.

Financial Management

Financial management as the second sub-programme reported heightened activities by ensuring sound financial accounting in accordance with applicable standards and legislation. This was achieved by meticulous general ledger management that allowed for timeous and accurate reporting processes as an enabler of informed decision making. The sub-programme in addition ensured robust internal controls that supported the safeguarding of all financial and non-financial assets of the Agency from theft, misuse, or loss. These measures were reflective in reported effective working capital management, optimal capital structures, unqualified opinion expressed and an assured going concern.

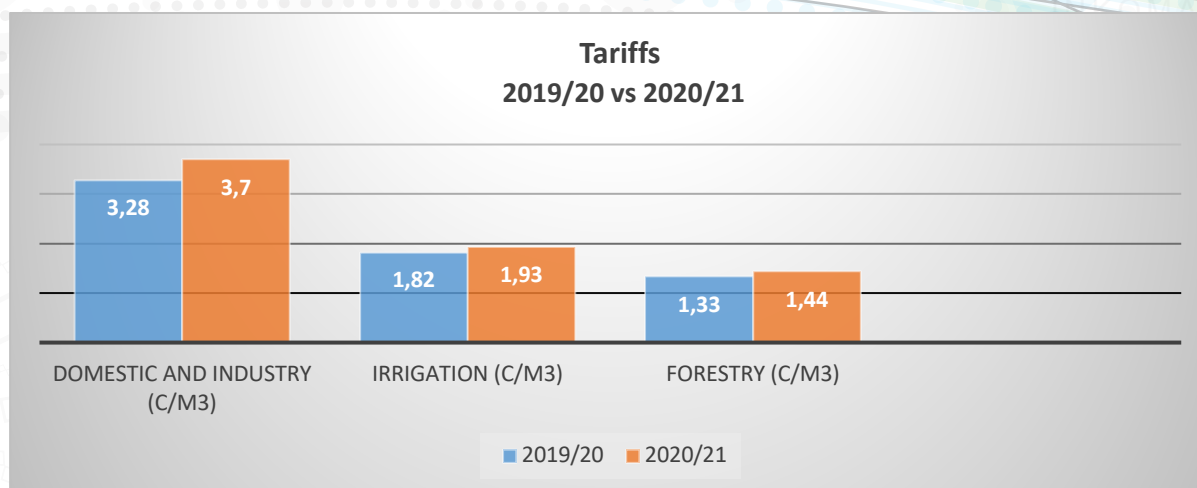
Revenue Management

With total revenue constituting 64% of grant funding, it is evident that the Agency continues to put heavy reliance on augmentation received from the Department of Water and Sanitation (DWS). However, shrinking national budgets and in pursuant to financial sustainability, it is expected that the Agency over time will reduce such reliance. Reduced reliance has been moderately achieved with water charges collection rates increasing between 2017/18 to 2020/21, by approximately 83%. Regrettably, reported increments over the periods did not necessarily translate to satisfactory collection rates. Positive performance has been negated by persistent challenges of adequately collecting historic debt. This challenge becomes a pertinent strategic risk expected to be mitigated by management in future periods by the identification of responsive strategies that deal specifically with historic debt. The said strategy in addition will identify initiatives that will allow for early collection of current debt thus curbing it from being defined as historic debt. These strategies include the Agency implementing Integrated Water Resource Management where the Compliance Monitoring and Enforcement (CME) become active in investigating unauthorised water uses and where possible go as far as implementing legal enforcement processes. In addition, National Treasury will be engaged to write off old historical debt whose owners cannot be traced because of change in land/water rights. The last efforts will focus on legal recovery of the outstanding debt that will be incepted by the Agency.

Internal developments to curb the impact of historic debt has seen more integration between data and information management (WARMS) and Revenue (SP). The integration is expected to ensure data accuracy to facilitate delivery of vital communication from the Agency to stakeholders. However, the ageing infrastructure (WARMS) which the Agency is dependent on poses a sustainability risk. Risk predominately emanates from potential loss of data as there is no established off-site capability to store data as the National System does not allow for decentralised data management.

Challenges around slow paying debtors have been further exasperated by weakness of the current applied Water Pricing Strategy. These weaknesses include the lack of a provision within the strategy for the Agency to implement the water discharge charge as well as a glaring misalignment of applicable tariffs from true costs attributable to the delivery of service. These challenges are envisioned to be corrected with the reviewal of the Pricing Strategy that is under way. Legislative challenges that require further attention is the delegation of Schedule 3. The lack of these to reduce perceived responsibility between the IUCMA and Irrigation boards require urgent ministerial attention as this has a potential to impact on stakeholder acceptance of the IUCMA authority when the Water User Associations are established.

The Agency in 2019/20 conducted consultations with stakeholders on the proposed Water Resource Management charges as mandated by section 57 of the National Water Act, Act 36 of 1998 as well as the Pricing Strategy of April 2007. Following consultative processes proposed tariffs for 2020/21 as tabled to the Minister were reviewed and the final approved tariffs are presented in Figure 7 below.



Description	Domestic and Industry (c/m3)	Irrigation (c/m3)	Forestry (c/m3)
2019/20	3,28	1,82	1,33
2020/21	3,7	1,93	1,44
Percentage increments	12,8%	6,0%	8,3%
Increments in cents	0,42	0,11	0,11

Figure 7: Tariff Comparison

Ministerial approved tariffs as applied for domestic and industry as a sector resulted in an increment of 12.8%. Other sectors in accordance with the Water Pricing Strategy, namely irrigation and forestry increased by 6% and 8.3% respectively. Said adjustments; however, did not allow for full cost recovery. With the current prevailing pronouncement of a national state of disaster, it is expected that future increments could be capped even further. Sectorial sustainability thus remains in a revision of the Water Pricing Strategy that allows for tariffs that are reflective of the true cost of service delivery.

CORPORATE SERVICES

The Corporate Services Division is responsible to deliver efficient and effective services to the organisation to always ensure sufficient business support. It should be noted that as the institution continues to grow, it became apparent to the Governing Board that the Finance Division and Corporate Services had to be separated for effective management of these functions. The organisational structure was therefore reviewed, and a few new units were established. The Corporate Services division now comprises of six (6) divisions, namely: Human Resource Management, Records Management and Auxiliary Services (previously, Records Management), Communications & Intergovernmental Relations (previously, Marketing and Communications), Risk and Compliance Management, Information Technology, and Legal Services (new). It can be reported that all the management positions in the reconfigured structure of the institution have been evaluated and filled.

Legal Services

The Legal Services unit was introduced to assist the institution with, amongst other things, litigation, regulatory and compliance management, enforcement, legal support, and strategy. Although new to the institution, this office has already been involved in ground-breaking legal cases, some of which have been heard in the Mbombela and the Western Cape Divisions of the High Court. As the institution grows, this office will become more pertinent in informing the strategic orientation and ensuring proper interpretation and implementation of the National Water Act, and contribution to the policy environment in support of the CMAs, DWS region and national office. As this function is gaining momentum, related services, challenges, and accomplishments will be reported from the next financial year going forward.

Human Capital Development and Redress

The institution developed and implemented strategies to attract, develop, motivate, and retain talent in the organisation to ensure that the organisation is capacitated to deliver on its constitutional mandate. Performance management of employees was effectively managed throughout the year to ensure that the set strategic objectives of the institution are achieved. The IUCMA also provide services for Employee Health and Wellness to employees to enhance productivity and performance, especially during these hard times imposed by the Covid-19 pandemic.

In support of our efforts to enhance human capital development, the Workplace Skills Plan (WSP) was developed and duly approved by the Energy and Water Sector Education and Training Authority (EWSETA) to make sure that trainings undertaken were conducted in line with this plan. In addition, some of the employees were also awarded bursaries to further their studies. Three external bursaries were also awarded to qualifying students to pursue their tertiary education in the water-related fields. Eighteen (18) graduates (8 males and 10 females) were appointed on an internship programme for a period of twenty-four (24) months to afford them an opportunity to gain practical work experience. It is heart-warming to report that eight interns (3 males and 5 females) from the previous cohort were absorbed into entry level positions in the 2020/21 financial year.

The IUCMA workforce stands at almost 50% women. This is highly commendable as the institution continues to ensure Employment Equity (EE) through the empowerment of women and their appointment to management and technical positions. The IUCMA EE statistics are presented in the table below.

Table 8: Employment equity workforce profile for 2020/21

Occupational Level	AM	WM	AF	CF	WF	TOTAL
Top Management/	2		1			3
Senior Management	6		3			9
Professionally qualified and experienced specialists & mid Management- Band D	12		7			19
Skilled technical & academically qualified workers (Jnr. management, supervisors, foreman & superintendents - Band C	25	1	25	1	1	53
Semi-skilled & discretionary decision making- Band B	2		6			8
Unskilled & defined decision making- Band A			4			4
TOTAL	47	1	46	1	1	96

Key:

ABBREVIATION	FULL DESCRIPTION
AM	African Male
WM	White Male
AF	African Female
CF	Coloured Female
WF	White Female

Risk and Compliance Management

The IUCMA Governing Board established a Risk Management Committee which is chaired by an Independent Member to assist the Accounting Authority to fulfil its risk management and control responsibilities in accordance with and in terms of the sections 51(1)(a)(i) of the PFMA, which refers to the Accounting Authority must ensure that the institution has and maintains - (i) effective, efficient, and transparent systems of financial and risk management and internal control.

During the 2020/21 financial year, the Risk Management Committee was able to perform its oversight role in ensuring that the risk management strategy is effectively and efficiently implemented. Quarterly reviews and reports were made available to the Audit Committee and the Governing Board, and most of the resolutions by these oversight committees were implemented.

Most of the planned annual activities were achieved. The development of the Business Continuity Management framework was accomplished. It is worth noting that the framework identifies three (3) business continuity risk areas that the IUCMA is exposed to, being (IT disruption, Human Resources and Financial Management). The BCM policy and plan will accordingly guide the institution's response to these risks amongst others. In the meantime, it can be reported that already, the BCM approaches have been of great assistance in the management of the staffing challenges related to Covid-19. The institution is also in a better position to continue with its operations given any unforeseen business disruptive events.

Intergovernmental Relations (IGR)

Intergovernmental Relations was established to strengthen the relationship and cooperation between the IUCMA, sector Government Departments (National, Provincial, Local), and relevant stakeholders. It is worth noting that as the organisation grows, its stakeholder base will also grow. The IUCMA has accordingly taken the view that a proactive approach will have to be rolled-out to provide for dedicated services to ensure that intergovernmental relationships are adequately coordinated and managed. This is intended at bridging the gap where the IUCMA is limited by not being recognised by the Inter Governmental Relations Framework Act due to its demarcation having a catchment/water boundary instead of a political/ administrative boundary. The Governing Board considers this service as a critical component of our efforts towards integrated service delivery to our stakeholders. The framework document for the rollout of the IGR programmes have been designed for implementation in the 2021/22 financial year. It can be highlighted in the same spirit that the extent to which the organisation shall be effective in achieving its objectives on this programme shall depend in part; on the pace of filling some of the key vacancies in the sub-unit.

Corporate Social Investment (CSI)

During the year under review, the IUCMA CSI budget was redirected to assist in the fight against the outbreak of the Corona virus in the catchment and the country. Reliable water supply was more than ever before necessary to provide much-needed water to enable our communities to heed the call to frequently and regularly wash hands to curb the spread of the deadly virus. The IUCMA has therefore together with local municipalities identified hot spot areas in the WMA to help provide small scale water supply facilities to communities. The IUCMA thus supplied 40 fully fitted and operational water storage tanks (10 per municipality) to the Local Municipalities of Bushbuckridge, Chief Albert Luthuli, Mkhondo and Nkomazi. In addition, six (6) boreholes were drilled and fully equipped in the water stranded communities within the City of Mbombela.

It should be borne in mind that the IUCMA is not responsible to provide drinking water to communities but due to the nature of the pandemic, as a responsible government entity, the IUCMA saw it appropriate to assist municipalities within the WMA with water storage tanks. This was a multi-stakeholder initiative which was coordinated through the Provincial Joint Operations Committee for Covid-19 response. All the facilities were officially handed over to the respective local municipalities for operation and maintenance. As part of the joint effort, the municipalities committed to ensure that the tanks are regularly filled with water so that communities can continue to have access to clean water.

Media Usage

Due to the Covid-19 related limitations, the IUCMA has seen a decline in its media-related activities. However, the institution continues to use both local print and electronic media to enhance its public awareness by the stakeholders and the public. It has also made use of promotional material to strengthen its corporate image and awareness. It is also important for the IUCMA to claim its space in online platforms. The website use is going strong, and Facebook is also regularly utilised to promote events, especially live events. At a national level, the IUCMA continues to use several media outlets to help strengthen its online and media presence beyond the Water Management Area. These are the likes of National Water Resource handbook, Mpumalanga business, Alive2green and other local media online advertising platforms. The use of digital media platforms is also gaining momentum.

Affiliations

To remain relevant in the regional and international space, the IUCMA subscribes to a few organisations and relevant bodies. Locally, the IUCMA continues to be a patron member of the Water Management Institute of Southern Africa (WISA). The patron membership is the most prestigious form of membership offered by WISA, which seeks to promote professional excellence in the water sector through sharing of knowledge and building expertise within the southern African water sector.

In addition, the IUCMA is affiliated to three water management organisations, the International Water Association (IWA) and the International Network of Basin Organisation (INBO), and the Global Water Partnership (GWP) at an international level. The GWP has been established to advocate for the implementation of integrated water resources management (IWRM), the coordinated development and management of water, land, and related resources to maximise economic and social welfare without compromising the sustainability of vital environmental systems within the water sector internationally. Therefore, the IUCMA continues to identify relevant institutions which could be beneficial to relate with, particularly nationally and in the SADC region.

Information Technology

The IUCMA has strived in line with the objectives of its approved Master Systems Plan for IT to ensure effective and efficient information and communication technologies in the organisation. Several ICT projects were implemented ranging from voice over internet protocol (VoIP) telephone management systems, Digital Signature, Server infrastructure upgrade, Covid-19 Database Applications and Active Directory Synchronisation to Microsoft Azure and establishment and strengthening of the ICT Steering Committee functions to provide ICT governance oversight.

ICT have been very instrumental since the beginning of the Covid-19 pandemic through the provision of virtual ICT systems and home-based virtual private network in accelerating service delivery and sustaining business continuity.

CONSOLIDATED ANNUAL PERFORMANCE TABLES

GOVERNANCE						
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual 2020/21	#	Reason for Variance
IUCMA STRATEGIC OBJECTIVE 5: ENSURE EFFECTIVE AND EFFICIENT MANAGEMENT OF IUCMA RESOURCES						
Effective corporate governance	Number of Governing Board and committee meetings coordinated	1x Close Up meeting 1x Inaugural meeting 2x Workshops 2x Stakeholder consultations 4x ordinary GB meetings 6x Special GB 3x Strategic Sessions 4x Exco 6x Audit Committee	5x Governing Board 4x EXCO 5x Audit Committee 2x Stakeholder Consultation	1x Workshops 3x Stakeholder consultations meetings 4x Ordinary GB 5x Special GB 4x Exco 5x Audit Committee 1x Special Audit		
					The special GB meetings are convened as and when there is a need to urgently deal with operational issues	
					demand driven	

OFFICE OF THE CEO

OFFICE OF THE CEO						
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual 2020/21	#	Reason for variance
STRATEGIC OBJECTIVE 5: ENSURE EFFECTIVE AND EFFICIENT MANAGEMENT OF IUCMA RESOURCES						
Legislative reporting requirements effectively complied with	Percentage of compliance with statutory prescripts submitted to the minister of DWS	100%	100%	100%		None
Annual Communications Plan	Percentage of compliance to Governing Board resolutions	81%	80%	68%		12% are still work in progress
Corporate Social Responsibility Initiatives	Percentage of monitoring the communication performance plan	80%	100%	100%		None
Strategic Engagement	Number of CSI initiatives implemented	2 Boreholes 2 water storage facility	4	53		The IUCMA planned for 4 initiatives. Due to Covid-19, all projects were pushed to the 1 st quarter to address the demand raised by the Covid-19 pandemic. An additional 40 water tanks were installed. Other projects were implemented in the quarters
	Percentage implementation of the strategic engagement plan	100% (10/10)	100%	100% (32/32)		None

WATER RESOURCE MANAGEMENT							
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Action
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES							
Water Allocation Reform	Implementation of the Water Allocation Reform (WAR) Plan	4	4	4		None	None
	Percentage of applications for water use authorisation processed within the regulated timeframes	100% (86/86)	75%	100% (92/92)		None	None
Effective river operations	Decision Support Systems implementation to monitor dam levels and river flows including the ecological reserve and international obligations	4	4	4		None	None

WATER RESOURCE MANAGEMENT							
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Action
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES							
Effective data acquisition and management	Percentage implementation of the maintenance plan for the installed river flow and quality monitoring data loggers	36	100%	100% (37/37)		None	None
	Percentage implementation of the maintenance plan for the installed rainfall gauges	25	100%	100% (25/25)		None	None
	Percentage implementation of the ground water monitoring plan		100% (12/12)	100% (12/12)		None	None

WATER RESOURCE MANAGEMENT							
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Action
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES							
	Percentage implementation River Ecosystem Monitoring Programme (REMP)	Conduct REMP monitoring in 3 catchments	100%	89%		The comprehensive REMP report could not be compiled as only two of the required 4 REMP indices were sampled.	
	Percentage Implementation of the surface water quality monitoring plan	3037	100%	82%		Monitoring was not conducted in April, due to Covid-19, Level 5 lockdown. Other sites were not accessible while some had no flow.	As the lockdown levels were relaxed, monitoring was conducted

WATER RESOURCE MANAGEMENT							
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Action
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES							
Full compliance with the s19 and s20, s53 of the National Water Act including all regulations	Percentage of non-compliant referrals to CME attended to	-	100%	100% (1/1)		1 referral was made in the 3rd quarter and was attended to	These are demand driven, target will be reviewed in the 2021/22 APP
	Number of planned water users monitored for compliance in terms of s19 OF NWA	314	80	119		The targets were reduced due to Covid-19. However, the officials conducted more than planned when the lockdown travel restrictions were lifted.	The performance indicator will be revised to ensure that such circumstances are covered
	Percentage water resource pollution incidents attended to within 24 hours out of the total reported. S20	100% (20/20)	100%	100% (20/20)		None	None

WATER RESOURCE MANAGEMENT						
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES						
STRATEGIC OBJECTIVE 2: ENSURE COLLABORATIVE AND COORDINATED INTEGRATED WATER RESOURCE MANAGEMENT FOR WISE SOCIO-ECONOMIC DEVELOPMENT						
Co-operative governance	Percentage of technical inputs provided on specialists report	100% (20/20)	100%	100% (45/45)		None
STRATEGIC OBJECTIVE 4 :PROMOTE KNOWLEDGE GENERATION AND DISTRIBUTION						
Strengthened IWRM knowledge sharing networks	Number of quarterly WMA status reports produced for information dissemination at catchment forums	4 Quarterly reports 1 Annual Report	4 Quarterly reports 1 Annual Report	4 Quarterly reports 1 Annual Report		None

WATER RESOURCE MANAGEMENT							
Outputs	Performance Indicators	Baseline	Annual Target 2020/21	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Action
STRATEGIC OBJECTIVE 1: ENSURE EFFECTIVE, EFFICIENT AND SUSTAINABLE MANAGEMENT OF WATER RESOURCES							
Effective participation in research and existing climate change forums	Percentage participation in climate change forums/programmes participated in	-	-	-		None	None
	Percentage implementation of the research plan	-	50%	66% (6/9)		3 projects are still in the planning phase with the WRC and the University of Mpumalanga.	Projects will be completed in the 2021/22 financial year
	Percentage implementation of innovation and technology plan	0	100%	100% (1/1)		None	None

CORPORATE SERVICES							
Outputs	Performance Indicators	Baseline	Annual Target	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Actions
STRATEGIC OBJECTIVE 5: ENSURE EFFECTIVE AND EFFICIENT MANAGEMENT OF IUCMA RESOURCES							
Effective risk management	Number of Risk Committee reports produced	100%	4	4		None	None
Occupational Health and Safety	Percentage of OHS incidents attended to within the prescribed timeframes	100%	100%	100% (12/12)		None	None
Increase BBBEE spend to set percentage	Percentage of actual expenditure on BB-BEE	37.3% (R15,020,561.40/R 40,248,298.95)	40%	70% (R 20, 4040, 620.1/R 30,479,323.55)		Companies contracted to the IUCMA were above the 50% threshold	None - all appointments were assessed for cost effectiveness prior to appointment.
Effective IT Management	Number of IT Steering Committee reports	4	4	4		None	None

CORPORATE SERVICES							
Outputs	Performance Indicators	Baseline	Annual Target	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Actions
STRATEGIC OBJECTIVE 5: ENSURE EFFECTIVE AND EFFICIENT MANAGEMENT OF IUCMA RESOURCES							
Effective Records Management	Number of records management reports to be submitted to EXCO	4	4	4		None	None
Effective revenue management	Percentage of authorised/registered water users billed	-	100%	100%		None	None
	Percentage of total revenue collected from authorised/registered water users	-	60%	26% (R 34,554,989.4/R133,381,545.23)		Method of assessment is based on cumulative debt which reduces the performance indicator. Management needs to formulate a strategy that addresses historic debt.	Management will incept legal proceedings against all slow paying customers. Management will also need to develop and implement a responsive debt recovery strategy that entails heightened customer services.

CORPORATE SERVICES							
Outputs	Performance Indicators	Baseline	Annual Target	Annual Actual Performance 2020/21	#	Reason for Variance	Corrective Actions
STRATEGIC OBJECTIVE 5: ENSURE EFFECTIVE AND EFFICIENT MANAGEMENT OF IUCMA RESOURCES							
Training and skills development work opportunities created	Percentage compliance to the training and skills development HRD plan	100% (47/47)	100%	100% (9/9)		None	None
Work opportunities created	Percentage of indirect work opportunities created through projects	100% (17/17)	100%	100% (10/10)		None	None
Filled vacant and funded positions	Percentage of vacant and funded positions filled according to the annual recruitment plan	100% (7/7)	100%	100% (4/4)		None	None
Employee health and wellness	Number of employee wellness activities coordinated	2	2	3		This was due to a wellness survey conducted by the wellness service provider	All wellness activities will be included in the APP 2021/22 financial year



ANNUAL FINANCIAL STATEMENTS

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile

South Africa

Members

Mr MS Mthembu (Chairperson)
Mrs SD Wiggins (Deputy
Chairperson)
Mr M Gangazhe
Advocate B Shabangu (Ex
Officio)
Ms LC Zulu
Ms LM Sikhakhane
Dr T Kelly
Mr W Baird
Advocate G Khoza

Auditors

PricewaterhouseCoopers Inc.
Registered Auditors

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Acronyms

AGSA	Auditor General of South Africa
PwC	PricewaterhouseCoopers Inc.
DWS WTE	Department of Water and Sanitation Water Trading Entity
IUCMA	Inkomati-Usuthu Catchment Management Agency
PFMA	Public Finance Management Act
GRAP	Generally Recognised Accounting Practice
NWA	National Water Act

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Responsibilities and Approval

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

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

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

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

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the Agency's cashflow for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

Over and above the revenue collected by the Agency, the Agency is still partly dependent on the Water Trading Entity of the Department of Water and Sanitation Water Trading Entity (DWS WTE) for continued augmentation for the funding of operations. The annual financial statements are prepared on the basis that the Agency is a going concern and that the Minister of Water and Sanitation via the budget of DWS WTE has not announced the intention or the need to liquidate the agency or curtail materially the augmentation funding to the Agency.

The accounting authority is responsible for the controls over, and the security of the website and where applicable, for establishing and controlling the process of electronically distributing annual reports and other financial information to the Minister of Water and Sanitation.

The external auditors are responsible for independently auditing and reporting on the Agency's annual financial statements. The annual financial statements have been audited by the Agency's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 11 to 36, which have been prepared on the going concern basis, were approved by the accounting authority on 30 July 2021 and were signed on its behalf by:



Mr MS Mthembu (Chairperson)



Advocate B Shabangu (Ex Officio)

Place of signature: Mbombela

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Audit Committee Charter. During the current year seven (7) meetings were held. Attendance of each member is shown in the below table:

Name of member	Number of meetings attended
Mr JK Sithole (Chairperson)	7
Ms LC Zulu	7
Mr LC Mohalaba (resignation date: 30 November 2020)	5
Advocate MB Shabangu (resignation date: 31 October 2020)	5
Ms LM Sikhakhane	7
Ms SD Wiggins	7
Ms MA Mphahlele (appointment date: 15 February 2021)	1

Audit committee responsibility

The Audit Committee report 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 stipulated by its Charter. The Audit Committee has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Agency has submitted 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 with the External Auditors and Accounting Authority to be included in the annual report;
- reviewed the External Auditor's management report and management's response;
- reviewed the Agency's compliance with legal and regulatory provisions.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Internal audit

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

The following Internal Audit work was completed during the year namely;

- Institution and Participation,
- Performance Information,
- Corporate Social Responsibility,
- Marketing and Communication,
- Resource Quality and Monitoring,
- Pool Vehicle Management,
- Security Management,
- Compliance, Monitoring and Enforcement,
- Review of AFS for 2019/20
- Information Technology
- Water Use Authorization
- Occupation Health and Safety
- Revenue Management
- Contract Management
- Supply Chain Management
- Financial Discipline Review (FDR)
- Adhoc Audit Assignments

External Auditor

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

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



Mr JK Sithole Chairperson of the Audit Committee

Date: 30 July 2021

Independent auditor's report to Parliament and the Shareholder of Inkomati-Usuthu Catchment Management Agency

Report on the audit of the financial statements as at 31 March 2021

Opinion

We have audited the financial statements of Inkomati-Usuthu Catchment Management Agency as set out on pages 13 to 36 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inkomati-Usuthu Catchment Management Agency as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (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 Auditors (IRBA Code) and other independence requirements applicable to performing audits of 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).

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 for the financial statements

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

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 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 this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

Our procedures address the usefulness and reliability of the reported performance information, which must be based on the Agency's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the Agency enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

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 programmes presented in the Agency's annual performance report for the year ended 31 March 2021:

Programme
Programme – Office of the Executive: Water Resource Management

We performed procedures to determine whether the reported performance information 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 this programme:

Programme – Office of the Executive: Water Resource Management

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 Agency's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor Tenure

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



PricewaterhouseCoopers Inc.

Director: Johann Boshoff

Registered Auditor

Mbombela

31 July 2021



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 the reported performance information for selected programme 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 this auditor’s report, we also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.
- conclude on the appropriateness of the Accounting Authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Inkomati-Usuthu Catchment Management Agency 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 our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause the Agency to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safeguards applied.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Report

The members submit their report for the year ended 31 March 2021.

1. Review of activities

Main business and operations

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

Net loss recorded by the Agency of R1,668,607 (2020: surplus R45,901,585).

During the year under review, the Agency continued to operate within its delegated mandate resulting in the achievement of its key strategic outcomes. Revenue management remains key to ensure sustainability of the Agency as a result strategic engagements and initiatives are continuously being revised for adaptability within the catchment management area.

2. 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 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

Impact of COVID-19

Since the first reported case in South Africa - 5th of March 2020 -, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The President of South Africa, his excellency President Cyril Ramaphosa declared on the 15th of March 2020 the spread of the pandemic as a National State of Disaster. The presidential pronouncement mandated an immediate lockdown on the 26th of March 2020 of most economic and all social activities with only the exception of essential services. In response to the presidential pronouncement, the Minister of Water and Sanitation made a declaration that the Agency is a provider of an essential service and thus required all operations to continue to operate during lockdown.

The Agency continued its operations during lockdown with adherence to modified operations which entailed most staff members working remotely and access to offices limited to key staff members only when deemed necessary. Field workers continued monitoring processes that were deemed practicable and in conformance with COVID-19 protocols. No staff members lost employment during this period. However, the Minister of Water and Sanitation made a pronouncement during the year wherein she cautioned the Agency not to make any changes to conditions of employment in the year 2020/21.

The nature of services delivered by the Agency are deemed essential and are required to be provided to users with no consideration to defaulted payment terms. The Agency collection rates were not affected during the year under analysis but it is envisaged that the sectors performance will be adversely affected in coming periods. Expected impact of COVID-19 on the Agency is low collection rates and increased doubtfulness of outstanding debt. However; because this form of revenue stream only accounts for 30% of overall revenue, expected low recoverability is not expected to affect the going concern of the Agency.

In response to adverse overall economic performance, the Agency will continue to monitor its costs to ensure that stringent cost containment is applied. Management will continue to apply increased innovation and efficiency in management of all its income streams. The Agency will explore new sectorial based opportunities within its delegations whilst maximising on existing sources of funding to maintain financial sustainability. This will be achieved by implementing debt recovery strategies that are responsive to customer type within its water management area.

3. Subsequent events

Post the current financial year under review, disciplinary matters between the previous CFO (the plaintiff) and the Agency was settled at the CCMA wherein the Agency received an instruction to pay a settlement to the plaintiff. The said amount was paid by the Agency on the 29th of June 2021 which brought the matter to finality.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Report

4. Members' interest in contracts

The members do not currently have any interests in the contractual dealings of the Agency.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting Authority

The Minister appointed a new Governing Board effective 1 April 2019 of which consist of the following members:

Ms TP Nyakane-Maluka (Chairperson)
Mr MS Mthembu (Chairperson)
Mrs SD Wiggins (Deputy Chairperson)
Mr M Gangazhe
Advocate MB Shabangu
Ms LC Zulu
Ms LM Sikhakhane
Dr T Kelly
Mr PA Tshabangu
Mr W Baird
Advocate G Khoza
Advocate MB Shabangu (Ex-Officio)

Deceased: 8 January 2021

Appointed: 14 May 2021

Appointed: 14 May 2021

Resignation: 31 October 2020

Deceased: 29 January 2021

Appointed: 14 May 2021

Appointed: 14 May 2021

7. Auditors

PricewaterhouseCoopers (PwC) Inc. was appointed as the Agency's external auditor for a 3 (three) year term until period ending 2022. Their appointment was concurred by the Auditor General South Africa (AGSA). PwC will continue in office for the next financial period unless otherwise instructed by the AGSA.

8. Non-compliance with applicable legislation

The Agency did not incur irregular expenditure in the current financial year and for the prior financial year the expenditure was R15 822 681.

The Agency incurred fruitless and wasteful expenditure of R22,190 and for the prior financial year the expenditure was R401,073.

Further details on the irregular, fruitless and wasteful expenditure are in note 28 and 29 of the Annual Financial Statements.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Receivables from exchange transactions	5	21 408 139	24 440 024
Receivables from non-exchange transactions	6	10 614	22 485
Cash and cash equivalents	7	72 972 054	76 341 569
		94 390 807	100 804 078
Non-Current Assets			
Property, plant and equipment	3	5 322 890	3 934 683
Rental deposits	4	252 811	252 811
		5 575 701	4 187 494
Total Assets		99 966 508	104 991 572
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	7 058 303	2 772 283
Provisions	10	4 645 284	2 928 429
Finance lease obligation	8	83 431	67 087
Conditional Retained Funds	9	88 337 572	-
Payables from non exchange transactions	11	1 451 797	-
		101 576 387	5 767 799
Non-Current Liabilities			
Finance lease obligation	8	58 729	27 565
Total Liabilities		101 635 116	5 795 364
Net Assets		(1 668 608)	99 196 208
Accumulated loss		(1 668 608)	99 196 208

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue	13	140 305 878	215 622 231
Other income	14	454 290	10 107
Operating expenses	19	(145 612 905)	(175 384 067)
Operating (deficit) surplus		(4 852 737)	40 248 271
Finance costs	18	(19 651)	(79 916)
Investment revenue	15	3 203 780	5 733 230
(Deficit) surplus for the year		(1 668 607)	45 901 585

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated loss	Total net assets
Balance at 01 April 2019	53 294 623	53 294 623
Surplus for the year	45 901 585	45 901 585
Total changes	99 196 208	99 196 208
Balance at 01 April 2020	99 196 208	99 196 208
Transfer to conditional grant	(99 196 208)	(99 196 208)
Loss for the year	(1 668 607)	(1 668 607)
Balance at 31 March 2021	(1 668 607)	(1 668 607)

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Water Resources Management Charges Invoiced		32 485 410	20 891 655
Grant		84 375 000	80 357 299
Interest income		3 203 780	5 733 230
Interest recieved on trade debtors		6 487 160	-
Other income		466 161	-
		127 017 511	106 982 184
Payments			
Employee costs		(82 836 474)	(78 088 900)
Operating Expenses		(44 481 328)	(49 066 116)
		(127 317 802)	(127 155 016)
Net cash flows from operating activities	21	(300 291)	(20 172 832)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3 049 663)	(1 691 471)
Net cash flows from investing activities		(3 049 663)	(1 691 471)
Cash flows from financing activities			
Finance lease payments		(19 561)	(193 358)
Net increase or decrease in cash and cash equivalents		(3 369 515)	(22 057 661)
Cash and cash equivalents at the beginning of the year		76 341 569	98 399 230
Cash and cash equivalents at the end of the year	7	72 972 054	76 341 569

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

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
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Water Resources Management Charges Invoiced	42 531 992	4 661 293	47 193 285	38 588 407	(8 604 878)	Note 30
Interest received on trade debtors	-	-	-	6 487 160	6 487 160	Note 30
Other Income	-	-	-	454 290	454 290	
Total revenue from exchange transactions	42 531 992	4 661 293	47 193 285	45 529 857	(1 663 428)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	105 960 273	(21 585 273)	84 375 000	95 230 311	10 855 311	Note 30
Expenditure						
Personnel	(105 746 329)	16 733 234	(89 013 095)	(84 553 329)	4 459 766	Note 30
Depreciation	-	-	-	(1 728 551)	(1 728 551)	Note 30
Bad debts provision reversal	-	-	-	(15 645 138)	(15 645 138)	Note 30
General Expenses	(51 007 230)	7 352 040	(43 655 190)	(43 577 041)	78 149	
Total expenditure	(156 753 559)	24 085 274	(132 668 285)	(145 504 059)	(12 835 774)	
Operating loss	-	-	-	(4 743 890)	(3 643 890)	
Loss on disposal of assets and liabilities	-	-	-	(108 846)	(108 846)	
Operating loss	-	-	-	(4 852 736)	(3 752 736)	
Finance costs	-	-	-	(19 651)	(19 651)	
Deficit for the year from continuing operations	-	-	-	(4 872 387)	(3 772 387)	
Interest received - investment	3 600 000	(2 500 000)	1 100 000	3 203 780	2 103 780	Note 30
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	3 600 000	(2 500 000)	1 100 000	(1 668 607)	(1 668 607)	

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

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, 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 to the nearest 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.

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

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

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

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

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

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

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

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

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.1 Property, plant and equipment (continued)

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

The Agency assesses at each reporting date whether there is any indication that the Agency 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 Agency 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 Agency and a financial liability or a residual interest of another Agency.

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

Financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly-liquid investments that are held with registered banking institution 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 including other payables, other than derivative instrument instruments, are measured at amortised cost.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.2 Financial instruments (continued)

Initial recognition

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

Impairment of Financial Assets

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

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

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.3 Leases

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

Finance leases - lessee

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

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

Operating leases - lessee

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

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Agency; or
- the number of production or similar units expected to be obtained from the asset by the Agency.

1.5 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an Agency after deducting all of its liabilities.

1.6 Employee benefits

Employee benefits are all forms of consideration given by an Agency 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.

1.7 Provisions and contingencies

Provisions are recognised when:

- the Agency 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.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Provisions and contingencies (continued)

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.8 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.9 Revenue from exchange transactions

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

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

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

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

1.10 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 DWS WTE.

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 Agency 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 Agency 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 transfer.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 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.

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

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

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

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

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

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

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

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

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.15 Related parties

The Agency 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 Agency, including those charged with the governance of the Agency 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 Agency.

1.16 Matters of judgement applied by the board

In determining the provision for doubtful debt, the expected credit loss model assumes that the future receipt of revenue ratios will reflect historic mathematical trend and that the same recovery success rates are achievable from current year and prior year for statutory revenues charged.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Agency's 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 1 (amended): Presentation of Financial Statements	01 April 2020	The impact of the change is not material.
<ul style="list-style-type: none">GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	The impact of the change is not material.
<ul style="list-style-type: none">IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact of the change is not material.
<ul style="list-style-type: none">Directive 7 (revised): The Application of Deemed Cost	01 April 2020	The impact of the change is not material.
<ul style="list-style-type: none">GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Agency's accounting periods beginning on or after 01 April 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 104 (amended): Financial Instruments	Not yet available	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet available	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 37: Joint Arrangements	01 April 2021	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2021	Unlikely there will be a material impact

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the Agency, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The Agency expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Buildings	1 351 252	(300 422)	1 050 830	1 351 252	(232 859)	1 118 393
Furniture and fixtures	5 311 293	(4 597 318)	713 975	3 775 163	(2 983 613)	791 550
Motor vehicles	1 352 497	(1 348 542)	3 955	1 352 497	(1 250 784)	101 713
Office equipment	2 311 604	(1 304 237)	1 007 367	2 667 938	(2 285 125)	382 813
Computer equipment	9 895 784	(7 349 021)	2 546 763	7 958 822	(6 418 608)	1 540 214
Total	20 222 430	(14 899 540)	5 322 890	17 105 672	(13 170 989)	3 934 683
Reconciliation of property, plant and equipment - 2021						
Buildings	Opening balance	Additions	Disposals	Depreciation	Total	
Furniture and fixtures	1 118 393	-	-	(67 563)	1 050 830	
Motor vehicles	791 550	257 483	(8 097)	(326 961)	713 975	
Office equipment	101 713	-	-	(97 758)	3 955	
Computer equipment	382 813	939 724	(9 314)	(305 856)	1 007 367	
	1 540 214	2 028 394	(91 432)	(930 413)	2 546 763	
	3 934 683	3 225 601	(108 843)	(1 728 551)	5 322 890	

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Buildings	1 185 955	-	(67 562)	1 118 393
Furniture and fixtures	802 930	350 965	(362 345)	791 550
Motor vehicles	203 246	-	(101 533)	101 713
Office equipment	747 340	84 462	(448 989)	382 813
Computer equipment	1 161 250	1 256 044	(877 080)	1 540 214
	4 100 721	1 691 471	(1 857 509)	3 934 683

Details of properties

Owned Building

Building is situated on Portion 1 of Erf 32 Piet Retief (Mkhondo)
- Purchase price: 1 December 2008

1 351 252

4. Rental deposits

Rental deposits paid in advance for rented offices at head office in Nelspruit as well as the satellite office in Bushbuckridge.
Recorded balance remained unchanged R252,811 (2020: R252,811).

5. Receivables from exchange transactions

Trade debtors	110 049 902	109 576 631
Sundry debtors	14 980 447	2 862 949
Provision for bad debts	(103 622 210)	(87 977 071)
	21 408 139	24 462 509

Reconciliation of provision for bad debts on trade receivables

As of the period under analysis outstanding debt was reported at R21,408,139 (2020: R24,462,509). A corresponding provision for doubtful debt of R103,622,210 (2019: R87,977,071) has been raised.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

5. Receivables from exchange transactions (continued)

	2021	2020
Reconciliation of provision for bad debts on trade receivables		
Opening Balance	(87 977 071)	(37 646 495)
Release during the year	(15 645 139)	(50 330 576)
Total adjustments	(103 622 210)	(87 977 071)

6. Receivables from non-exchange transactions

Interest receivable	10 614	22 485
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash float	3 031	4 000
Bank balances	9 878 767	6 376 087
Corporation for Public Deposits	63 090 256	69 961 482
Cash and cash equivalents	72 972 054	76 341 569

8. Finance lease obligation

Minimum lease payments due		
- within one year	83 431	67 087
- in second to fifth year inclusive	58 729	27 562
Present value of minimum lease payments	142 160	94 649

Present value of minimum lease payments due		
- within one year	83 431	67 087
- in second to fifth year inclusive	58 729	27 562
	142 160	94 652

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

The average lease term was 3 years and the average effective borrowing rate was 8% to 10% (2020: 8% to 10%).

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

The Agency's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

9. Conditional Retained Funds

All budgeted transfers were duly received. The Agency received an approval from National Treasury to redirect surplus funds reported in financial year 2019/20. These ear marked funds were subsequently transferred into a conditional account. By the end of the year under analysis, R10,854,959 was reported as spent against said funds. The Agency reported a conditional grant of R88,337,572 by the end of reporting year. Unspent conditional grant will require to be pre-approved by National Treasury for retention for financial year 2021/22. Unspent funds relate to the following activities:

Project Description	Amounts
Office Space Acquisition	R 29,300,000
Projects: Water Resource Management	R 54,408,603
Contingent Liability (legal costs)	R 3,781,143
COVID-19 Expenditure	R 851,513
TOTAL	R 88,341,259

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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9. Conditional Retained Funds (continued)

Movement during the year

Balance at the beginning of the year	-	95 368 447
Additions during the year	99 196 208	-
Income recognition during the year	(10 854 949)	(95 368 447)
Unspent conditional grant	88 341 259	-

10. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	2 928 429	3 974 037	(2 257 182)	4 645 284

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Leave Pay	1 871 056	1 473 802	(416 429)	2 928 429

11. Payables from non exchange transactions

Payables reported are linked to third party deductions that remained unpaid as of the 31st of March 2021.

Pay As You Earn (PAYE)	1 363 120	-
Unemployment Insurance Fund (UIF)	30 797	-
Garnishee & IT88 deductions	5 374	-
Bursaries payable	52 506	-
Total	1 451 797	-

12. Payables from exchange transactions

Trade payables	4 906	295 090
Sundry Payables	2 162 835	1 047 359
Debtors with credit balances	659 825	390 249
Accruals	4 230 737	1 039 585
	7 058 303	2 772 283

13. Revenue

Water Resources Charges Invoiced	38 588 407	39 896 400
Interest Received: Trade Debtors	6 487 160	-
Transferred Government Grants	95 230 311	175 725 831
	140 305 878	215 622 231

The amount included in revenue arising from exchanges of goods or services are as follows:

Bad debt expense	(15 645 139)	(50 330 576)
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Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
14. Other income		
Other Income	454 290	10 107
15. Investment revenue		
Interest revenue		
Bank interest	3 203 780	5 733 230
16. Government grants and subsidies		
Operating grants		
Government grant	84 375 000	80 357 299
17. Employee related costs		
Basic	61 761 572	59 824 054
Workman's Compensation	102 951	94 044
Leave pay provision charge	2 257 182	1 473 802
Car allowance	11 007 416	7 568 866
Company Contributions	9 424 208	9 544 562
	84 553 329	78 505 328
18. Finance costs		
Finance costs	19 651	79 916

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
19. General expenses		
Bank charges	67 049	74 809
Bursaries (Employees)	726 615	1 973 517
Advert: Marketing	525 279	607 385
Telecommunication Services	3 650 486	1 902 036
Courier Services	39 176	26 385
Cleaning	6 600	5 343
Consumables	103 328	184 952
Fuel and Toll Fees	87 050	468 927
Legal Services	3 477 359	1 764 845
Printing and Stationery	325 283	247 253
Insurance	161 905	225 506
Repairs and maintenance	468 790	546 707
Operating Lease: Office Space	4 568 604	5 587 274
Resettlement Costs	104 598	110 356
Subscriptions and membership fees	107 329	478 380
Municipal Services	44 655	7 170
Water and Electricity	819 696	959 523
Travel - local	2 428 494	5 876 864
Travel - international	12 223	780 746
Venue and Facilities	294 315	978 174
Protective Clothing	-	332 813
CMA - Project Costs	23 480 037	19 438 439
Water Research Testing	1 765 162	1 816 973
	43 264 033	44 394 377

The above form part of total operating expenses that are ear marked as significant expenses as presented in the Statement of Financial Performance. 2020 expenses have been restated for full alignment to line items as disclosed in financial year 2021. Figures have been provided in detail to provide more information to the user as well as to ensure comparability of the two years as reported.

Operating Expenditure

General expenses	43 264 033	44 459 341
Bad debts written off	15 645 139	50 330 576
Auditor's fees	313 009	296 277
Employee costs	84 553 329	78 505 328
Loss on Disposal of Fixed Assets	108 844	-
Depreciation	1 728 551	1 857 509
TOTAL	145 612 905	175 449 031

20. Auditor's remuneration

Fees	313 009	296 277
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21. Cash generated from (used in) operations

Surplus for the year	(1 668 607)	45 901 585
Adjustments for:		
Depreciation and amortisation	1 728 551	1 857 509
Movements in provisions	1 716 855	1 057 373
Deferred income	(10 854 959)	(95 368 447)
Changes in working capital:		
Receivables from exchange transactions	3 054 369	30 408 833
Other receivables from non-exchange transactions	11 871	(22 485)
Other payables from non-exchange transactions	1 451 797	-
Payables from exchange transactions	4 259 832	(4 007 200)
	(300 291)	(20 172 832)

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

22. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	21 408 139	21 408 139
Cash and cash equivalents	72 972 054	-	72 972 054
	72 972 054	21 408 139	94 380 193

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7 058 303	7 058 303
Finance lease liability	142 160	142 160
	7 200 463	7 200 463

2020

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	24 462 509	24 462 509
Cash and cash equivalents	76 341 569	-	76 341 569
	76 341 569	24 462 509	100 804 078

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	2 772 283	2 772 283
Finance lease liability	94 649	94 649
	2 866 932	2 866 932

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
23. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	888 245	1 084 389
Operating lease payments represent rentals payable by the Agency for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed. No contingent rent is payable.		
Authorised operational commitments	2021	2020
Contracted and committed	-	-
- within one year	4 576 732	4 801 001
- in second to fifth year inclusive	3 097 602	6 074 270
	7 674 334	10 875 271

Operational commitments arise when the Agency orders goods/services in the normal course of business but where delivery has not taken place at the end of the financial year/reporting date. The reported operational commitments constituted of expenditure that was approved and the contract awarded at the end of the financial year.

24. Contingent Liabilities

During 2020 the institution instituted an application to review and set aside an appointment of a service provider for provision of an office space due to irregularities. The Agency is projecting to incur an estimated legal costs of R600 000.00 if it succeeds on the matter. In addition, the said service provider has instituted an action against the agency wherein they are suing for area deposit, rental and costs for partitioning of the office for an amount of R3 651 250.00. The estimated legal costs for defending this matter is estimated at approximately R1 000 000.00.

The Agency further has a pending case in the High Court wherein an unsuccessful candidate is challenging the recruitment process applied by the Agency. The estimated legal costs to defend the matter is approximately R600 000.00.

There is an application brought by Forestry South Africa (FSA) in which the agency is a Fourth Respondent. We are currently awaiting judgment on the matter and it is anticipated that it will be handed down in July. The main Respondent in the matter is the Department and the agency may incur only travelling and ancillary costs in the tune of R100 000.00 should the matter be appealed by either of the parties.

Lastly, the costs of the pending disciplinary processes relating to one of the Executives of the IUCMA may amount to approximately R600 000.00 if either of the parties refer the matter to the CCMA.

25. Related parties

The Minister of Water and Sanitation is the only Executive Authority of water resources in the Republic of South Africa and is the main funder of the Agency's operations.

Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

26. Members' and prescribed officer's emoluments

Governing Board

	2021	2020
Ms TP Nyakane-Maluka (Chairperson)	119 997	330 565
Mr MS Mthembu (Chairperson - appointed 14 May 2021)	135 381	237 021
Mrs SD Wiggins (Deputy Chairperson - appointed 14 May 2021)	97 132	199 392
Mr PA Tshabangu	93 747	144 975
Ms LC Zulu	111 433	138 542
Mr M Gangazhe	120 067	145 068
Dr T Kelly	115 902	220 256
Ms LM Sikhakhane	107 655	155 590
Adv MB Shabangu	84 451	193 275
Ms MA Mphahlele	8 634	-
	994 399	1 764 684

Audit Committee

	2021	2020
Mr JK Sithole (Chairperson)	126 812	65 025
Ms V Maholovela	-	17 067
Mr LC Mohalaba	37 321	71 927
Adv B Shabangu	45 329	43 933
Ms LC Zulu	55 851	29 329
Ms LM Sikhakhane	66 644	59 683
SD Wiggins	60 978	-
Ms MA Mphahlele	8 634	-
Mr PA Tshabangu	-	53 230
	401 569	340 194

Management

2021

	Emoluments	Other benefits*	Leave paid out	Performance Bonus	Total
Chief Executive Officer	1 356 403	190 313	111 878	-	1 658 594
Executive Corporate Services	489 581	82 656	-	-	572 237
Chief Financial Officer	877 893	172 782	36 951	-	1 087 626
Executive Water Resources	1 358 527	198 376	-	123 829	1 680 732
	4 082 404	644 127	148 829	123 829	4 999 189

2020

	Emoluments	Other benefits*	Performance Bonus	Total
Chief Executive Officer	1 642 264	184 884	176 268	2 003 416
Executive Corporate Service/Chief Financial Officer	1 436 921	271 791	119 914	1 828 626
Executive Water Resources	1 462 868	167 791	129 396	1 760 055
	4 542 053	624 466	425 578	5 592 097

* Other benefits comprise travel and housing allowances.

Inkomati-Usuthu Catchment Management Agency

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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27. Risk management

Liquidity risk

The Agency risk to liquidity is a result of the funds available to cover future commitments. The Agency manages liquidity risk through an ongoing review of future commitments and credit facilities. The Agency is dependant on timely grant funding to keep its liquidity ratio healthy.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Provisions are made against debtors that are impaired and no collateral is held.

Market risk

Interest rate risk

The Agency has exposure to cash flow interest risk which arises mainly from deposits with bank as well as less significant risks arising from the disclosed finance lease obligations.

As at 31 March 2021, if interest rates on cash and cash equivalents had been 0.5% higher or lower with all variables held constant, the loss would have been R428,277 higher or lower.

28. Fruitless and wasteful expenditure

Opening balance as previously reported	401 073	-
Add: fruitless and wasteful expenditure current year	22 190	401 073
Opening balance as restated	423 263	401 073
Closing balance	423 263	401 073

29. Irregular expenditure

Opening balance as previously reported	15 421 608	-
Add: irregular expenditure current year	-	15 421 608
Movement in the year	15 421 608	15 421 608
Closing balance	15 421 608	15 421 608

All the above costs have not yet been condoned by National Treasury or the Governing Board to be written off as irrecoverable. Management upon discovery of expenditure has reported all costs to its board and relevant Treasury as well as Tender Board where applicable. Management will obtain an opinion from its Governing Board whether or not the said amounts are irrecoverable or a liability must be raised.

30. Budget differences

Material differences between budget and actual amounts

Inkomati-Usuthu Catchment Management Agency

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Notes to the Annual Financial Statements

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30. Budget differences (continued)

Total loss was recorded amounting to R1,668,607 by the end of the year. Savings are attributed to variances recorded under revenue and expenditure as detailed below.

Revenue

Transfer of the Agency's grant income was duly received within expected timeframe's. Timeous transfer of funds allowed the agency to effectively manage its cashflows thus improving its revenue through interest earned.

Interest rates were levied on debts owing as per Interest rate section 26 (6) of Exchequer Act of 1975. Interest to the value of R6,487,160 was raised and recorded in the year under analysis.

Due to unpredicted cash inflows, the agency had budgeted an amount of R1,100,000 on the budget as approved. However; upon completion of the financial year, an amount of R3,203,780 was recorded as investment income.

The Agency recognised an amount of R10,855,311 that formed part of approved retained conditional funding. Recognition was in accordance with the met conditions as reported in 2020/21.

Expenditure

Depreciation and bad debt provisions were recorded as R1,728,551 and R15,645,139, respectively. Both items represent a non cash item and are thus not included in the budget.

Savings on personnel costs were recorded at R4,459,766 was attributed to approved vacant positions in the year. Management will endeavour to ensure expedited filling of approved vacant positions in the next financial year.

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

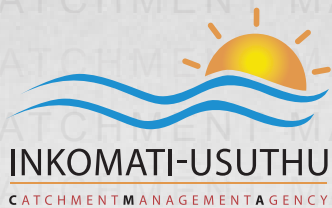




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ANNUAL REPORT 2020/21

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