

BREEDE-GOURITZ CMA 2018-2019 ANNUAL REPORT PRESENTATION

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Chief Executive Officer (Acting)



BREEDE-GOURITZ
CATCHMENT MANAGEMENT AGENCY

CONTENT OF THE PRESENTATION

- Purpose
- Vision and Mission
- Service delivery environment
- Strategic objectives
- Overview of the non-financial performance
- BGCMA Employment Equity & Disability Statistics
- Total percentage of females vs males
- Annual Financial Statements for the year ended 31 March 2019
- Audit outcomes for the 2018/19 financial year
- Finances of the Breede-Gouritz Catchment Management Agency
- Business objective to maximise cost recovery

PURPOSE

- To brief the Portfolio Committee on the Breede-Gouritz Catchment Management Agency's 2018/19 Annual Report and Financial Statements

VISION:

- The Breede-Gouritz Catchment Management Agency (BGCMA) has a vision of:

Quality water for all, forever

MISSION:

- **The Breede-Gouritz Catchment Management Agency exists to:**

manage water resources responsibly, through continuous engagement with all stakeholders and to devolve decision making to the lowest level for the benefit of all water users in the Breede-Gouritz Water Management Area, including the environment.

SERVICE DELIVERY ENVIRONMENT

- The Western Cape Province is been experiencing a critical drought which is seriously impacting the agricultural sector across large parts of the province.
- Low winter rainfall experience since 2014, coupled with high temperatures and evaporation, have resulted in extremely low dam levels in most areas.
- Furthermore, rapid urbanization, population growth and increasing economic activity in water-scarce areas of the Province are placing pressure on the limited water resource.
- The winter rainfall season of 2017 delivered significantly less rainfall than the long-term average.
- Dam levels in the winter rainfall part of the Western Cape province on 30 October 2017 were 39.1% compared to 64.1% at the same time in 2016.

SERVICE DELIVERY ENVIRONMENT continues...

- In areas receiving summer rainfall or rainfall throughout the year, dam levels were at 20.7% compared to 37.8% same time in 2016.
- The Southern Cape is in a particularly vulnerable position
- The average dam level in the Breede-Gouritz Water Management Area was 31.3%, compared to that of the Berg-Olifants WMA which was 48.9% on 30 October 2017.

State of ground water:

- More than 60% of the boreholes monitored in the Western Cape are showing declines since January 2015
- The most critically affected areas or town include Beaufort West

STRATEGIC OBJECTIVES

Water Resources planning

Water Use Management

Institutional Engagement

Water Allocation Reform

Resources Protection

Strategic Support

Management and Governance

ANNUAL PERFORMANCE INFORMATION

1. Water Resources Planning					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of land use planning rezoning applications	90%	No adjustment	96%	Over by 6%	More applications received than what was envisaged
2. Water Use Management					
% of water registrations finalised	85%	No adjustment	66%	Under by 19%	Connectivity issues with the WARMS system
% of licences captured	100%	No adjustment	92%	Under by 8%	Connectivity issues with the WARMS system
% of licences recommended as per regulation	90%	No adjustment	93,75%	Over by 3.75%	

ANNUAL PERFORMANCE INFORMATION

2. Water Use Management continues...

Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of general authorisations confirmed	100%	No adjustment	100%	N/A	Target met
Number of audit reports completed for water use compliance	80	No adjustment	92	Over by 12	Compliance Audits were also conducted with DWS in the Blitz project
Number of confirmation letters sent	200	No adjustment	153	Under by 47	Delay in project

ANNUAL PERFORMANCE INFORMATION

3. Institutional and Stakeholder Relations					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
Number of learners that attended water campaigns such as water week & Land care, etc.	4500	No adjustment	7386	2886	Increased focus
Number of newsletters compiled and printed	4	No adjustment	4	N/A	Target met
% of approved grant projects funded	100%	No adjustment	100%	N/A	Target met
Number of existing water related Forums technically and administratively supported	18	No adjustment	37	Over by 19	More than what was envisaged

ANNUAL PERFORMANCE INFORMATION

3. Institutional and Stakeholder Relations continues...

Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
Number of rain water harvesting tanks installed	375	No adjustment	330	Under by 45	Target not met, due to the increase in the VAT % that affected the increase in prices of the Rainwater Harvesting Tanks and installation material

ANNUAL PERFORMANCE INFORMATION

4. Water Allocation Reform					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of Resource Poor Farmers (RPFs) technically supported on water use	100%	No adjustment	100%	N/A	Target met
% of RPFs assisted with completing financial applications for government subsidies	100%	No adjustment	N/A	N/A	Due to DWS funding constraints, the BGCMA could not facilitate any financial applications during the 2018/19 financial year

ANNUAL PERFORMANCE INFORMATION

5. Water Resource Protection					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
Number of DWS Water Quality Monitoring projects sampled (NEMP)	1	No adjustment	1	N/A	Target met
Number OF BGCMA Water Resource points monitored	80	No adjustment	111	Over by 31	Monitoring included various Adhoc points, biomonitoring points, and groundwater points
Number of river rehabilitation projects funded	3	No adjustment	5		The previous projects were maintained while 3 new projects were initiated in the tributaries of the Breede River

ANNUAL PERFORMANCE INFORMATION

5. Water Resource Protection continues...

Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of reported non-compliant cases resolved	100%	No adjustment	100%	N/A	Target met

ANNUAL PERFORMANCE INFORMATION

6. Strategic support					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of reports complying with listed financial reporting prescripts	100%	No adjustment	100%	N/A	Target met
Number of proposed tariff reports submitted to HSWS complying with pricing strategy	1	No adjustment	1	N/A	Target met
Number of risk assessment reports	2	No adjustment	1	Under by 1	Due to an improved understanding of the perceived risks, there was a reduction in the number of risk reports

ANNUAL PERFORMANCE INFORMATION

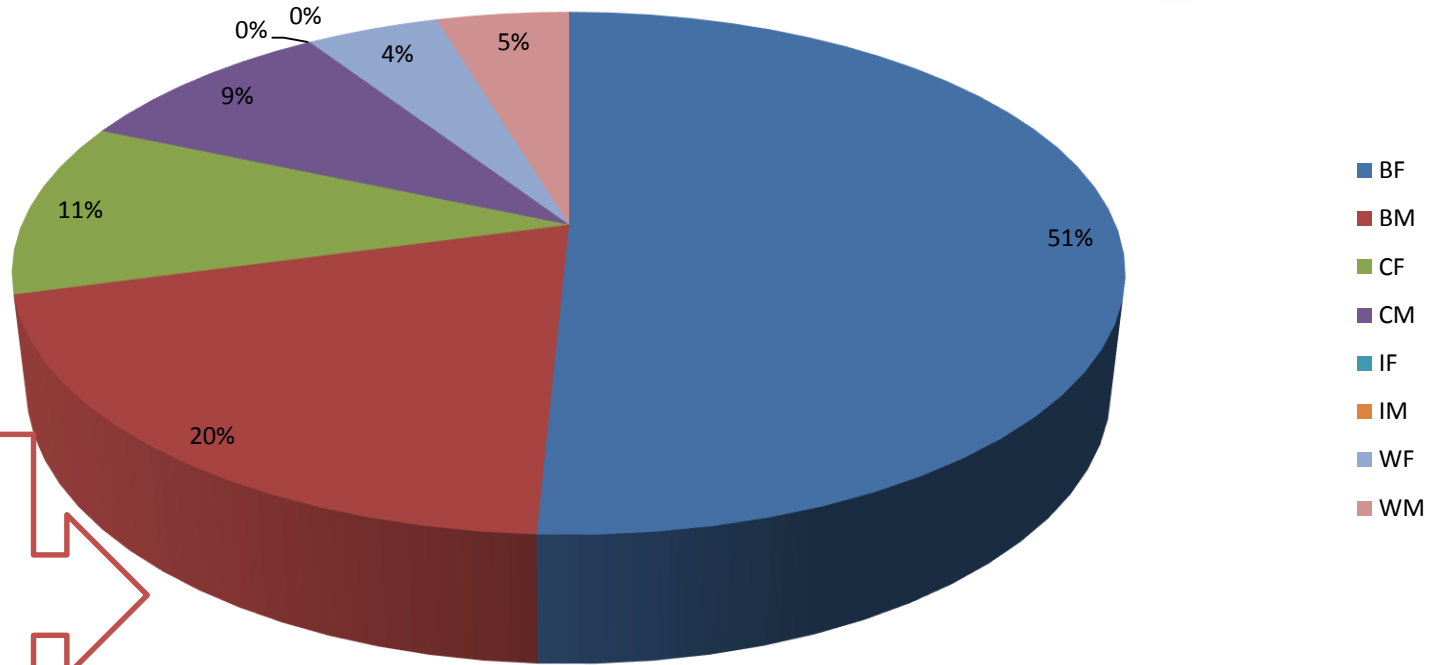
6. Strategic support continues...

Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
Percentage of compliance to audit recommendation	100%	No adjustment	100%	N/A	Target met
% of targeted procurement budget spent on BBEE (9.2 m, which is 30% of the procurement budget)	100%	No adjustment	100%	N/A	Target met
% of WRM charges collected	60%	No adjustment	62%	Over by 2%	Target met
% of outstanding debt recovered	10%	No adjustment	13%	Over by 3%	Target met
% of occupancy rate of approved and funded posts on the organogram	75%	No adjustment	76%	Over by 1%	Target met

ANNUAL PERFORMANCE INFORMATION

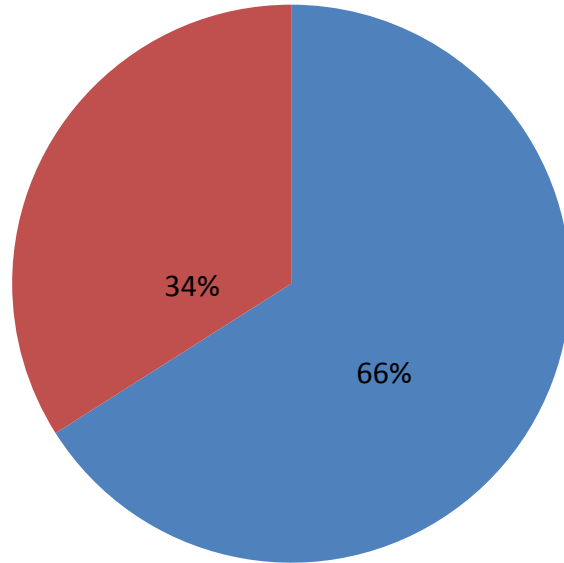
7. Management & Governance					
Performance Indicator	Published 2018/19 targets	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from 2018/19 target	Comments
% of Corporate Compliance reports produced	100%	No adjustment	100%	N/A	Target met
Number of shareholder compacts signed	1	No adjustment	1	N/A	Target met
% of compliance with non-financial reporting scripts as per the technical descriptive	100%	No adjustment	100%	N/A	Target met
Number of agreements signed	2	No adjustment	2	N/A	Target met

BGCMA EE & DISABILITY STATISTICS 2018/2019



3% of BGCMA are persons with disability. These individuals are within the BM category

TOTAL PERCENTAGE (%) OF FEMALES VS MALES



■ Females
■ Males



**FINANCIAL REPORT
AS AT 31 MARCH 2019**

**Presentation by: Zanele Mngoma
Chief Financial Officer**

14 May 2020

Breede-Gouritz Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2019
Statement of Financial Position as at 31 March 2019

	Figures in Rand	Note(s)	2019	2018
• Assets				
• Non-Current Assets				
• Property, plant and equipment		3	3 283 562	3 890 878
• Intangible assets		4	84 519	173 574
			<u>3 368 081</u>	<u>4 064 452</u>
• Current Assets				
• Receivables from exchange transaction		5	66 099 097	34 967 018
• Cash and cash equivalents		6	34 174 061	9 159 450
•			<u>100 273 158</u>	<u>44 126 468</u>
• Total Assets			<u>103 641 239</u>	<u>48 190 920</u>
• Net Assets and Liabilities				
• Net Assets			<u>92 932 837</u>	<u>41 415 230</u>
• Accumulated surplus			<u>92 932 837</u>	<u>41 415 230</u>
•				
• Current Liabilities				
• Operating lease liability		7	220 988	254 246
• Payables from exchange transactions		8	10 487 414	6 521 444
•			<u>10 708 402</u>	<u>6 775 690</u>
• Total liabilities			<u>10 708 402</u>	<u>6 775 690</u>
-				
• Total Net Assets and Liabilities			<u>103 641 239</u>	<u>48 190 920</u>

Breede-Gouritz Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2019
Statement of Financial Performance

	Figures in Rand	Note(s)	2019	2018
• Revenue from exchange transactions				
• Penalties on late registration			481 242	1 061 966
• Other Income			5 857 161	2 508
• Interest received			8 561 646	5 223 559
• Billing for water resource management			<u>35 147 646</u>	<u>10 145 209</u>
• Total revenue from exchange transactions			<u>50 047 695</u>	<u>16 433 242</u>
• Revenue from non-exchange transactions				
• Transfer Revenue				
• Grants received			<u>65 800 000</u>	<u>60 000 000</u>
• Total revenue		9	<u>115 847 695</u>	<u>76 433 242</u>
• Expenditure				
• Employee related costs			(39 604 519)	(33 063 282)
• Depreciation and amortisation			(1 230 275)	(2 208 278)
• Lease rentals on operating lease			(1 959 390)	(2 549 655)
• Operating expenses		11	<u>(21 535 904)</u>	<u>(16 569 154)</u>
• Total Expenditure			<u>(64 330 088)</u>	<u>(54 390 369)</u>
•				
• Gain on disposal of assets and liabilities			<u>-</u>	<u>36 861</u>
• Surplus for the year			<u>51 517 607</u>	<u>22 079 734</u>

Breede-Gouritz Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2019
Statement of Changes in Net Assets

Figures in Rand

• **Statement of Change in Net Assets**

	Accumulated surplus	Total net assets
• Balance at 01 April 2017	2 988 593	2 988 593
• Changes in net assets		
• Surplus for the year	22 079 733	22 079 733
• Transfers from DWS debtors reserves	<u>21 582 511</u>	<u>21 582 511</u>
• Total changes	<u>43 662 244</u>	<u>43 662 244</u>
▪ Opening balance as previously reported	46 650 839	46 650 839
▪ Adjustments		
▪ Prior year restatement	<u>(5 235 609)</u>	<u>(5 235 609)</u>
▪ Restated balance at 01 April 2018	<u>41 415 230</u>	<u>41 415 230</u>
▪ <u>Changes in net assets</u>		
▪ Surplus for the year	<u>51 517 607</u>	<u>51 517 607</u>
▪ Total changes	<u>51 517 607</u>	<u>51 517 607</u>
▪ Balance at 31 March 2019	<u>92 932 837</u>	<u>92 932 837</u>

Breede-Gouritz Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2019
Statement of Cash Flows

	Figures in Rand	Note(s)	2019	2018
• <u>Cash flows from operating activities</u>				
• Receipts				
• Cash receipts from the Department of Water and Sanitation			65 800 000	60 000 000
• Interest income			1 437 535	1 113 616
• Cash receipt			26 831	-
• Debtor receipts			21 138 068	317 378
• Other Income			-	<u>2 508</u>
			<u>88 402 434</u>	<u>61 433 502</u>
• Payments				
• Cash paid to suppliers and employees			(62 853 919)	(52 182 092)
• Unallocated receipts from debtors			-	<u>(317 378)</u>
			<u>(62 853 919)</u>	<u>(52 499 470)</u>
• Net cash from operating activities		14	<u>25 548 515</u>	<u>(8 934 032)</u>
• Cash flows from investing activities				
• Purchase of property, plant and equipment		3	(533 904)	(733 652)
• Proceeds from sale of property, plant and equipment		3	-	36 861
• Purchase of intangible assets		4	-	<u>(155 580)</u>
• Net cash from investing activities			<u>(533 904)</u>	<u>(852 371)</u>
• Net increase in cash and cash equivalents			25 014 611	8 081 661
• Cash and cash equivalent at the beginning of the year			<u>9 159 450</u>	<u>1 077 789</u>
• Cash and cash equivalent at the end of the year		6	<u>34 174 061</u>	<u>9 159 450</u>

Breede-Gouritz Catchment Management Agency
Annual Financial Statements for the year ended March 31, 2019

AUDIT OUTCOMES FOR THE 2018/19 FINANCIAL YEAR:

- Unqualified Audit Opinion with findings:
- **FINDINGS:**
- Non-Compliance with section 13G(1) of B-BBEE Act ,No.53 of 2003 – failure to submit FORM B-BBEE 1 (2017-18) to the BBEE Commission.

- Non-Compliance with section 51(b) of the PFMA Act 1 of 1999 – Failure to take all the necessary steps to collect the revenue due to the Agency.

- **OTHER FINDINGS:** relates to the debtors account which is inherited from the department :
 - Inability to assess the take on balances (debtors book) - As adequate supporting documents were not provided.
 - Failure to take appropriate steps to collect revenue due to the Agency debtors relates back as far as year 2002.

FINANCES OF THE BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

- The entity obtained resources in the form of grant from the Department amounts to R65 800 000 , these resources were used in accordance with the budget approved. Total expenditure for the year was R 64 330 088, which leaves an underspending of R 1 469 912. The remaining amount was for the accruals and payable as at end of March 2019

- **REVENUE COLLECTION:**

Billing for Water Resource Management	R 35 147 646
Debtors receipts	<u>R 21 138 068</u>
	<u>R 14 009 578</u>

- Recovery rate was 60%, The revenue figure of R35 million reported is inclusive of invoices raised in March 2019, the invoices are payable in 30 days (30 April 2019). The agency adopted 30 days payment terms policy.

FINANCES OF THE BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY CONTINUES...

- During the transitional period some of the costumers continue paying the Department of Water and Sanitation for charges which should have been paid to BGCMA.
- No comparative figures from the previous year, The Agency inherited the debtors book from DWS on January 2018.
- No fruitless and wasteful expenditure and irregular expenditure were recognised.

BUSINESS OBJECTIVE TO MAXIMISE COST RECOVERY (Debt collection)

- Implementation of self service portal that will enable and empower the customers to request service , find information, register and solve queries.
- Move away from using manual debt collection process to automated dunning process.
- Sending out the demand letter to all customers owing the Agency.



**THANK YOU
ENKOSI
DANKIE**