

BREEDE-GOURITZ

Catchment Management Agency
Opvang gebied Bestuursagentskap
I-Arhente yoLawulo lomMandla nokungqongileyo



BGCMA

ANNUAL REPORT

2017/18

"QUALITY WATER FOR ALL, FOREVER"



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ACRONYMS & DESCRIPTION

APP	Annual Performance Plan
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
BERG	Berg-Olifants Proto-CMA
BG	Breede-Gouritz
BGCMA	Breede-Gouritz Catchment Management Agency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMA	Catchment Management Agency
CMS	Catchment Management Strategy
DG	Director-General
DDG	Deputy Director-General
DPSA	Department of Public Service and Administration
DWS	Department of Water and Sanitation
EDMS	Electronic Document Management Committee
EE	Employment Equity
ENE	Estimates of National Expenditure
EXCO	Executive Committee of the Governing Board
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GIS	Geographical Information System
GRAP	Generally Recognized Accounting Practice
HDI	Historically Disadvantaged Individual
HR	Human Resources
IB	Irrigation Board
IT	Information Technology
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NWA	National Water Act
PDMS	Performance and Development Management System
NWRS	National Water Resources Strategy
RORs	Record of Recommendations
PFMA	Public Finance Management Act
RPF	Resource Poor Farmers
PSP	Professional Service Provider
R	Rand (unit of South African currency)
V&V	Validation and Verification
VAT	Value Added Tax
WMA	Water Management Area
WARMS	Water Authorization and Registration Management System
WMIs	Water Management Institutions
WRM	Water Resource Management
WMS	Water Management System
WUA	Water User Association

THE MINISTER'S FOREWORD



FOREWORD BY THE MINISTER OF WATER AND SANITATION

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

As per requirements, a Shareholder Compact (SHC) and an Annual Performance Plan (APP) need to be developed to outline the planned activities and associated budget for the coming financial year. The current APP, just like others in the past is in harmony with the National or Ministerial Outcomes, the National Development Plan (NDP), the Department of Water and Sanitation (DWS) Strategic Objectives.

As the operating arm of the Department of Water and Sanitation the BGCMA will through its activities help to address the past imbalances in the water sector to contribute to socio-economic development as a whole.

The processing of water use license applications is a critical aspect in sound water resources management. The BGCMA will focus on this aspect to ensure that water users are assisted in a professional and efficient way. The BGCMA has built up a good reputation in this aspect and the technical assistance that is providing in the process to emerging farmers, is recognised.

Building awareness around all aspects of water is critical in the sustainable use of water resources. The BGCMA with its strong links to communities will build on this. This is even more important now with the prevailing drought in the area.

I am sure that the BGCMA will through the implementation of its strategic objectives play its role in the sustainable management of water resources.

A handwritten signature in black ink, appearing to read 'Nkwintye'.

NKWINTYE (MP)

MINISTER OF WATER AND SANITATION

PRESENTATION OF THE ANNUAL REPORT

Dear Honourable Minister

I have pleasure in presenting to you the 2017-2018 Annual Report of the Breede-Gouritz Catchment Management Agency for the year ended 31 March 2018.

Yours faithfully



MR BE MNISI
CHAIRPERSON

THE CHAIRPERSON'S REPORT

Following the challenges relating to drought we have experienced in the most parts of the Western Cape, it is hard to believe that the year has passed. 2017/2018 was a memorable year because of its challenges and its achievements. In the past year, the Breede-Gouritz Catchment Management Agency (BGCMA) hosted the Inkomati-Usuthu Catchment Management Agency (IUCMA) board for the first time in an effort to share ideas and skills in order to enhance the management of the country's most vulnerable resource, water. The year saw the departure of Mrs NP Mokonyane as the Honourable Minister of Water and Sanitation and we acknowledge her support and wish her well in her new portfolio. We also take pleasure in welcoming Mr Gugile Nkwinti as the new Honourable Minister of Water and Sanitation and we are looking forward to interacting with his office to ensure that the BGCMA continues to contribute towards the constitutional wishes of fostering water reform.

I serve with an excellent team of Board Members and I thank them for their unselfishness dedication to the governance of the Breede-Gouritz Catchment Management Agency (BGCMA), it is highly appreciated. The Governing Board ensured that there was accountability in the implementation of the strategic plan. For this, I thank the senior management and staff in general who worked tirelessly to provide an efficient water resources management service to all of the stakeholders in the Breede-Gouritz Water Management Area (BGWMA). The Governing Board recognises your efforts and highly appreciates you. The BGCMA has once again obtained an unqualified audit opinion.

The BGCMA has taken over the billing of water users and commenced with the collection of its first revenue from all registered water users within the Breede-Gouritz Water Management Area in January 2018. Previously, the registered water users were billed by the Department of Water and Sanitation (DWS). Taking over of the billing of water users comes with its own challenges as not only the billing function was taken over, but the BGCMA also inherited the doubtful debt of water users that did not previously pay while they were invoiced by the DWS. However, we are confident that our good relations with water users in the Breede-Gouritz Water Management Area will help us improve the rate of revenue collection going forward. Furthermore, very important water resource management functions like the processing of water use authorisations, registration of water use and the verification of water use were brought to the stakeholders in an efficient way and as planned in the 2017/2018 Annual Performance Plan.

The severe drought in the BGWMA made it a very challenging year, operationally. We are however pleased to see that all activities that were planned to mitigate the impacts of the drought were achieved. Numerous rain water harvesting tanks were installed to support small scale irrigation for mostly food gardens. This has a significant positive impact on the beneficiaries as they are now able to produce food and provide for their families. The river rehabilitation projects including the removal of invasive alien vegetation along rivers, made a positive impact in the sense that more water was made available during the drought period. The above projects were made possible by the collaborative efforts from various role-players including the Department of Agriculture, CapeNature and Municipalities.

The BGCMA continues to grow from strength to strength and it is discharging its official responsibilities with great zeal. The BGCMA is a fully fledged public entity and it is a functional operational arm of the Department of Water and Sanitation. I am forever grateful for the role that the Department of Water and Sanitation continues to play. Water as a critical resource cannot and should not be managed in isolation. As such, I acknowledge the various partnerships the BGCMA has with various institutions of higher learning, environmental organisations including other international bodies, which continue to make significant contribution towards all-encompassing principles of integrated water resource management.

I thank the Honourable Minister of Water and Sanitation, Mr Gugile Nkwinti for his support that led to the achievement of the BGCMA's set targets. Indeed, the BGCMA is on the right track to making a positive difference in its area of operation.

Yours sincerely



MR BE MNISI
CHAIRPERSON OF THE GOVERNING BOARD

FOREWORD BY THE CHIEF EXECUTIVE OFFICER (ACTING)

The 2017/2018 performance year was operationally a very successful year for the Breede-Gouritz Catchment Management Agency (BGCMA) as the targets that were set out in the beginning of year were mostly achieved. Thank you to the Governing Board for providing the necessary oversight and to all of the staff for your dedication.

The Breede-Gouritz Water Management Area (BGWMA) is water stressed. The need for a Catchment Management Strategy (CMS) to guide the management of water resources in the BGWMA, is therefore critical. The development of the CMS is completed and is now in the stage to obtain the necessary approval from the Minister of Water and Sanitation for its establishment. This was indeed a project where stakeholders actively participated; after all it is a plan that was developed by the stakeholders and where the process was facilitated by the BGCMA. Thank you to everybody that took part in the various processes to develop this guiding document for water resources management in the BGWMA.

For successful water resources management is critical to know and understand the various water resources and the use from it. In this regard the monitoring of water resources and the verification of water use are important. The BGCMA has expanded its water resource monitoring network and progressively completed the verification of water use in priority areas.

The BGCMA is the operating arm of the Department of Water and Sanitation that brings water resources services to the inhabitants in the BGWMA. From our offices in Worcester and George the public is supported in the processes to register water use and in the application processes for water use authorisations. The fast processing of water use applications is important for the allocation of water for socio economic development. The BGCMA set itself a very ambitious target in this regard. The target was achieved, a fact that is appreciated by various role-players in this space.

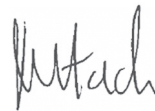
It is important to continue with the process to raise awareness in various aspects of water resources management. The BGCMA raised awareness amongst thousands of stakeholders, especially children. This bodes well for the future. Projects like the installation

of rain water harvesting tanks and the rehabilitation of rivers (by means of the removal of alien vegetation) were successfully completed. This also supports the drought mitigation measures in the area.

The most valuable asset of the BGCMA is its dedicated staff. In the year there was continuous training and development to enable all of us to deliver an even better service to our people.

We are very proud of managing an unqualified report for the tenth consecutive year. This took dedication and great effort.

The BGCMA is more than ever committed to the sustainable management of water resources in the Breede-Gouritz Water Management Area.



MR JAN VAN STADEN
CHIEF EXECUTIVE OFFICER (ACTING)

STRATEGIC OVERVIEW



SITUATIONAL ANALYSIS

The Breede-Gouritz Catchment Management Agency (BGCMA) was established in 2014 (Government Notice 37677, 23 May 2014) by extending the boundary and area of operation of the then Breede-Overberg Catchment Management Agency in terms of Section 80 of the National Water Act, 1998 (Act No 36 of 1998) (NWA). The BGCMA gives effect to its function to investigate and advise water users on the protection, conservation, management and control of water resources in a cooperative manner. The BGCMA facilitates cooperative governance of water resources through the linking of National, Provincial and Local Government as well as a host of sector partners and stakeholders.

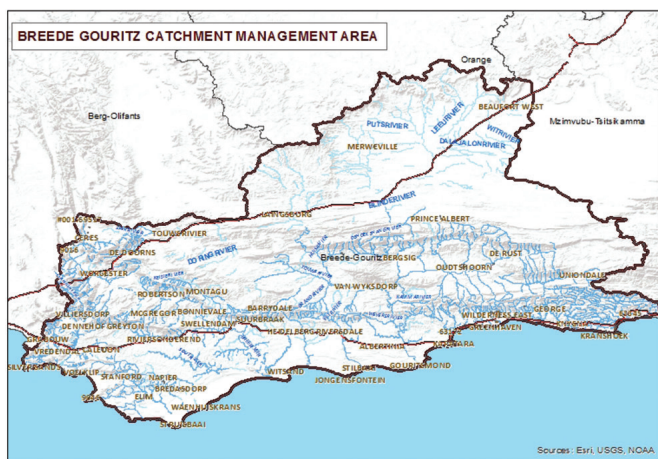


Figure 1: The Breede-Gouritz Catchment Management Area (Map)

The Breede-Gouritz Water Management Area has widely varying precipitation levels. The precipitation ranges from 160mm in the northern, more inland parts of the WMA to more than 3 000mm in the high mountainous regions of the Hottentots Holland and Franschoek water divides between Berg and Breede WMAs.

The average rainfall over the Breede area is 200 mm, Overberg 400 mm, Gouritz Coastal 600mm and Klein Karoo / Great Karoo 150 mm. The Great Karoo and Olifants River catchment regions are classified as a very late summer rainfall region, with a large proportion of annual precipitation falling between March and May and October through storm events, whereas most of the rain in Breede Valley falls between the months of May and August. Parts of the Southern Coastal parts of the Gouritz used to experience all year round rainfall.

The rainfall patterns have, however, changed in the last couple of years, with the continuation of a severe drought in the central Gouritz area and more recent within the Breede and Overberg area. This is depicted in the Seasonal Precipitation Index Maps supplied by the Agricultural Research Commission (Figures 2 and 3)

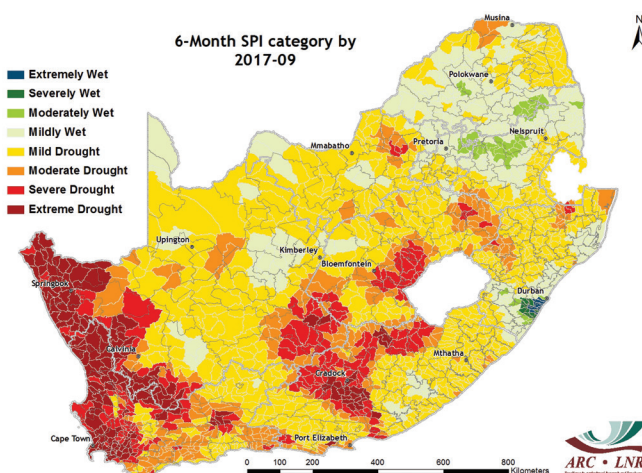


Figure 2: 6-month Seasonal Precipitation Index (Map)

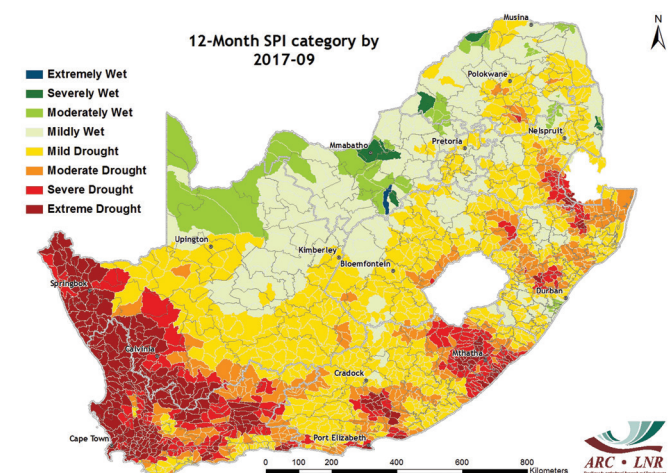


Figure 3: 12-Month Seasonal Precipitation Index (Map)

The economic geography of the Breede-Gouritz WMA

The Gross Geographic Product (GGP) of the Breede-Gouritz Water Management Area is estimated at around R22 billion per annum and makes up just under 1% of South Africa's Gross Domestic Product (GDP). The economy of the WMA is dependent on export fruit and fruit products, PetroSA, uranium mining, renewable energy, ostrich farming and tourism. The region as a whole is quite significantly dependant on the agricultural economy which provides 58% of jobs to the rural poor. The economy of the Breede-Gouritz is closely dependent upon the availability and health of water resources in the water management area because of its heavy dependence on agriculture, petroleum production, inter-basin transfers of bulk water resources to Western Cape Water Supply System and tourism.

Key spatial clusters of economic activity within the CMA are identified as:

- An intensive coastal urban economy in the far western portion of the CMA area (Gansbaai to Hermanus) and in the eastern portion (Mosselbaai to Plettenberg Bay). These areas have some of the largest urban populations in the catchment;
- An intensive irrigation agricultural and small town economy along the length of Breede River, including Swellendam and Robertson;

- An intensive irrigation agricultural and small town economy in the Grabouw/Theewaterskloof area;
- A widespread dry-land cultivation economy on the Agulhas Plains (from Napier in the west to George in the east) to the south of the Breede river valley, with occasional small coastal towns, such as Riversdale and Heidelberg;
- An extensive farming and small town economy in Groot and Klein Karoo, including Prince Albert, Beaufort West, Lainsburg and Oudtshoorn; and
- A tourism economy overlies the whole CMA area, associated with urban areas, protected areas and importantly, agriculture

The implication of this for water is that there is a strong alignment between water supply areas and water demand, which reflects the history of a farming economy, where settlement occurred in farming areas with abundant water. However, as the urban population grows, particularly in the Garden Route and the Overberg region, demand is starting to exceed supply and water shortages are becoming increasingly common, with Hermanus and Knysna being cases in point. Similarly, Cape Town's demand exceeds local geographical supply, and inter-catchment transfers are necessary from the Breede catchment to meet this demand.

INSTITUTIONAL ARRANGEMENTS

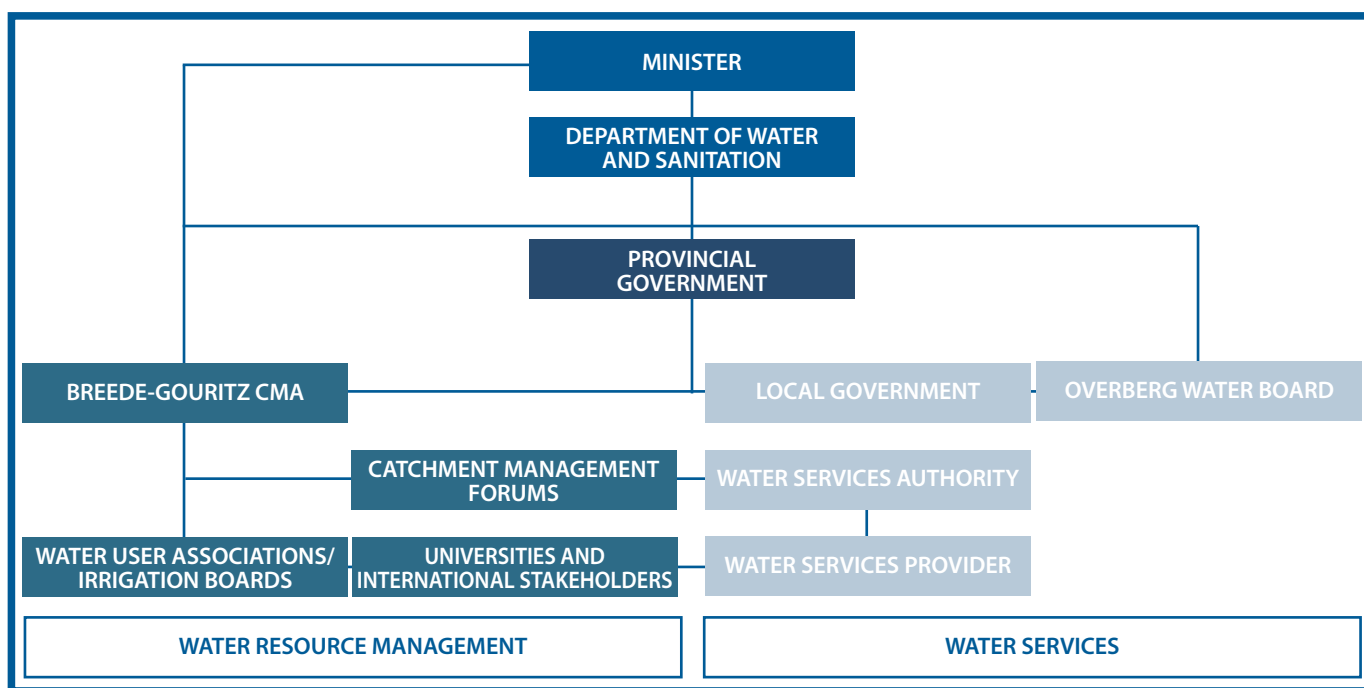


Figure 4: Institutional arrangements of the Breede-Gouritz Water Management Area

The Catchment Management Agency (CMA) is accountable to the Minister of Water and Sanitation (DWS). In order to play the coordinating and regulatory role the BGCMA has a close cooperative relationship with the DWS, largely with the DWS Provincial Office, but also with key line functions at the National Office.

The delegated functions support the broad functional areas of:

- Localised management activities related to local management, conservation, protection and monitoring activities.
- Registration and water use verification in support of improved water use authorisation processes and improved understanding of water resource availability.

The BGCMA has adopted a cooperative management approach, with National, Provincial and Local Government, as well as other organisations and institutions. This cooperative approach permeates all stakeholder engagement and the way in which resource management decision-making is done in the BGWMA. This is a fundamental aspect of effective catchment management, because it is only through stakeholder buy-in that the individual actions required to protect and share water is done.

Performance environment

One of the reasons for the existence of the BGCMA is to bring water resource management services closer to the public. This is achieved by having contact points to the public in Worcester and in George. With the public demanding an ever increasing water management services, the BGCMA will continue to strengthen its capabilities at the two contact points.

In a period of drought, as now, the true value of the BGCMA is coming to the fore to ensure that the available water is appropriately shared amongst the water users. This is achieved by the management of water restrictions and to act as a mediator between the competing water uses interest groups. The farming income is reduced because of the drought and it may affect the ability of water users to pay water resource management charges. The budget of the BGCMA takes into account the prevailing circumstances and the focus will be on efficiencies in all aspects.

Because the Breede-Gouritz Water Management Area is very water stressed the BGCMA will concentrate on efforts to increase the sustainability of the water resources through effective and well-considered water use licencing, encouragement of the construction of dams in the winter rainfall area, removal of alien invasive plant species, rehabilitation of riparian zones within rivers and the support of Community Gardens and water related projects. Water Allocation Reform remains a priority to the BGCMA and various avenues are explored at all times to reach this goal for example, participating in the Department of Rural Development and Land Reform steering committees, licencing conditions and promotion of partnerships.

LEGISLATIVE AND OTHER MANDATES

The Breede-Gouritz Catchment Management Agency (BGCMA) is a water management institution established in terms of section 78 of the National Water Act 36 of 1998 and is operational in the Breede-Gouritz Water Management Area (WMA).

The BGCMA has the following inherent functions in terms of section 80 of the National Water Act:

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

In terms of section 5 of the National Water Act 36 of 1998, the National Water Resource Strategy determines the water management areas to be managed by catchment management agencies. This National Water Resource Management Strategy is also setting the national objectives for water resource management involving all water management institutions in terms of the National Water Act.

The Catchment Management Agency must, in terms of section 80(b) of the National Water Act, develop a catchment management strategy for its water management area which must not be in conflict with the National Water Resource Management Strategy II. The catchment management strategy will be a stakeholder driven document which, on completion, is a policy mandate by stakeholders.

In terms of the National Pricing Strategy for Raw Water Use Charges the determination of sectorial water resource management charges and the determination of annual waste loads are to be per water management area. In terms of section 57(2) of the National Water Act the BGCMA determines the charges payable to the agency, in line with the National Pricing Strategy.

STATEMENT OF RESPONSIBILITY

1. COMPLIANCE WITH APPROPRIATE LEGISLATION

The Breede-Gouritz Catchment Management Agency is responsible for all information and representations contained in the statement of financial position as at 31 March 2018, and the related statement of financial performance, statement of changes in net and cash flow statement for the year ended 31 March 2018.

These financial statements have been prepared in conformity with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standard Board replacing the equivalent Generally Accepted Accounting Practices (GAAP) standard.

2. BASIS USED TO PREPARE THE ANNUAL FINANCIAL STATEMENT

In this regard senior management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly

authorised and recorded, assets are safeguarded against unauthorised use or disposition, and liabilities are recognised. The management likewise discloses to the CEO and Audit & Risks Committee and its external auditors:

- Significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data;
- Material weaknesses in the internal controls; and
- Any fraud that involves management or other employees who exercise significant roles in internal controls.

3. MEASUREMENT OF BGCMA'S FINANCIAL POSITION AS A GOING CONCERN (BUSINESS)

The BGCMA receives its funding from the Department of Water and Sanitation on an annual basis to cover the entity's operations expenses. Funds received for the financial year amount to R60 000 000.



THE BOARD MEMBERSHIP

BGCMA GOVERNING BOARD MEMBERS

Mr BE Mnisi (Chairperson)
Mr TE Abrahams (Deputy Chairperson)
Dr O Curtis
Mr NH Hamman
Ms B Damane
Mr MJ Delport
Ms EM Palmer
Mr HM Rossouw
Mr CJU Swart
Mr AP Barnes

BGCMA COMMITTEES

AUDIT AND RISKS COMMITTEE

Mr MJ Delport (Chairperson)
Mr NH Hamman
Ms B Damane
Mr CJU Swart

TECHNICAL COMMITTEE

Dr O Curtis (Chairperson)
Mr HM Rossouw
Mr CJU Swart
Mr AP Barnes

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Mr TE Abrahams (Chairperson)
Mr BE Mnisi
Ms EM Palmer
Mr HM Rossouw

APPLICABLE ACTS AND OTHER INFORMATION

This report is submitted in compliance with the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) read with section 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004), the Public Finance Management Act 1999 (Act 1 of 1999) amended by Act 29 of 1999; the Standards of Generally Recognized Accounting Practice (GRAP), Standards of Generally Accepted Accounting Practice (GAAP); Treasury Regulations, 2001; the Equity Act (Act 55 of 1999) and other applicable Acts and Regulations.





MR BE Mnisi
CHAIRPERSON



MR TE Abrahams
DEPUTY CHAIRPERSON





MR MJ Delpert



Dr O Curtis



Mr NH Hamman



Mr AP Barnes



Ms B Damane



Mr CJU Swart



Ms EM Palmer



Mr HM Rossouw

MANAGEMENT COMMITTEE



FROM LEFT: Ms Bonita Mdoda (Data Manager), Ms Prudence Mahlaba (Senior Manager - Water Resources - Acting), Ms Malehlohonolo Mlabateki (Public Relations & Marketing Officer), Mr Jan van Staden (Chief Executive Officer - Acting)



FROM LEFT: Ms Zanele Mngoma (Chief Financial Officer), Ms Sylvia Mbombo (Performance & Planning Coordinator), Ms Elmarie van Rooyen (Institutional & Stakeholder Relations Manager), Mr Ogwang Okoth (Human Resources Manager)
 TOP FROM LEFT: Mr John Sibanyoni-Geohydrologist/Acting Manager: Water Use
 Mr Gerhard de Bruijn (Finance Manager - Expenditure), Mr Langa Twaise, IT/Strategic Support Manager

ANNUAL PERFORMANCE INFORMATION

1. WATER RESOURCE PLANNING

Water resources planning includes the initialising of the development of the Breede-Gouritz Catchment Management Strategy ("CMS"), as well as conducting other assessments and actions that supports the monitoring, control and management of water resources in the Water Management Area.

OUTPUTS				
OUTCOMES	PERFORMANCE MEASURES (KPIs)	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
1.1 Catchment Management Strategy (CMS)	% of CMS completed	100%	100%	
1.2 Water Resource Planning Processes	Percentage of land use planning and rezoning applications commented on (letters sent)	85%	92% (average)	More applications received than what was envisaged
	Number of Water Quality Objective Report/s completed	1	2 Completed • Klein River • Dwars River	

2. WATER USE MANAGEMENT

Water use management includes activities such as water use licensing, registration of water users, pollution control and ensuring water use compliance and enforcement for the 11 prescribed water uses. The BGCMA highlighted the urgency of fast-tracking the registration and licensing process to address the backlog. The water quality management priority included the registration of waste discharge together with effective resource protection and compliance monitoring.

OUTPUTS				
OUTCOMES	PERFORMANCE MEASURES (KPIs)	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
2.1 Registered Waste Use	% of Water Registrations finalised	85%	46% (average)	<ul style="list-style-type: none"> • The constant and continual struggle of WARMS Accessibility and Connectivity is the major hindrance • Staff capacity and Backlog ratio indicates human resource being overwhelmed and outnumbered by the workload. • Continuous under performance towards the target yields exponential growth in backlog.
2.2 Processed Water Use Applications	% of Licenses recommended as per Regulation	90%	90%	
	% of General Authorisations confirmed	100%	100%	
2.3 Water Use complied with Water use License / General Authorisation conditions	Number of Audit Reports completed for water use compliance	65	97	<ul style="list-style-type: none"> • 58 Compliance audits were conducted during the financial year. • 39 Compliance audits were conducted during the Blitz project with DWS. <p>Total therefore 97</p>
2.4 Water Users Validated & verified in selected catchment/s	Number of confirmation letters sent to water users to apply for Validation & Verification of water use	200	244	

3. INSTITUTIONAL ENGAGEMENT

The BGCMA communicated with stakeholders through various stakeholder forums, awareness drives such as Water Week. Identified Social Responsibility projects were supported and capacity building provided where necessary.

OUTPUTS				
OUTCOMES	PERFORMANCE MEASURES (KPIs)	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
3.1 Communication with stakeholders	Number of learners that attended water campaigns (Water Week / Land Care etc.)	4000	8009	The target was exceeded, due to the following unplanned events held in conjunction with the Departments of Social Development, SAPD, ACVV, Molteno Farms, Theewaterskloof Municipality and a number of NGOs.
	Number of Newsletters compiled and printed	4	4	
3.2 Social responsibility projects financially supported	Percentage of approved social responsibility projects funded	100%	100%	2 Projects were funded, included gardening projects at a disability centre in George and a centre for children who are either infected or affected with HIV, AIDS or TB, abused and vulnerable children as well as those children who are left destitute and neglected in Grabouw
3.3 Forums established and maintained	Number of existing water related Forums technically and administratively supported	18	18	

4. WATER ALLOCATION REFORM

The BGCMA has prioritised programmes promoting water allocation reform (and equity arrangements) giving assistance to resource-poor farmers, particularly in terms of the DWS subsidy and with license applications.

OUTPUTS				
OUTCOMES	PERFORMANCE MEASURES (KPIs)	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
4.1 Resource Poor Farmers (RPF) supported	% of RPF technically supported on water use	100%	100%	
	% of RPF assisted with completing financial applications for Government subsidies	100%	100%	

5. RESOURCE PROTECTION

The BGCMA monitored water resources for water quality at 86 monitoring points and assisted with the NEMP monitoring for the DWS. Pollution incidents were acted on timeously to prevent any lasting damage to water resources. The DWS Control, Management and Enforcement unit were provided with assistance.

OUTPUTS				
OUTCOMES	PERFORMANCE INDICATORS	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
5.1 Protected Resources	Number of DWS Water Quality monitoring projects sampled (NEMP)	1	1	86 refers to the number of BGCMA Water Resource points monitored on a monthly basis. 6 are ad-hoc sampling points, which caused the BGCMA to exceed its target. Hence, the total is 92.
	Number of BGCMA Water Resource points monitored	70	92	
	Number of River Rehabilitation Projects funded	4	4	
	% of Reported non-compliance cases dealt with	100% of Reported non-compliant cases dealt with	100%	

6. INFORMATION SYSTEMS

BGCMA Information Technology and Communications (ICT) is responsible for overseeing the technology infrastructure and related services and daily needs of the CMA. IT utilizes information and Communications Technology to design, select and implement a variety of technology solutions to assist the CMA in meeting strategic goals. BGCMA ICT is critical to the CMA's transformation agenda and this role will position ICT as a strategic player and enabler of successful change through strong delivery of innovative solutions to business challenges. The BGCMA ICT is responsible for the management, support, and securing of technology infrastructure, information systems hardware and software, telecommunications, and geographic information systems, and provides the leading edge technology and related services for utilization by various departments of the CMA. ICT was bolstered by the employment of the ICT technician who is responsible for the first line support function in the CMA.

	OUTPUTS			
OUTCOMES	PERFORMANCE INDICATORS	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
6.1 Information Systems planned and maintained	Enterprise Resource Planning Systems (SAP) implemented	60% of SAP implementation <ul style="list-style-type: none"> • Finance Accounting Module (FI) <ul style="list-style-type: none"> • Asset Management • Account Payable • Cash Management and Petty Cash • Controlling and Funds Management • General Ledger • Supply Chain Management 	60% of the SAP system implemented <ul style="list-style-type: none"> • Finance Accounting Module (FI) <ul style="list-style-type: none"> • Asset Management • Account Payable • Cash Management and Petty Cash • Controlling and Funds Management • General Ledger • Supply Chain Management 	Target achieved
	Electronic Document Management System Implemented	Not implemented	Not implemented	Part of modules deferred to a later date.

7. STRATEGIC SUPPORT:

(I) FINANCIAL MANAGEMENT

The strategic support section of the BGCMA is the backbone of financial management and administration for the organisation, with the priority of ensuring financial viability and sustainability through water use charges and effective organisational development.

OUTPUTS				
OUTCOMES	PERFORMANCE INDICATORS	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
7.1 Finance Statutory reporting documents	% of reports complying with listed financial reporting prescripts	100%	100%	Target achieved
	Number of proposed tariff reports submitted to DWS complying with pricing strategy	1	1	Target achieved
7.2 Effective risk Management	Number of risk assessment reports	2	2	Target achieved
7.3 Effective internal controls	Percentage of audit recommendations implemented according to action plan	100%	100%	Target achieved
	Number of audit strategies developed (internal and external audit)	2	2	Target achieved
7.4 Increase BBBEE Spending	Percentage of targeted procurement budget spent on BBBEE	50% (9.2m)	148% (13.6m)	Target achieved
	Percentage of increase in new entrants awarded contracts	50%	20%	Target not achieved. Due to our area of operation.

(II) HUMAN RESOURCES MANAGEMENT

The Human Resources is located within the strategic support function of the Agency. Its main function is to plan, co-ordinate and manage the Human Resources function of the Agency through the design, development, formulation, and implementation of policies, procedures and systems in line with all applicable legislations and prescripts. It is further responsible for the provision of accurate and correct human resources advice on a regular basis.

OUTPUTS				
OUTCOMES	PERFORMANCE INDICATORS	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS
7.5 Effective Organisational Development	Number of Human Resources Strategic Development Plans	1	1	Target achieved
	Percentage occupancy rate of approved and funded posts	90%	59.3	Organogram was reviewed to cater for the new function (Revenue Management & SAP) from 69 posts to 86. Delayed funding to recruit more personnel
7.6 Organisational strengthening	Percentage of personnel development plans for staff development	100%	100%	Target achieved

8. MANAGEMENT AND GOVERNANCE

This programme represents the executive and board management of the CMA, together with the aspects required for good corporate governance and relationships with the Minister as the executive authority (and DWS). The governance priority is to sign and mainstream the MoU with DWS RO and other relevant Chief Directorates into the operation of the CMA together with DWS.

OUTPUTS				
OUTCOMES	PERFORMANCE INDICATORS	PLANNED TARGETS 2017/2018	ACTUAL ACHIEVEMENTS 2017/2018	COMMENTS ON DEVIATIONS
8.1 Strategic Management provided	Percentage of Corporate Compliance reports produced	100%	100%	None
	Number of Shareholder Compact signed	1	1	None
8.2 Governance provided	Percentage of compliance with non-financial reporting scripts as per the technical descriptive	100%	100%	None
8.3 Social responsibility	Number of Corporate social investment programmes	4	4	None
8.4 Institutional Cooperation	Number of new agreements signed	2	2	None

GOVERNANCE

Corporate Governance

Corporate governance embodies processes and systems by which the Breede-Gouritz Catchment Management Agency (BGCMA) is directed, controlled, managed and held to account. The Parliament, the Executive Authority and the Governing Board of the BGCMA are collectively responsible for corporate governance of the entity.

THE PORTFOLIO COMMITTEE

The Parliamentary Portfolio Committee on Water and Sanitation exercises its oversight responsibility role through evaluating the performance of the BGCMA in terms of service delivery, as such, reviewing the non-financial information contained in the annual report. The BGCMA received positive comments from the Portfolio Committee on Water and Sanitation and there was nothing negative or deviations mentioned.

THE GOVERNING BOARD

The Breede-Gouritz Catchment Management Agency (BGCMA) has a Governing Board comprising of ten (10) non-executive Board members and one (1) Executive Board member, the Chief Executive Officer as an Ex Officio member. The roles of the Chairperson and that of the Chief Executive Officer are separate as recommended in the King Code of Good Corporate Governance. This is to ensure the independence of the two positions and very clear definitions of roles and responsibilities. The Chairperson of the Governing Board and other Board members (with the exclusion of the Chief Executive Officer) is independent non-executive directors in the manner described in the King Code. All Board members execute their legal duties in a professional manner, with integrity and enterprise. In terms of the National Water Act, No. 36 of 1998, the Board members are appointed by the Minister of Water and Sanitation and who in turn appoints the Chief Executive Officer. The Governing Board Chairperson is Mr Bongani Mnisi and the Deputy Chairperson is Mr Trevor Abrahams.

The Governing Board is assisted in discharging its responsibilities through the following three (3) sub-committees, namely:

- a) The Audit and Risk Committee;
- b) The Technical Committee; and
- c) The Human Resources and Remuneration Committee.



The BGCMA Board and Committee membership is informed by **Table 1** below:

Current Governing Board Membership

NUMBER	NAME OF BOARD MEMBER
1.	Mr. B.E Mnisi
2.	Mr. T.E Abrahams
3.	Mr. M.J Delport
4.	Dr. O. Curtis
5.	Mr. C.J.U Swart
6.	Mr. N.H Hamman
7.	Ms. B. Damane
8.	Mr. A.P Barnes
9.	Mr. M.H Rossouw
10.	Ms. E. Palmer

Table 1

A Board Charter provides a framework for fiduciary duties, responsibilities and overall functioning of the Governing Board. The Board Charter is read in conjunction with:

- The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by the Public Finance Management Amendment Act (Act 29 of 1999) hereinafter referred to as the PFMA.
- Treasury Regulations (GG 27338) as amended from time to time.

- The National Water Act, 1998 (Act No. 38 of 1998); and
- The King Code of Governance Principles (King IV).

The Board is accountable for the leadership and control of the Breede-Gouritz Catchment Management Agency. Its responsibilities include the development, review and monitoring of strategic objectives, the approval of major capital expenditure, risk management and monitoring of operational and financial performance.

The Government of the Republic of South Africa represented by the Minister of Water and Sanitation is the sole shareholder of the BGCMA. The Board contracts with the Executive Authority, the Minister of Water and Sanitation, through an annually approved Shareholder Compact and engage with the shareholder through various fora during the course of the year.

As recommended by the King Code of Corporate Governance, the Board evaluates the performance of all divisions including the finance division. The members of the Board have skills that are put to good use in providing leadership, guidance and directing strategy at all times. Overall, the Board functions at a strategic level and delivers output in line with its mandate. The Governing Board has three (3) Sub-Committees to assist it in the running of the Agency namely, the HR & Remuneration Committee, the Audit & Risk Committee and the Technical Committee.

The attendance of the ordinary Governing Board meetings by members is reflected in the tables below:

Ordinary Board Meeting attendance 2017/18

MEMBERS	GOVERNING BOARD MEETING DATES		
	28 JULY 2017	15 NOVEMBER 2017	29 MARCH 2018
Mr. B.E Mnisi	✓	✓	✓
Mr. T.E Abrahams	✓	✓	✓
Mr. M.J Delport	✓	✓	✓
Dr. O. Curtis	✓	✓	★
Mr. C.J.U Swart	✓	★	✓
Mr. N.H Hamman	✓	✓	✓
Ms. B. Damane	★	✓	✓
Mr. A.P Barnes	✓	✓	✓
Mr. M.H Rossouw	✓	★	✓
Ms. E. Palmer	✓	✓	✓
Mr. P. Buthelezi	✓	●	●
Mr. J. van Staden	□	✓	✓

Table 1

- ✓ The Governing Board members who attended the meeting
- ★ The Governing Board members who tendered an apology
- Mr Phakamani Buthelezi resigned
- Mr Jan van Staden, not yet appointed

Special Board Meeting attendance 2017/18

MEMBERS	DATE
	25 AUGUST 2017
Mr. B.E Mnisi	✓
Mr. T.E Abrahams	★
Mr. M.J Delport	✓
Dr. O. Curtis	✓
Mr. C.J.U Swart	✓
Mr. N.H Hamman	★
Ms. B. Damane	✓
Mr. A.P Barnes	★
Mr. M.H Rossouw	✓
Ms. E. Palmer	★

Table 2

- ✓ The Governing Board members who attended the meeting
- ★ The Governing Board members who tendered an apology

COMMITTEES OF THE GOVERNING BOARD

I) THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

This Committee comprises of four (4) non-executive directors and the Chief Executive Officer as an Ex Officio member. Its Chairperson is Mr. Trevor Abrahams. The Committee reviews and recommends to the Governing Board all matters related to:

- a) Human Resources Policies, Organisational structure and Compliance with the Employment Equity Act (Act 55 of 1998 and other labour legislations.
- b) Conditions of employment.
- c) Appointment of the Chief Executive Officer and members of the Senior Management.
- d) Recommends the remuneration package of the Chief Executive Officer to the Executive Authority.
- e) Practices for Performance Management, and
- f) Strategic Human Resources related matters.

The attendance of the Ordinary Human Resources and Remuneration Committee meeting is informed by **Table 1** below:

HR & Remuneration Committee Meeting attendance 2017/18

MEMBERS	22 JUNE 2017	12 OCTOBER 2017	24 FEBRUARY 2018
Mr. T.E Abrahams	✓	✓	✓
Mr. M.H Rossouw	✓	✓	✓
Ms. E. Palmer	✓	✓	✓
Mr. B.E Mnisi	✓	✓	✓
Mr. P. Buthelezi	✓	●	●
Mr. J. van Staden	□	✓	✓

Table 1

- ✓ The HR & Remuneration Committee members who attended the meeting
- ★ The HR & Remuneration Committee members who tendered an apology
- Mr Phakamani Buthelezi resigned
- Mr Jan van Staden, not yet appointed

II) THE AUDIT & RISKS COMMITTEE

The Governing Board has the ultimate responsibility of establishing a framework for internal control, including an appropriate procurement and provisioning system. The controls throughout the Agency focus on those critical risk areas identified and endorsed by the internal auditors.

The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Organisational policies, procedures, structure and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Management closely with the assistance of the Chief Financial Officer, monitor the controls and actions that are taken to correct deficiencies as they are identified.

In line with the PFMA and the King Report requirements, the Finance Unit provides the Audit Committee with the assurance that the internal controls are appropriate and effective. This is achieved by an independent objective appraisal and evaluation of the Risk and Audit management processes, internal controls and governance processes as well as by recommending corrective actions and suggested enhancements to the controls and processes.

The risk based Internal Audit Plan focuses on major risks emanating from the Agency's management processes. The Internal Audit Plan is responsive to changes in the Agency's risk profile.

FRAUD AND CORRUPTION

The Governing Board is responsible for ensuring that an integrated Fraud Prevention Plan is implemented in order to minimise the risk and opportunity for fraud and corruption.

In order to support the strategic intent and business objectives of the Agency or its Committees at its discretion, may request forensic audit where there is prima-facie evidence that this is justified. The Agency has an Anti-Fraud Prevention Strategy to continue prevention, detection and response to fraud and corruption. In all meetings, there is constant education and awareness of fraud and corruption.

This Committee comprises of four (4) non-executive directors and the Chief Executive Officer as an Ex Officio member. Its Chairperson is Mr. M.J Delpont. The Committee reviews and recommends to the Governing Board all matters related to:

- Oversee and recommend the approval of the BGCMA budget that supports the Annual Performance Plan (APP) by the Governing Board;
- Recommends the appointment of the Internal and External Auditors, subject to the constitutional mandate of the Auditor-General (AG) to conduct the audits of Public Entities;
- Oversee all aspects of the Internal and External Audit relationship;
- Promote integrity in financial recording, control, management, reporting and accountability; and
- Ensure that the BGCMA has an appropriate Supply Chain Management Policy that is fair, equitable, and transparent and complies with all applicable legislation and regulations.

The attendance of the Audit & Risks Committee meeting is informed by **Table 2** below:

Audit & Risks Committee Meeting attendance 2017/18

MEMBERS	22 JUNE 2017	12 OCTOBER 2017	24 FEBRUARY 2018
Mr. M.J Delpont	✓	✓	✓
Ms. B. Damane	★	✓	✓
Mr. N.H Hamman	✓	✓	✓
Mr. C.J.U Swart	✓	✓	✓
Mr. P. Buthelezi	✓	●	●
Mr. J. van Staden	□	✓	✓

Table 2

- ✓ The Audit and Risks Committee members who attended the meeting
- ★ The Audit and Risks Committee members who tendered an apology
- Mr Phakamani Buthelezi resigned
- Mr Jan van Staden, not yet appointed

Special Audit & Risks Committee Meeting attendance 2017/18

MEMBERS	COMMITTEE MEETING DATE
	22 MARCH 2018
Mr. M.J Delport	✓
Ms. B. Damane	✓
Mr. N.H Hamman	✓
Mr. C.J.U Swart	✓
Mr. J. van Staden	✓

Table 3

- ✓ The Audit and Risk Committee members who attended the meeting

III) THE TECHNICAL COMMITTEE

The Technical Committee assist the Governing Board in discharging its duties related to all water resources management powers and functions including any technical service determined by the Board in the Water Management Area (WMA).

The Technical Committee comprises of four (4) non-executive directors and the Chief Executive Officer as an Ex Officio member. Its Chairperson is Dr Odette Curtis. The Committee reviews and recommends to the Governing Board all the following matters:

- a) Ensuring the catchment visioning and development of the Catchment Management Strategy (CMS) and associated water resource management plans;
- b) Reviewing proposals on the allocation / re-allocation of water and protection of water resources and making recommendations to the Governing Board;
- c) Monitoring and evaluating effective stakeholder participation

The attendance of the Technical Committee meeting is informed by **Table 4** below:

Technical Committee Meeting attendance 2017/18

MEMBERS	15 JUNE 2017	10 OCTOBER 2017	22 FEBRUARY 2018
Dr. O. Curtis	★	✓	★
Mr. C.J.U Swart	✓	✓	✓
Mr. H.M Rossouw	✓	✓	★
Mr A.P Barnes	✓	★	✓
Mr. B.E Mnisi	✓	★	★
Mr. P. Buthelezi	✓	●	●
Mr. J. van Staden	✓	✓	✓

Table 4

- ✓ The Technical Committee members who attended the meeting
- ★ The Technical Committee members who tendered an apology
- Mr Phakamani Buthelezi resigned

WATER RESOURCES MANAGEMENT

INTRODUCTION

The Water Resources Management (WRM) unit is responsible for the management and co-ordination of functions performed by the Breede-Gouritz Catchment Management Agency for the implementation of the National Water Act, (Act 36 of 1998) to ensure integrated water resources management in an equitable, efficient and sustainable manner.

The WRM Unit gives effect to the powers and duties as required by the Department of Water and Sanitation (through three main divisions namely; the Data Management, Water Use Regulation and Institutional and Stakeholder Relations). The three divisions enhance the efficiency of service delivery to the stakeholders through cooperative actions.

The Data Management division supports water resources management through constant updating and upgrading of water databases such as the Water Use Authorisation and Registration Management System and Geographical and Spatial Information Systems.

The Water Use Regulation division is responsible for, but not limited to, the functions relating to the Water Resource Planning, Water Use Management and Monitoring and Water Use Authorisations. The Institutional and Stakeholder Relations division is responsible for engagement with stakeholders as well as maintaining and improving Inter-Governmental Relations.

This report discusses the key highlights for the financial year 2017/2018 under the following headings:

1. Water Resources Planning
2. Water Resource Management
3. Institutional Engagement
4. Water Allocation Reform
5. Water Resource Protection

WATER RESOURCES PLANNING

Catchment Management Strategy (CMS)

The Catchment Management Strategy is approved by the Board and it was sent to the Minister who must approve the CMS for implementation.

Land use applications

The BGCMA monitored and managed water resources within the Breede-Gouritz catchment. An average of 92% land use planning and rezoning applications were assessed and commented on within the regulated timeframes.

Water Quality Objective Reports

The Klein River Water Quality Objective Report was finalised as per the APP. However, the Dwars River Quality Objective Report was also finalised.



WATER USE MANAGEMENT

Registered Water Use

The target set for the water registrations finalized was 85%. The BGCMA confirmed the water registrations of 46% average on the Water Authorization and Registration Management System (WARMS), which is 39% less than the target.

The three major causes were:

- The constant and continual struggle with WARMS Accessibility and Connectivity is the major hindrance
- Staff capacity and Backlog ratio indicates human resource being overwhelmed and outnumbered by the workload.
- Continuous under performance towards the target yields exponential growth in backlog.

Water Use Authorizations

The BGCMA received 4 licenses between 1 April 2017 and 1 July 2017 which should have been assessed and presented within the regulated time of 270 days – all these licenses were finalized to be presented at the WUAAAC (as per BGCMA Delegation) for National support which amounts to 100% licenses presented.

However:

- only (4 of the 5 – 80%) of these WULAS were recommended to be processed and forwarded to the DWS for approval;
- the remaining (1 of the 5 – 20%) of these applications which was presented and recommended at WUAAAC was deferred as the WUAAAC required clarification on some of the water uses – this application was recommended for re-appearance at the WUAAAC once the information is available – which WUAAAC meeting date fell outside the 2017/2018 financial year.

Therefore 80% recommended

- In addition to the aforementioned, the BGCMA also received 3 Amendment requests which was presented to the WUAAAC and recommended for signature by DDG & DG at DWS National.

Therefore 100% recommended

The target of 90% was therefore achieved.

The BGCMA reviewed and confirmed 100% of the General Authorisations for water use requests, which is achieving the 100% target.

Water Use compliance audits

58 Compliance audits were conducted during the financial year. 39 Compliance audits were conducted during the Blitz project with DWS.

The above included the investigation into pollution incidents, the follow up on rehabilitation after such incidents and the liaison with the authorities where necessary. Inspections on water users with valid permits/licenses were carried out and are an ongoing process as part of the delegations received by the BGCMA. Areas identified as “pollution hotspots” were included in the current sampling programmes of the BGCMA to increase the monitoring of these areas. This will also enable the BGCMA to be pro-active in timeously mitigating pollution incidents.

Validation and Verification of water use in selected priority areas

Validation is the process to confirm whether the volume of water registered coincides with the volume of water required for crops cultivated. On the other hand verification is the process to check the lawfulness of the volume of water actually used under previous legislation, so as to clarify the extent of Existing Lawful Use (ELU).

The BGCMA further rolled out the Validation and Verification process for targeted quaternaries in the Gouritz part of the Breede-Gouritz Water Management Area. The water use of 244 properties were verified.

INSTITUTIONAL ENGAGEMENT

Stakeholder Engagement, Marketing and Communication

The set target to reach 4000 learners and stakeholders during water campaigns 2017/2018, were exceeded and 8009 learners and stakeholders were reached during 2017/2018. These stakeholders and learners were reached through several ad hoc and joint awareness days and campaigns throughout the year and not only during planned awareness days, campaigns and annual Water Week activities.

Planned awareness days and campaigns included:

- School Holiday Programmes
- School Water Awareness activities
- Youth Day and Women's Day activities
- Women's Day events
- Mandela Month – River Clean-up campaigns
- World Food Day

Water Week 2018:

- Groenberg Secondary School - 723
- H.M. Beets Primary School - 81
- Middleton Primary School - 329
- Klipdale Primary School - 70
- Protem Primary School - 89
- Kleinmond Primary - 740
- Stockwell Primary - 183
- Waboomskraal, Klaarstroom, Excelsior and Amalienstein Primary schools - 356
- Water Conservation Awareness campaign in Wittedrift-Bitou LM - 80 Households & 34 people
- Water conservation awareness in Zoar - 46
- Walk about to Car Washes in Town and KwaNokuthula - 30 people attended

Various ad hoc and joint awareness days campaigns and events were held in conjunction with the Departments of Social Development, SAPD, ACVV, Molteno Farms, Theewaterskloof Municipality and a number of NGOs, which is the reason why the BGCMA exceeded this target includes the following:

- Women's Day events in Rheenendal, Worcester and Elgin - 868
- 3 x Youth Day activities in Caledon, Grabouw and Worcester - 2285
- Learners reached through Heritage Day Awareness Campaign in Avian Park, Worcester - This event was held in conjunction with GCIS, the Cape Winelands District Municipality, Cape Nature - 425
- People reached at Departmental Awareness Campaign in Middleton, TWK Municipality, DSD, BADISA, DOA and SAPD - 250
- World Food Day - 1300 people - DOA, SAPD, TWK Municipality, NGOs, Dept of Health, Dept of Education
- RPF Roadshows, including Caledon RPF Roadshow follow-up, Beaufort West RPF Roadshow, Oudtshoorn and Mosselbay where Resource Poor Farmers were capacitated with the assistance of CPUT, DOA, DRDLR, Local Municipalities,
- Involvement in the Process Controller Day in Plettenberg Bay - 200 people reached - working with the City of Cape Town

Social Responsibility Projects Financially Supported

Two (2) New Social Responsibility Projects were funded. The two projects include gardening projects at a disability centre in George and a centre for children who are either infected or affected with HIV, AIDS or TB, abused and vulnerable children as well as those children who are left destitute and neglected in Grabouw.

Existing funded Social Responsibility Projects were supported through regular site visits, meetings and advice given where necessary. These existing projects include the Elim Home and the Trust for Community Outreach Education NGO who has been implementing backyard food gardens, community gardens, nurseries and Aquaponics fishery projects in various towns within the Langeberg and Overberg Municipal areas.

375 Rainwater Harvesting Tanks were erected in the Breede-Gouritz Water Management Area for households and schools to enhance food production and food security.

Water Related Forums support

The BGCMA provided assistance, support and advice to water related forums within its water management area. These forums included community forums, Water User Associations, Inter-governmental Forums, etc. which include the Inter-Governmental Steering Committees, the Water And Sanitation Forums, Food Security CPACs, Upper Breede Collaborative Extension Group (UBCEG), Coordinating Committee on Agricultural Water Use (CCAW) and several Steering committees within Local Municipalities.

Eighty one (81) Forum meetings were attended and supported during this financial year.

WATER ALLOCATION REFORM

The BGCMA gave support to Resource Poor Farmers through knowledge sharing, financial and administrative assistance. During the 2017/2018 financial year, the BGCMA received 1 application for Capital Cost assistance (DWS Financial Support to RPF Policy). The BGCMA submitted the application to the Department of Water and Sanitation for further assistance.

The BGCMA submitted 87 Rainwater Harvesting Tank applications to the Department of Water and Sanitation for possible assistance.

The BGCMA has prioritised programmes promoting water allocation reform giving assistance to resource-poor farmers (RPFs), particularly in terms of what assistance can be given to RPFs by other departments, which include the Department of Agriculture, Department of Rural Development and Land Reform, Municipalities and the Department of Water and Sanitation.

4 RPF Roadshows and 1 follow-up Roadshow were held in Caledon, Beaufort-West, Oudtshoorn and Mosselbay, in collaboration with Cape Peninsula University of Technology and University of Western Cape, where the different departments explained their roles and what assistance they can offer to RPFs. A RPF guideline, highlighting the departmental assistance with contact details of responsible officials was distributed to the RPFs for future reference.

WATER RESOURCE PROTECTION

The BGCMA assisted with the National Eutrophication Monitoring Programme (NEMP) monitoring for the DWS.

A total of 2 Water quality monitoring points (Theewaterskloof Dam and Brandvlei Dam) were sampled for quality analysis to give effect to the delegation to monitor and manage water resources. These included sampling points for pollution incidents and ad-hoc sampling.

A total of 92 points were monitored by BGCMA for the 2017/2018 financial year.

Pollution incidents were acted on timeously to prevent any lasting damage to water resources. The DWS Control, Management and Enforcement unit were provided with assistance where necessary with non-compliance cases. The BGCMA actively assisted with the Department of Water and Sanitation with enforcement cases through initial investigations and confirmations of illegal activities. DWS as the Regulator of water resources is responsible for issuing of directives.

The Alien Clearing and River Rehabilitation programmes initiated in previous financial years continued throughout this financial year in support of the various MOAs with the Department of Agriculture and Water User Associations in the Breede Water Management Area. With the finalization of this project, a total of 959 hectares of Alien Invasive tree species were removed and similarly through the commitment of the farmers / land owners, the Department of Agriculture and the Department of Environmental Affairs rehabilitated through seeding of the area with indigenous grass and plant species and the planting of indigenous tree species. These projects were successful due to the level of commitment from the aforementioned partners and stakeholders.

Four Alien Clearing Projects were done in 2017/2018.

The BGCMA initiated the WWF-Casidra Riviersonderend Riparian rehabilitation project in the previous financial year but is proud to advise that this project is continuing on its own with alternative funding.

The BGCMA actively assisted with the Department of Water and Sanitation with enforcement cases through initial investigations and confirmations of illegal activities. DWS as the Regulator of water resources is responsible for issuing of directives.

HUMAN RESOURCES MANAGEMENT

The Human Resources Unit plays a strategic support function and role within the Agency. Its main objectives are: to plan, co-ordinate, and manage the Human Resources activities through the design, formulation, development and implementation of policies, procedures and systems in line with applicable legislations, Annual Performance Plan (APP) and the Strategic Plan of the Agency as aligned to the National Development Plan (NDP). However, the following strategic priorities and/or goals and objectives are within its armpit and operational functionality, namely:

- a) Human Resource Administration;
- b) Development of Human Resources policies, procedures and systems;
- c) Acquisition of human capital with the requisite skills and expertise;
- d) Human Resource Development; and
- e) The provision of accurate and correct Human Resources advice on regular basis.

The work life of an employee is managed by the human resources unit right from the point of entry to the point of attrition. Therefore, it is critical to ensure that there is value proposition for human resource as a service that translates to organisational performance through its greatest asset, human capital as a resource.



EFFECTIVE ORGANISATIONAL DEVELOPMENT AND STRENGTHENING

In order to develop and strengthen the Agency so as to stomp its footprint within its area of jurisdiction and operation, a number of appointments were made. Given that the Agency is still evolving, recruitment therefore becomes an integral part of its organisational development and strengthening in the provision of the requisite human capital to drive the Agency forward. The period under review, witnessed 4 (four) appointments in order to enhance service delivery within the Breede-Gouritz Water Management Area as informed by **Table 1** below:

POST/S	GENDER		RACE	DATE OF EMPLOYMENT
	M	F		
Receptionist		F	A	08 August 2017
IT Technician	M		A	03 January 2018
Freshwater Ecologist		F	A	03 April 2017
Professional Engineer: WRM	M		A	01 October 2017
	2	2		

Table 1

NOTE: A= African; C=Coloured; F= Female; M= Male.

The Chief Executive Officer (Acting) is very instrumental in ensuring that human capital acquisition addresses Government priorities as envisaged in the National Development Plan (NDP), the 2030 vision and blue print for South Africa. Recruitment within the Agency is informed by the Annual Performance Plan (APP) and the Strategic Plan taking into account the Agency's mandate and budgetary constraints while addressing the triple challenges of poverty, unemployment and inequality that the country is currently grappling with.

In order to develop, empower and strengthen the Agency, a number of human resources development interventions were provided to personnel given the complexity associated with water resource management amidst the worst and most devastating drought to have hit the Western Cape in over one hundred and twenty three (123) years. The human resources development interventions undertaken during the period under review, 1 April 2017 to 31 March 2018 are informed by **Table 2** below.

The interventions were based on the Personal Development Plans (PDPs) identified during the crafting of the Performance Agreements (PAs) with all personnel (100%) and the different line managers and/or supervisors as derived from the 2017/18 APP.

OCCUPATIONAL LEVEL	GENDER	NUMBER OF EMPLOYEES	SKILLS PROGRAMME & SHORT COURSES	CONFERENCES & WORKSHOPS	TOTAL
Senior Management	Female	1	1	1	1
	Male	1	1	1	1
Professionally qualified	Female	33	12	2	14
	Male	15	10	7	17
Semi-skilled	Female	1	0	0	0
	Male	0	0	0	0
TOTAL		51	24	11	33

Table 2

In furtherance of the development, strengthening and tightening internal controls and accountability of the Agency, a number of policies were developed and reviewed to provide consistency for personnel. Secondly, policies prevent ambiguity about how particular situations and issues should be handled and to promote harmony among staff while ensuring efficiency and effectiveness in the delivery of the Agency's mandate. However, policies are revisited regularly to ensure relevance and compliance with the current legislation and general market trends. The reviewed policies are to strengthen them and fill the gaps and weaknesses that may have been identified during implementation. It is only during the implementation phases of policies that their effectiveness and/or weaknesses are tested.

Human Resources Oversight Statistics

Personnel cost by salary band

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Senior Management	R 3 420 370.93	12.13	3	R 1 140 124.00
Professionally qualified	R 24 602 730.67	87.27	47	R 523 462.35
Semi-skilled	R 169 407.87	0.60	1	R 169 407.87
TOTAL	R 28 192 509.47	100%	51	R 1 713 686.00

Table 3

Training Costs

BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
HR	1 971 930	31 508.60	1.6	2	15 754.30
Finance	6 669 233	13 900.00	2.0	3	4 633.33
WRM	16 317 509	30 538.00	1.9	10	3 053.80
IT	1 161 894	13 200.00	1.1	1	13 200.00
CEO's Office	2 611 612	38 147.00	1.5	2	19 073.50
ISRM	2 518 932	39 750.00	1.6	2	19 875.00

Table 4

Employment and Vacancies

PROGRAMME	NO. OF EMPLOYEES BEGINNING FY	APPROVED POST	NO. OF EMPLOYEES END OF FY	% OF POSTS FILLED
Senior Management	3	3	2	67%
Professionally qualified	44	82	48	59%
Semi-skilled	1	1	1	100%
TOTAL	48	86	51	

Table 5

During the period under review, the staff turnover was only one (01) which is far below the national average compared to many entities within the sector. The year under review also witnessed the secondment of Mr. Phakamani Buthelezi, the founding Chief Executive Officer of the BGCMA to Overberg Water by the then Minister of Water and Sanitation. However, on 6 December 2017 Cabinet approved Mr. Phakamani Buthelezi's appointment as the new Chief Executive Officer of Overberg Water which came into on 1 January 2018. **Table 6** below shows the employment changes for the said period.

Employment Changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Senior Management	3	Nil	1	2
Professionally qualified	44	4	Nil	48
Semi-skilled	1	Nil	Nil	1
TOTAL	48	4	1	51

Table 6

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	Nil	Nil
Resignation	1	1
Dismissal	Nil	Nil
Retirement	Nil	Nil
Ill health	Nil	Nil
Expiry of contract	Nil	Nil
Other	Nil	Nil
TOTAL	1	2%

Table 7

Labour Relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	Nil
Written Warning	Nil
Final Warning	Nil
Dismissal	Nil

Table 8

BGCMA EMPLOYMENT EQUITY STATUS

CURRENT EMPLOYMENT EQUITY DATA									
	BF	BM	CF	CM	IF	IM	WF	WM	TOTAL NO. OF STAFF
CEO		1							
CFO	1								
Senior Manager : WR								1	
IT / strategic Support Manager		1							
IT Technician		1							
Performance & Planning Coordinator	1								
Executive PA to CEO	1								
Human Resources Manager		1							
HR Admin. Officers	2								
Finance Manager: Expenditure								1	
Finance Officer: Expenditure	1		1						
Finance Officer: Revenue	2								
Payroll Clerk	1								
Administration Officer	2								
Data Manager	1								
ISR Manager							1		
Water Liaison Officer x 2		1	1						
Principal Water Liaison Officer			1						
Principal Data Capturer				1					
Data Capturer X 3	1		2						
Senior Data Capturer	1								
Supply Chain Officer	1								
Water Data (GIS) Officer	1								
Water Use Specialist X 4				2			1	1	
Water use Officer X 8	4	3		1					
Water Licensing Clerk	1						1		
PR & Marketing Officer	1								
Receptionist	1		1						
Cleaner	1								
Geohydrologist		1							
Freshwater Ecologist	1								
Professional Engineer: WRM		1							
Water Use Manager	1								
TOTAL	26	9	6	4	0	0	3	3	51

Table 9

Note: BF = Black Females; BM=Black Males; CF=Coloured Females; CM=Coloured males; IF=Indian Females; IM=Indian Males; WF=White Females; WM=White Males

The workforce as at 31 March 2018 stood at **51 (fifty one)** of which **35 (thirty five)** are **females** and **16 (sixteen)** are **males**.
The percentage in terms of gender is informed by **Table 10** below:

Total workforce expressed as a percentage in terms of gender

GENDER	PERCENTAGE (%)
Females	69%
Males	31%
TOTAL	100%

Table 10

At the end of the financial year, the workforce stood at **51 (fifty one)** of which **45 (forty five)** are designated employees while only **6 (six)** are non-designated (white) in terms of the Employment Equity Act (EEA). The percentage of both designated employees and the white employees is informed by the **Table 11** below:

Percentage of designated employees Vs Non-designated (white) employees

CLASSIFICATION IN TERMS OF THE EEA	PERCENTAGE (%)
Designated Employees	88.2%
Non-Designated (White)	11.8%
TOTAL	100%

Table 11

The Agency has only 1 (one) official with disability who is a male. In terms of percentage, it is informed by the **Table 12** below:

Percentage of persons with disability

CLASSIFICATION IN TERMS OF THE EEA	PERCENTAGE (%)
Persons with Disability	2%
Persons without Disability	98%
TOTAL	100%

Table 12

[illegible]



ANNUAL FINANCIAL STATEMENTS

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

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INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the accounting authority on the Breede-Gouritz Catchment Management Agency

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the Breede-Gouritz Catchment Management Agency set out on pages 50 to 75, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Breede-Gouritz Catchment Management Agency as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standard of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Breede Gouritz Catchment Management 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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.
11. Our procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. We have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.
12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual report
Programme 1 - Water resources planning	16
Programme 2 - Water use management	17
Programme 3 - Institutional Stakeholders relations	18
Programme 4 - Water allocation reform	19
Programme 5-Resources protection	19

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. We did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1- Water resources planning
- Programme 2 -Water use management
- Programme 3 - Institutional Stakeholders relations
- Programme 4 - Water allocation reform
- Programme 5 - Resources protection

Other matters

15. We draw attention to the matters below. Our opinions are not modified in respect of these matters.

Achievement of planned targets

16. Refer to the annual performance report on pages 16 to 23 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Adjustment of material misstatements

17. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the Water use management, Institutional Stakeholders relations and Resource protection programmes. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

INDEPENDENT AUDITOR'S REPORT

19. The material findings on compliance with specific matters in key legislations are as follows:

Adjustment of material misstatements

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

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the chief executive officers 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.
22. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
23. 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.
24. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in this other information, we are required to report that fact.

Internal control deficiencies

25. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

Leadership

Oversight responsibility

26. The accounting authority did not timeously establish mechanisms to monitor and review the financial statements.

Financial and performance management

Regular, accurate and complete financial and performance reports

27. Management did not develop, implement or fully monitor internal controls regarding financial and performance reporting.

Auditor tenure

28. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Breede-Gouritz Catchment Management Agency for 10 years.



Nexia SAB&T
Per Director: Myburgh Wessels
Registered Auditor
31 July 2018

Annexure -Auditor's responsibility for the audit

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

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the

financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Breede-Gouritz Catchment Management Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 3A Public Entity
Members	Mr BE Mnisi (Chairperson) Mr TE Abrahams (Deputy-Chairperson) Mr NH Hamman Mr AP Barnes Ms O Curtis Ms B Damane Mr MJ Delport Ms EM Palmer Mr HM Rossouw Mr CJU Swart Mr P Buthelezi (Chief Executive Officer, Ex Officio member) Mr Jan van Staden (Acting Chief Executive Officer) Mr K Masindi (DWS Ex Officio member)
Registered office	Breede-Gouritz CMA 51 Baring Street Private Bag X3055 Worcester 6850
Business address	Breede-Gouritz CMA 51 Baring Street Worcester 6850
Postal address	The Chief Executive Officer Breede-Gouritz CMA Private bag X3055 Worcester 6850
Bankers	ABSA Bank Limited
Auditors	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors

STATEMENT OF RESPONSIBILITY AND APPROVAL

In accordance with the National Water Act 36 of 1998, and Public Finance Management Act, Act 1 of 1999, as amended the Board is required to prepare annual financial statements that comply with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA).

The Accounting Authority is responsible for ensuring that complete, accurate and reliable accounting records for the basis of preparing annual financial statements. The financial statements include judgements and estimates that are reasonable and prudent, made by management, reviewed and accepted by the Board. The Board also ensures that accounting policies are appropriate to the agency's circumstances. In order to achieve this objective, the Board rely on the system of internal controls set up and maintained by management.

These controls are monitored throughout the agency and all employees are required to maintain the highest ethical standards in ensuring that the agency business is conducted in a manner in all reasonable circumstances above reproach.

The Board is 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 loss.

The Accounting Authority have reviewed the agency's cash flow forecast for the year to March 31, 2018 and, in the light of this review and the current financial position, they are satisfied that the agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the agency's annual financial statements. The annual financial statements have been examined by the agency's external auditor and their report is presented on page 41 - 44.

The annual financial statements set out on pages 50 to 75, which have been prepared on the going concern basis, were approved by the Audit and Risks Committee together with the Board of directors and were signed.



Mr BE Mnisi
CHAIRPERSON



Mr Jan van Staden
CHIEF EXECUTIVE OFFICER (ACTING)

REPORT OF THE ACCOUNTING AUTHORITY

The members submit their report for the year ended 31 March 2018.

1. Review of activities

Main business and operations

The Breede-Gouritz Catchment Management Agency is responsible for the integrated management of the water resource in the Breede-Gouritz Catchment Management Area (BGCMA). The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The Board believes that the agency has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The Board is satisfied that the agency is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The Board is not aware of any new material changes that may adversely impact on the agency. The Board is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the agency.

3. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year.

4. Governing Board

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

Mr BE Mnisi (Chairperson)
Mr TE Abrahams (Deputy-Chairperson)
Mr NH Hamman
Mr AP Barnes
Ms O Curtis
Ms B Damane
Mr MJ Delport
Ms EM Palmer
Mr HM Rossouw
Mr CJU Swart
Mr P Buthelezi (Chief Executive Officer, Ex Officio member)
Mr Jan van Staden (Acting Chief Executive Officer)
Mr K Masindi (DWS Ex Officio member)

5. Auditors

Nexia SAB&T has been appointed as auditors in accordance with Section 25 of the Public Audit Act.

REPORT OF THE AUDIT & RISKS COMMITTEE

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

Audit Committee terms of reference

The Audit and Risks Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act 1 of 1999, as amended and Treasury Regulations 27.1 and that it has adopted formal terms of reference as its Audit Committee charter that has been approved by the Board.

Audit committee responsibility

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

Statutory duties

The committee's role and responsibilities include statutory duties as per the PFMA, Act 1 of 1999 and the further responsibilities assigned to it by the Board. The Committee is satisfied that it complied with its legal, regulatory and other responsibilities.

External auditor appointment and independence

The Committee ensured that the appointment of external auditors complied with the applicable legislation relating to the appointment of auditors. The Committee in consultation with management agreed to the budgeted audit fees for the 2017 financial year.

Internal Financial Controls

The Audit and Risks Committee is satisfied that internal controls and systems have been in place and that these controls have functioned effectively during the period under review. The committee has overseen a process by which internal audit has performed audits according to a risk audit plan where the effectiveness of risk management and internal control systems including financial internal controls were evaluated. The findings of the evaluations formed the basis for the Committee's recommendation in this regard to the Board, in order for the Board to report thereon as well as through discussions with external audit on the result of their audits that an adequate system of internal control is being maintained to:

- Reduce the risk to an acceptable level
- Meet the business objectives
- Ensure the assets are adequately safeguarded and
- Ensure that the transactions undertaken are all recorded in the Agency's records.

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Agency during the year under review.

REPORT OF THE AUDIT & RISKS COMMITTEE

Internal Audit

In line with the PFMA, and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit and Risks Committee and management with assurance that internal controls are appropriate and effective. The Committee is responsible for ensuring that Agency's internal audit function is independent and has the necessary resources, standing and authority within the Agency to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between internal and external auditors and serves as a link between the Board and these functions.

The Committee considered and approved the internal audit charter. The internal audit plan and three year strategic plan were approved by the Committee. The internal audit function reports administratively to the Chief Executive Officer and functionally to the Audit and Risks Committee and has responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all the agency's operations.

From the various reports of the internal auditors, it was noted that no matters were reported that indicate any material deficiencies in the systems of internal controls.

Governance of risk

The Committee oversees the implementation of the policy and plan for risk management taking place by means of risk management systems and processes. The Committee is satisfied that appropriate and effective systems are in place for risk management.

The Audit and Risks Committee permits the appointed external auditors, Nexia SABT, to audit the agency's annual financial statements.

The Accounting Authority have reviewed the agency's financial statement for the year ended March 31, 2018 and, in the light of this review and the current financial position, they are satisfied that the agency has access to adequate resources to continue in operational existence for the foreseeable future. The committee recommended that the financial statements be approved by the board of directors which will take place on the 28th July 2018.



Mr MJ Delport

CHAIRPERSON OF THE AUDIT AND RISKS COMMITTEE

Audit and Risks Committee members:

Ms Bulelwa Damane

Mr Corniè Swart

Mr N. Hamman

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	3 890 878	5 169 548
Intangible assets	4	173 574	445 625
		4 064 452	5 615 173
Current Assets			
Trade and other receivables	5	40 202 625	213 606
Cash and cash equivalents	6	9 159 450	1 077 789
		49 362 075	1 291 395
Total Assets		53 426 527	6 906 568
Net Assets and Liabilities			
Net Assets		46 650 837	2 988 593
Accumulated surplus		46 650 837	2 988 593
Liabilities			
Current Liabilities			
Operating lease liability	7	254 246	172 073
Other payables	8	6 521 444	3 745 902
		6 775 690	3 917 975
Total Liabilities		6 775 690	3 917 975
Total Net Assets and Liabilities		53 426 527	6 906 568

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Penalties on late registration		1 061 966	-
Other income		2 508	25 820
Interest received		5 223 559	612 297
Billing for water resource management		10 145 208	-
Total revenue from exchange transactions		16 433 241	638 117
Revenue from non-exchange transactions			
Transfer revenue			
Grants received		60 000 000	47 876 000
Total revenue	9	76 433 241	48 514 117
Expenditure			
Employee related costs		(33 063 282)	(31 691 754)
Depreciation and amortisation		(2 208 278)	(2 005 868)
Lease rentals on operating lease		(2 549 655)	(1 735 366)
Operating Expenses	10	(16 569 154)	(18 455 115)
Total expenditure		(54 390 369)	(53 888 103)
Gain on disposal of assets and liabilities		36 861	-
Surplus (deficit) for the year		22 079 733	(5 373 986)

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2016	8 362 579	8 362 579
Changes in net assets		
Deficit for the year	(5 373 986)	(5 373 986)
Total changes	(5 373 986)	(5 373 986)
Balance at 01 April 2017	2 988 593	2 988 593
Changes in net assets		
Deficit for the year	22 079 733	22 079 733
Transfer from DWS debtors reserves	21 582 511	21 582 511
Total changes	43 662 244	43 662 244
Balance at 31 March 2018	46 650 837	46 650 837

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Cash receipts from the Department of Water and Sanitation		60 000 000	47 876 000
Interest income		1 113 616	612 297
Debtor receipts		317 378	-
Other income		2 508	25 820
		61 433 502	48 514 117
Payments			
Cash paid to suppliers and employees		(52 182 092)	(50 529 111)
Unallocated receipts from debtors		(317 378)	-
		(52 499 470)	(50 529 111)
Net cash flows from operating activities	14	8 934 032	(2 014 994)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(733 652)	(2 269 393)
Proceeds from sale of property, plant and equipment	3	36 861	-
Purchase of other intangible assets	4	(155 580)	(59 008)
Net cash flows from investing activities		(852 371)	(2 328 401)
Net increase/(decrease) in cash and cash equivalents		8 081 661	(4 343 395)
Cash and cash equivalents at the beginning of the year		1 077 789	5 421 184
Cash and cash equivalents at the end of the year	6	9 159 450	1 077 789

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Statement of Financial Performance

Revenue

Revenue from exchange transactions

Government Grant	60 000 000	60 000 000	60 000 000	-
Interest Received	-	-	1 113 616	1 113 616
Other Income	-	-	39 369	39 369
Total revenue from exchange transactions	60 000 000	60 000 000	61 152 985	1 152 985

Expenditure

Employee Costs	(28 873 017)	(28 873 017)	(31 824 370)	(2 951 353)
Hiring and Rentals	(2 073 000)	(2 073 000)	(2 104 620)	(31 620)
Staff Training and Conferences	(512 650)	(512 650)	(316 383)	196 267
Professional Fees	(2 919 400)	(2 919 400)	(2 595 205)	324 195
IT Expenses	(1 150 008)	(1 150 008)	(487 703)	662 305
Project Expenses	(13 201 140)	(13 201 140)	(6 004 694)	7 196 446
Traveling and Accommodation	(2 237 363)	(2 237 363)	(2 075 715)	161 648
Public Participation & Engagement	(5 251 937)	(5 251 937)	(4 165 222)	1 086 715
Vehicle Costs	(250 004)	(250 004)	(160 522)	89 482
Board and Committee Costs	(684 992)	(684 992)	(794 206)	(109 214)
Depreciation	-	-	(2 208 277)	(2 208 277)
General Expenses	(1 812 004)	(1 812 004)	(1 565 135)	246 869
Total expenditure	(58 965 515)	(58 965 515)	(54 302 052)	4 663 463
Surplus before taxation	1 034 485	1 034 485	6 850 933	5 816 448
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 034 485	1 034 485	6 850 933	5 816 448

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The accounting policies on pages 13 to 21 and the notes on pages 22 to 32 form an integral part of the annual financial statements.

The following material differences were identified during the financial year.

As a result of not including the figures below in the annual budget, it represents variances:

- Interest received R1 133 616
- Other Income R39 369
- Depreciation R2 208 277

Furniture and equipment

- Variance is -22.58%. The completion of the offices in the George office took longer than anticipated which lead to furniture and equipment not being purchased.

Staff Training and Conferences

- Variance is -33.28% This represents a saving as fewer training sessions and conferences were attended than planned. Staff members apply for training courses and less applications were received than anticipated.

IT Expenses

- Variance is -57.59%. This represents a saving because of the fact that provision was made for the obtaining of software, that did not materialise as a result of incorporating the SAP system.

Vehicle costs

- Variance is -35.79% This represents a saving as less traveling were done than expected. With the reduction in the projects, less traveling took place to monitor the projects.

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), including any interpretations of such statements issued by the Accounting Practices Board.

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention.

The policies used in preparing the financial statements are consistent with those of the previous year, unless otherwise stated. The details of any change in accounting policies are explained in the relevant notes to the financial statement.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The cash flow statement has been prepared in accordance with the direct method. The amount and nature of any restrictions on cash balances are disclosed.

1.1 Presentation currency

The functional currency of the agency is the South African Rand (R). These annual financial statements are presented in South African Rand and all amounts have been rounded to the nearest rand.

1.2 Going concern assumption

These annual financial statements are prepared on a going concern basis. Funding has been approved by the Department of Water and Sanitation for the following financial year. The Strategic plan for the next five years until 2021 has been approved by National Treasury.

1.3 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. When accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4 Revenue

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. Exchange transactions are transactions in which one entity receives assets or service, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset.

ACCOUNTING POLICIES

A corresponding liability is raised to the extent that the grant, transfer or donations conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached, is recognised as revenue when the asset is recognised. An asset acquired through non- exchange will be measured at its fair value. At the date of acquisition where there is a condition attached to the assets a liability should be recognised at the best estimates of the amount required to settle the present obligation at the reporting date.

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.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.5 Financial instruments

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

Initial Recognition and Measurement

Financial instrument are recognised initially when the group becomes a party to the contractual provision of the instruments. This is achieved through the application of trade date accounting.

The Agency classified financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or residual interest in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument. Trade and other receivables that have fixed and determinable payments that are not quoted in an active market are classified as loans and receivables.

Trade and other receivables

Trade and receivables are initially recorded at fair value plus transactions costs that are directly attributable to the acquisition and subsequently stated at amortized costs, less provision for impairment. All trades and other receivables are assessed at least annually for possible impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value expected cash flows. Impairment adjustments are made through the use of an allowance account. Bad debts are written off in the year in which they are identified as irrecoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised costs, using the effective interest rate method.

ACCOUNTING POLICIES

Impairment of financial 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 costs of the assets. Impairment is a loss in the future economic benefit or service potential of an asset, over and above the recognition of the loss of the asset's future economic benefit.

The agency assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the agency estimates the recoverable amount of the asset. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds recoverable amount. Impairment losses are recognised in the statement of financial performance. The impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Derecognition

Is the removal of a previously recognised financial asset or financial liability from the entity's statement of financial position. A financial asset is derecognised at trade date, when:

- The cash flow from the asset expired are settled or waived;
- Significant risks and rewards are transferrable to another party.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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.

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Agency;
- and the cost of the item can be measured reliably.

In determining recognition, the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence at the time of initial recognition is assessed and the exchange transaction evidencing the purchase of the asset identifies its cost.

Initial Measurement

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at its cost at the acquisition date.

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

Where an asset is acquired at no cost, or for nominal cost, its cost is its fair value as at the 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.

ACCOUNTING POLICIES

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

Subsequent Measurement – Cost Model

Subsequent to initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The depreciation method used shall reflect the pattern in which the asset's economic benefits or service potential is consumed by the entity. The depreciation charge for each shall be recognised as an expense unless it is included in the carrying amount of another asset.

Depreciation is provided using the straight-line method to write down the cost, less initial estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Rate per annum	Rate per annum
Furniture and fixtures	16,67%
Motor vehicles	20,00%
Office equipment	16,67%
IT equipment	33,33%
Leasehold improvements	20,00%
Security System	20,00%
Scientific Equipment	20,00%

The residual value and the useful life of each asset are reviewed at each financial period-end. 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 shall be depreciated separately over its useful life.

Impairment

All the Agency's items of property, plant and equipment are considered to be non-cash generating assets as no commercial return is generated from these assets.

The carrying amounts of assets are reviewed at each reporting date to determine whether there is an indication of impairment. If there is an indication that an asset may be impaired, its recoverable service amount is estimated. The estimated recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss.

The value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

The impairment loss is recognised immediately in the Statement of Financial Performance. After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value if any, on a systematic basis over its remaining useful life.

Derecognition

Items of property, plant and equipment are derecognised when the asset it is disposed of or when there are no further economic benefits or service potential expected from the use of the assets. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of financial performance 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.

ACCOUNTING POLICIES

1.7 Intangible assets

Initial Recognition

Intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and
- the cost of the asset can be measured reliably.

The entity has no internally generated intangible assets.

Initial Measurement

Intangible assets are initially measured at cost.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs associated with researching or maintaining computer software programmes are recognised as an expense as incurred.

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

Amortisation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use.

Amortisation

Amortisation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Rate per annum	Rate per annum
Computer Software	50.00%

Intangible assets are considered to have finite useful lives. Amortisation begins when the asset is available for use.

Impairment

All items of intangible assets are considered to be non-cash generating assets as no commercial return is expected from these.

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable service amount, it is written down immediately to its recoverable service amount and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as a difference between the net sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

ACCOUNTING POLICIES

1.8 Leases

A lease where the Agency assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.9 Employee benefits

Short-term employee benefits

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 employee rendered the related services. Such short term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Bonus; incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee rendered the related services; and
- Non-monetary benefits (for example, medical aid, medical care, housing, cell phone and any other benefits) for current employees.

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash benefits if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The liability for employee entitlements to wages, salaries and annual leave represents the amount which the entity has a present obligation to pay as a result of employees' services provided to the Statement of Financial Position date. The liability has been calculated at undiscounted amounts based on current wage and salary rates.

Long term employee benefits

Are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the reporting period in which the employee rendered the related service.

Long term service award e.g. one lump sum amount and long service award certificate will be given to the employee depending on the number of years as stipulated on the policy.

Defined Contribution plans

The Breede-Gouritz Catchment Management Agency provides retirement benefits to all its employees. A number of defined contribution pension funds, all of which is subject to the Pension Fund Act exist for this purpose. The Breede-Gouritz Catchment Management Agency is under no obligation to cover any unfunded benefits.

The contributions of the fund obligations for the payment of the retirement benefits are charged against the statement of financial performance in the year they become payable.

ACCOUNTING POLICIES

1.10 Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.11 Use of Estimates, Judgements and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and assumptions are recognised in the period of which the estimate and assumption is revised.

Information about assumptions and estimation uncertainties that may have significant risk of resulting in a material adjustment within the next financial year includes:

Useful lives and residual values

The useful lives and residual values of property, plant and equipment as well as the useful lives of the intangibles are reviewed at each reporting date. The useful lives are estimated, by management, based on historic analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values.

Fair value

Fair value measurement estimates the price at which an orderly transaction to the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transactions costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value expected "cash flows". Impairment adjustments are made through the use of an allowance account. Bad debts are written off in the year in which they are identified as irrecoverable.

Budget Information

Variances of 20% or more between budget and actual amounts or quantitative material variances are regarded as material. All material differences are explained in the notes to the annual financial statements.

ACCOUNTING POLICIES

1.12 Budget information

The annual budget figures have been prepared in accordance with the applicable GRAP standards, and are consistent with the accounting policies adopted by the entity for the preparation of these financial statements. The amounts are presented as a separate additional financial statement, named the Statement of Comparison of Budget and Actual amounts. Explanatory comments are provided in the primary statement of the annual financial statements, firstly stating reasons for overall growth or decline in the budget, and, secondly, motivating overspending or underspending on line items. The annual budget figures included in the financial statements are for the entity. These figures are those approved by the Board both at the beginning and during the year.

The preparation of budget information is performed on the accrual basis.

1.13 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity as in the Annual Financial Statements currently. All individuals at the level of Executive Officer and Executive Managers are regarded as key management.

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

Related party disclosures are provided in respect of transactions and balances with identified related parties, other than transactions that would occur within a normal supplier or client relationship, on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

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

1.14 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred, and where recovered, it is subsequently accounted for as income in the Statement of Financial Performance.

ACCOUNTING POLICIES

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

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

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

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

1.16 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Transfer of functions between entities under common control

Transfer of functions between entities under common control are accounted for by the acquirer by recognising assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Any difference between the assets and liabilities recognised and consideration paid, if any, is recognised in accumulated surplus or deficit.

Transfer of functions between entities under common control are accounted for by the transferor by derecognising assets and liabilities at their carrying amounts at the date of transfer. Any difference between the assets and liabilities derecognised and consideration paid, if any, is recognised in accumulated surplus or deficit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

Figures in Rand

2018

2017

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related Party Disclosures	01 April 2018	Unlikely there will be a material impact
• GRAP 34: Seperate Financial Statements	01 April 2018	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2018	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2018	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2018	Unlikely there will be a material impact
• GRAP 38: Disclosures of Interest in Other Entities	01 April 2018	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2018	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2018	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	01 April 2018	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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3. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	689 936	(364 623)	325 313	689 936	(253 370)	436 566
Plant and machinery	219 452	(115 885)	103 567	178 252	(82 418)	95 834
Furniture and fixtures	2 706 798	(1 527 970)	1 178 828	1 895 885	(993 350)	902 535
Motor vehicles	2 306 334	(950 630)	1 355 704	2 423 051	(629 959)	1 793 092
Office equipment	-	-	-	525 057	(224 270)	300 787
IT equipment	4 111 266	(3 183 800)	927 466	4 055 873	(2 415 139)	1 640 734
Total	10 033 786	(6 142 908)	3 890 878	9 768 054	(4 598 506)	5 169 548

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Write off/ Reclassification	Depreciation	Total
Leasehold property	436 566	-	-	(111 253)	325 313
Plant and machinery	95 834	41 200	-	(33 467)	103 567
Furniture and fixtures	902 535	285 853	300 787	(310 347)	1 178 828
Motor vehicles	1 793 092	218 001	(181 140)	(474 249)	1 355 704
Office equipment	300 787	-	(300 787)	-	-
IT equipment	1 640 734	138 140	-	(851 408)	927 466
	5 169 548	683 194	(181 140)	(1 780 724)	3 890 878

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Leasehold property	447 239	97 026	(107 699)	436 566
Plant and machinery	19 393	109 805	(33 364)	95 834
Furniture and fixtures	502 768	551 385	(151 618)	902 535
Motor vehicles	2 269 922	-	(476 830)	1 793 092
Office equipment	168 105	209 936	(77 254)	300 787
IT equipment	1 045 295	1 301 241	(705 802)	1 640 734
	4 452 722	2 269 393	(1 552 567)	5 169 548

There are no restrictions or plant, property and equipment pledged as securities.

Repairs and maintenance including to leasehold improvements amounted to R665 226.

There are no impairments relating to Property, plant and equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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4. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software ArcGIS Server	1 146 210	(972 636)	173 574	990 629	(545 004)	445 625

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Software ArcGIS Server	445 625	155 580	(427 631)	173 574

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Software ArcGIS Server	839 915	59 008	(453 298)	445 625

Amortisation of intangible assets is included under depreciation in the statement of financial performance. No intangible assets are pledged as security. The above intangible asset will be depreciated within its useful life.

5. Trade and other receivables

Recoverable Debtors	39 966 144	2 299
Total Debtors	129 534 121	-
Provision: Bad Debt	(89 567 977)	-
Prepayments and deposits	220 983	211 307
Prepayments	15 498	-
	40 202 625	213 606

The fair value of trade and other receivables approximate their carrying values. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	1 821	2 211
Bank balances	8 840 251	1 075 578
Bank Balances Deposit Account	317 378	-
	9 159 450	1 077 789

Cash and cash equivalents comprise of cash held and short-term deposits. The carrying amount of these assets approximates their fair value.

7. Operating lease liability

Lease liability	(254 246)	(172 073)
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8. Other payables

Trade payables	1 517 223	2 513 750
Accrued leave pay	1 219 395	715 032
Staff bonus accrual	403 669	517 120
Debtors in credit refund	3 381 157	-
	6 521 444	3 745 902

The fair value of trade and other payables approximate their carrying values. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments. Staff performance bonus for the year 2017 has been adjusted to the actual amount incurred during that period.

9. Revenue

Billing for water resource management	10 145 208	-
Penalties on late registration	1 061 966	-
Other income	2 508	25 820
Interest received	5 223 559	612 297
Government grants & subsidies	60 000 000	47 876 000
	76 433 241	48 514 117

Revenue relating to non-exchange transactions.

Grants received	60 000 000	47 876 000
Other income	2 508	25 820
Interest received	4 399 443	612 297

Revenue relating to exchange transactions

Billing for water resource management	10 145 208	-
Penalties on late registration	1 061 966	-
	75 609 125	48 514 117

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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10. General expenses

Advertising	94 221	375 197
Auditors remuneration	611 470	588 471
Bank charges	27 386	26 734
Cleaning	74 685	82 933
Conferences and seminars	43 017	33 199
Consulting and professional fees	3 436 521	5 269 310
Consumables	1 794	4 219
Electricity	161 339	122 195
Entertainment	7 200	13 288
Vehicles licenses	4 911	-
Fines and penalties	6 600	3 400
Fleet	160 522	146 604
Hire	146 458	136 694
IT expenses	487 703	460 181
Insurance	422 821	344 297
Magazines, books and periodicals	2 091	49 055
Placement fees	943 877	1 190 197
Postage and courier	101 090	85 726
Printing and stationery	325 979	294 250
Promotions and sponsorships	6 100 671	5 885 330
Property only	74 236	76 015
Security	115 389	76 454
Subscriptions and membership fees	87 044	64 603
Telephone and fax	589 216	558 965
Training	316 383	348 805
Travel - local	2 075 715	2 087 547
Uniforms	8 280	65 027
Venue expenses	142 535	66 419
	16 569 154	18 455 115

11. Other income

Property, plant and equipment	36 861	-
Other income	2 508	25 820
	39 369	25 820

12. Interest income

Interest received from ABSA	1 113 616	612 297
Interest charged to late payments	3 285 827	-
	4 399 443	612 297

13. Auditors' remuneration

Audit fees	611 470	588 471
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
14. Cash generated from (used in) operations		
Surplus (deficit)	22 079 733	(5 373 986)
Adjustments for:		
Depreciation and amortisation	2 208 278	2 005 868
Loss on sale of assets and liabilities	(36 861)	-
Interest income	-	-
Non-cash movement	21 896 361	-
Changes in working capital:		
Trade and other receivables	(39 989 019)	1 410 242
Consumer debtors	-	(57 118)
Other payables	2 775 540	-
	8 934 032	(2 014 994)

15. Related parties

Relationships

Department of Water and Sanitation

Governing body

Executive Authority

Accounting Authority

The governing body includes the following members:

Mr BE Mnisi (Chairperson)

Mr TE Abrahams (Deputy-Chairperson)

Mr NH Hamman

Mr AP Barnes

Ms O Curtis

Ms B Damane

Mr MJ Delport

Ms EM Palmer

Mr HM Rossouw

Mr CJU Swart

Mr TE Abrahams

Mr K Masindi (Representative Department of Water and Sanitation)

Mr P Phakamani (Chief Executive Officer)

Ms ZM Mngoma (Chief Finance Officer)

Mr J. Van Staden (Acting Chief Executive Officer)

Related party transactions

Grants received from related parties

Department of Water and Sanitation	(60 000 000)	(47 876 000)
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The entity has a related party called Department of Water and Sanitation and transaction or amount received from the related party for operational expenses have been disclosed under note no 8 in the Statement of Financial Performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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16. Remuneration

Executive

2018

	Salary	Bonus	Pension fund	Total
J Van Staden	1 243 202	24 436	160 331	1 427 969
Z Mngoma	1 201 833	24 436	160 331	1 386 600
P Buthelezi	634 503	43 917	-	678 420
	3 079 538	92 789	320 662	3 492 989

2017

	Salary	Bonus	Pension fund	Total
Chief Executive Officer	1 472 819	-	58 556	1 531 375
Chief Financial Officer	1 319 868	48 150	172 307	1 540 325
Senior Manager, Water Resource	1 319 868	48 150	172 307	1 540 325
	4 112 555	96 300	403 170	4 612 025

Non-executive

2018

	Members' fees	Total
Chairperson	141 987	141 987
Deputy Chairperson	32 736	32 736
Non-executive directors	313 259	313 259
	487 982	487 982

2017

	Members' fees	Total
Chairperson	114 592	114 592
Deputy Chairperson	115 917	115 917
Non-executive directors	647 275	647 275
	877 784	877 784

17. Defined contribution plan

Pension fund

The Breede-Gouritz Catchment Management Agency provides retirement benefits to its employees. The amount was recognised as an expense in the statement of financial performance. The Agency moved from the NMG Umbrella Pension fund from 1 October 2015 to the Government Employees Pension Fund. The total pension fund contributions for the 2018 financial year amounted to R3 839 459 compared with R3 621 052 for the 2017 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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18. Financial risk management

Financial risk factors

The management of the entity has overall responsibility for the establishment and monitoring of the entity's risk management policies and procedures which have been established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the entity's activities.

The entity's activities expose it to a variety of financial risk (including currency risk and interest rates will affect the entity's income. The objective of market risk management is to manage and control market risk exposure within rate risk and price risk), credit risk, liquidity risk and interest rate risk.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the entity's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The entity's exposure to changes in the interest rates is on a floating rate basis to funds invested with reputable financial institutions.

(b) Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the entity's receivables from customers. An allowance for impairment is established based on managements' estimate of identified incurred losses in respect of specific trade and other receivables bad debts identified are written off as they occur. There is no significant concentration of unsecured credit risk. Reputable financial institutions are used for investing and cash handling purposes.

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due. The liquidity risk is considered as low, because the entity has adequate funds at their disposal.

Liquidity risk

The carrying amounts of financial liabilities at the reporting date were the other payables of R3 711 171 for the 2018 financial year compared with R3 809 480 for the 2017 financial year. The contractual maturities for other payables outstanding at 31 March 2017 are 12 months or less. These are payable on demand and most accurately reflects the short-term nature of trading activities.

Other Payables

	Payable within 1 month	Payable 3 to 12 months
2017	2 577 329	1 232 151
2018	2 088 107	1 623 064
	4 665 436	2 855 215

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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Credit risk

Debtor 2017	Receivable within 30 days	Receivable within 60 days	Overdue 90 days+
Department Water and Sanitation	-	-	2 299
Debtor 2018	Receivable within 30 days	Receivable within 60 days	Overdue 90 days+
Department Water and Sanitation	-	-	2 299
Trading debtors	13 566 244	6 866 529	83 836 627
Total	13 566 244	6 866 529	83 838 926

The debtors are past due, but not impaired.

Interest rate risk

The carrying amount of financial assets and financial liabilities represent the maximum interest exposure. The maximum exposure to interest risk at the reporting date in respect of floating interest rate instruments amounted to R8 842 072 (Cash and cash equivalents) for the 2018 financial year compared with R1 077 789 for the 2017 financial year. The maximum exposure to interest risk at the reporting date in respect of interest bearing instruments amount to R1 833 860 (other payables) for the 2018 financial year compared to R2 513 750 for the 2017 financial year.

A change of 50 basis points in interest rate at reporting date would have increased/(decreased) the deficit or surplus by R44 210 for the 2018 financial year and R24 547 for the 2017 financial year.

19. Unauthorised, Fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	113 680
Condoned	-	(113 680)
Fruitless and wasteful expenditure awaiting further action	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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20. Commitments

Operating Lease Commitments

Buildings

- within one year	2 053 115	1 787 994
- in second to fifth year inclusive	2 772 981	4 676 407
	4 826 096	6 464 401

Leases premises are contracted for periods between 1 and 7 years with further renewal option. The commitment above comprise of future minimum lease payments under non-cancellable operating leases. Escalation on the different leases varies between 5% to 8%.

Capital commitments

Approved and contracted for

Breede-River Alien Clearing Project	1 663 934	3 167 029
Development of CMS	45 032	1 342 976
Intergovernmental Projects	1 691 274	997 201
Commitments for the validation and verification of water use in respect of the 2017/2018 financial year	2 118 386	10 149 989

Approved and Not Yet Contracted For

Breede-River Alien Clearing Project	512 420	-
Development of CMS	645 411	-
Intergovernmental Projects	1 320 906	2 743 947
Total future capital commitments	7 997 363	18 401 142

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2018 (CONTINUED)

Figures in Rand	2018	2017
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21. Reconciliation between statements of financial performance

The entity obtained resources in the form of a government grant R60 000 000 from the Department of Water and Sanitation and were used in accordance with the approved budget. The approved budget covers the period 1 April 2017 to 31 March 2018.

The financial statements and the budget were not on the same basis of accounting, thus reconciliation between the statement of financial performance and the approved budget were included in the financial statements as per below.

Reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amount and actual amounts in the cash flow statement for the period ended 31 March 2018

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	(5 373 986)	-	(2 328 401)	(7 702 387)
Basis differences	3 358 992	-	-	3 358 992
Timing differences	-	-	-	-
Entity Differences	-	-	-	-
Actual amount in the cash flow statement	(2 014 994)	-	(2 328 401)	(4 343 395)

22. Difference between approved budget and received budget

The National Water Act requires all the water entity to consult with water users on the proposed raw water use charges. In the 2017/18 financial year, the stakeholders were consulted on a total budget of R51 576 000, due to implementation of SAP system, the budget increase to R82 740 000, this increase was incorporated into the annual performance plan and was approved by the Minister of Water and Sanitation. After consultation with the Chief Executive Officer of Department of Water and Sanitation, the Agency had to adjust its budget and request DWS to transfer R60 000 000, in order for the Agency to meet its operational requirements.

23. Transfer of functions between entities under common control

On 1 January 2018 the billing function relating to the charges for water resource management was transferred from the Department of Water and Sanitation to the Breede-Gouritz Catchment Management Agency.

These functions included the billing for water resource management as well as the debt collection function relating to such charges. With the transfer of these functions, the BGCMA has developed an accounting policy regarding these functions based on the policy that was in place at The Department of Water and Sanitation.

The debtors book relating to the Breede-Gouritz area inclusive of all amounts relating to water resource management charges were transferred to BGCMA on 28 February 2018 to the amount of R91 615 440.01. This transfer is reflected and included in the Current Assets: Trade and other Receivables as well as in the statement of Changes in Net Assets: Transfers from DWS Reserves.

Since the transfer of the function, the BGCMA has billed a total of R10 145 208 for water resource management, R1 061 966 for late registration of water use as well as R4 109 143 in interest on outstanding accounts for the period 1 January 2018 to 31 March 2018.

"QUALITY WATER FOR ALL, FOREVER"



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BREDE-GOURITZ

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