



**BREED-GOURITZ**  
CATCHMENT MANAGEMENT AGENCY

# ANNUAL REPORT

2022/23



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## PART A: GENERAL INFORMATION

### 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	Breede-Gouritz Catchment Management Agency
<b>REGISTRATION NUMBER (if applicable):</b>	N/A
<b>PHYSICAL ADDRESS:</b>	Corner Mountain Mill & East Lake roads, Worcester, 6850.
<b>POSTAL ADDRESS:</b>	Private Bag X3055, Worcester, 6850.
<b>TELEPHONE NUMBER/S:</b>	+27 23 346 8000
<b>FAX NUMBER:</b>	+27 23 347 2012
<b>EMAIL ADDRESS:</b>	info@bgcma.co.za
<b>WEBSITE ADDRESS:</b>	www.breede-gouritzcma.co.za
<b>EXTERNAL AUDITORS:</b>	Cara Mpako Inc. 4 Conference Lane, Century City, Cape Town, 7441.
<b>BANKERS:</b>	ABSA

## 2. ACRONYMS & DESCRIPTION

<b>APP</b>	Annual Performance Plan	<b>IT</b>	Information Technology
<b>ARC</b>	Audit & Risk Committee	<b>MoU</b>	Memorandum of Understanding
<b>BEE</b>	Black Economic Empowerment	<b>MP</b>	Member of Parliament
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>MTEF</b>	Medium-Term Expenditure Framework
<b>BERG</b>	Berg-Olifants Proto-CMA	<b>NDP</b>	National Development Plan
<b>BG</b>	Breede-Gouritz	<b>NEMP</b>	National Eutrophication Monitoring Programme
<b>BGCMA</b>	Breede-Gouritz Catchment Management Agency	<b>NCIMS</b>	National Compliance Information Management System
<b>BGWMA</b>	Breede-Gouritz Water Management Area	<b>NWA</b>	National Water Act
<b>CEO</b>	Chief Executive Officer	<b>NWRS</b>	National Water Resources Strategy
<b>CFO</b>	Chief Financial Officer	<b>OHS</b>	Occupational Health and Safety
<b>CMA</b>	Catchment Management Agency	<b>OSD</b>	Occupation Specific Dispensation
<b>CMS</b>	Catchment Management Strategy	<b>PDMS</b>	Performance and Development Management System
<b>DG</b>	Director-General	<b>REMP</b>	River Eco Monitoring Programme
<b>DDG</b>	Deputy Director-General	<b>RQOs</b>	Resource Quality Objectives
<b>DPSA</b>	Department of Public Service and Administration	<b>RO</b>	Regional Office
<b>DWS</b>	Department of Water and Sanitation	<b>RORs</b>	Record of Recommendations
<b>FLR</b>	Fourth Industrial Revolution	<b>PFMA</b>	Public Finance Management Act
<b>ECMS</b>	Enforcement Case Management System	<b>RPF</b>	Resource-Poor Farmers
<b>EDMS</b>	Electronic Document Management Committee	<b>PSP</b>	Professional Service Provider
<b>EE</b>	Employment Equity	<b>SANBI</b>	South African National Biodiversity Institute
<b>EMI</b>	Environmental Management Inspectorate	<b>R</b>	Rand (unit of South African currency)
<b>ENE</b>	Estimates of National Expenditure	<b>ToR</b>	Terms of Reference
<b>EXCO</b>	Executive Committee of the Governing Board	<b>V&amp;V</b>	Validation and Verification
<b>GDP</b>	Gross Domestic Product	<b>VAT</b>	Value Added Tax
<b>GGP</b>	Gross Geographic Product	<b>WMA</b>	Water Management Area
<b>GIS</b>	Geographical Information System	<b>WARMS</b>	Water use Authorisation and Registration Management System
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>WMIs</b>	Water Management Institutions
<b>HDI</b>	Historically Disadvantaged Individual	<b>WRM</b>	Water Resource Management
<b>HSWS</b>	Human Settlements, Water and Sanitation	<b>WMS</b>	Water Management System
<b>HR</b>	Human Resources	<b>WUA</b>	Water User Association
<b>IB</b>	Irrigation Board		

### 3. 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), performs water resource management in the Breede-Gouritz Water Management Area (WMA) as contemplated in the NWA. The BGCMA reports, and is accountable to me, as the Executive Authority.

As a water resource management entity, the BGCMA ensures that water resource management services are brought to stakeholders at a local level with their participation and involvement in decision-making.

This annual report will be the last one of the BGCMA. In the next reporting period, the BGCMA will be reporting as the Breede-Olifants Catchment Management Agency (BOCMA).

The BGCMA is a recommending authority to the Department of Water & Sanitation in the processing of licence applications. The achievement of the target for the processing of licensing applications within the required timeframe is noted. It is an indication that water resource management at a local level is working. This ability of the BGCMA to process licence applications efficiently will ensure that the water, which was made available by the upgrading of the Greater Brandvlei Scheme by the Department of Water and Sanitation, will be allocated to unlock further economic development in the local area.

The BGCMA is increasing the level of awareness about their stakeholders' various operational water resource challenges. By raising awareness, actions to address these challenges can be better addressed. This is true in the prevention of pollution of water resources. Successful water resource management can only happen where there is buy-in and local support.

It is comforting to know that the stakeholders in the Breede-Gouritz Water Management Area continue to support the BGCMA by taking part in public participation processes and paying catchment management charges.

The programme to install rainwater harvesting tanks, where rainwater is collected and stored for later irrigation use, was successfully implemented. This made a significant contribution to water availability especially for irrigating food gardens that provides food for people.

For sustainable water resource management, it is imperative to control the growth of alien vegetation in water catchments. The river rehabilitation projects implemented are essentially about the eradication of alien vegetation that is growing in river riparian areas. For the future availability of water from rivers, it is critical to control the growth of the alien vegetation as this sucks out large volumes of water from precious water resources. The BGCMA was successful in implementing these projects.

I would like to thank the Governing Board, staff, and the stakeholders for making it possible for water resources to be managed in a sustainable way in the 2022/2023 performance year.

A handwritten signature in black ink, appearing to read 'S Mchunu' followed by a date '2023/08/08'.

**S Mchunu, MP**  
**Minister of Water and Sanitation**  
DATE: 8 August 2023

## 4. FOREWORD BY THE CHAIRPERSON OF THE GOVERNING BOARD



The Breede-Gouritz Catchment Management Agency (BGCMA) is the entity that coordinates and harnesses the efforts and inputs of stakeholders to manage water resources in a collaborative manner. The buy-in and support of the stakeholders allowed the BGCMA to be successful in making widespread positive impacts in the 2022/2023 performance year.

The BGCMA currently operates from two offices located in Worcester and George. These are centrally located and facilitate direct access to our stakeholders who require assistance with catchment management functions. These functions include the registration of water use, processing of water-use licence applications, pollution control, assisting emerging farmers in applying for water-use authorisation, compliance monitoring and enforcement as well as – importantly - raising awareness about various catchment management issues.

The seven strategic objectives of the BGCMA include water resources planning, water-use management, institutional and stakeholder relations, water-allocation reform, water-resource protection and strategic support. Management and governance are supporting the vision of the BGCMA, “Quality water for all forever”.

There were many notable achievements during the reporting period and some of them are: the processing of water-use licenses within the specified timeframes, working along with our partners in the rehabilitation of rivers (removal of alien vegetation), extensive monitoring of water resources, the implementation of water-related Grant Policy projects, awareness-raising of a range of water-resource issues as well as an increase in the collection of catchment management charges owing to the successful implementation of collection strategies.

In 2022/2023, the Department of Water and Sanitation (DWS) completed the raising of the canal walls at the Greater Brandvlei Scheme. This project will expand and enable the allocation of

additional water, which will unlock additional opportunities in the agriculture sector resulting in social and economic benefits for our stakeholders. This is a good example that demonstrates support of the Department of Water and Sanitation’s efforts regarding delivering catchment management functions at a local level.

Attention to detail ensured there was an improvement in the audit outcome as compared to the previous year. The process of improving the audit outcomes is continuing with the aim of again achieving a clean audit outcome.

I serve with an experienced and skilled team of dedicated Board Members, and I thank them for their selfless contributions to the governance of the BGCMA. I thank the senior management team and personnel across the organisation who continue to work tirelessly to provide an efficient water resource management function to all stakeholders in the BGCMA Water Management Area. The Governing Board recognises your efforts and appreciates you.

I thank the Honourable Minister of Water and Sanitation, Mr Senzo Mchunu, for his continued support of the Board. His unsurpassed leadership and support make catchment management possible within the Breede-Gouritz Water Management Area.

A handwritten signature in black ink, appearing to read 'Bongani E Mnisi', with a long horizontal line extending to the right.

**Bongani E Mnisi, Chairperson**  
**Breede-Gouritz Catchment Management Agency**  
Date: 8 August 2023

## 5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

### 5.1. Overview of total operating expenditure

Total expenditure during the 2022/23 financial year increased from R78 million to R90 million. The increase is largely attributed to the increase in employee-related costs and operating expenses as well as provision for doubtful debts. The annual salary costs resulted in an 8.42% increase for employee-related costs owing to the increase in the number of staff employed as well as cost of living increase. The employee-related costs include all salary staff benefits together with travel and subsistence costs. The Provision for Doubtful increased by 64.3% owing to poor payment from water users. The depreciation and amortisation decreased from R1.4million in the 2021/22 fiscal year to R634 686 in 2022/23 fiscal year. The decrease in amortisation and depreciation is owing to the assets that reached their useful life but are still in use. Operational costs also decreased by 10.19% compared to the previous year. The decrease is caused by variable costs such as depreciation, cost of operations and reduced purchasing of furniture and equipment.

#### FINANCIAL OVERVIEW IN RANDS

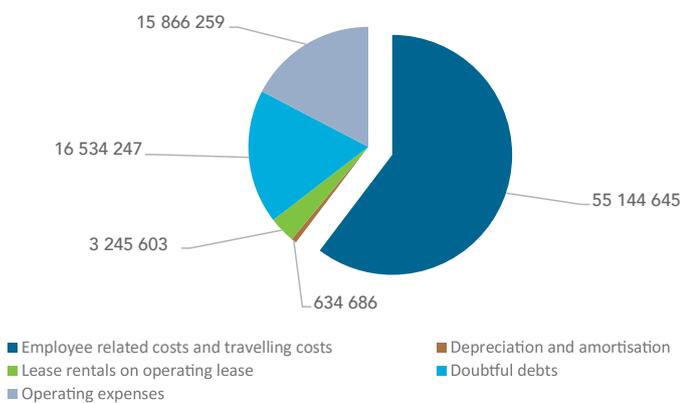


Figure 1: Expenditure Analysis

### 5.2. Revenue Analysis

#### 5.2.1. Source of Funding

The revenue from catchment management charges reflects a decrease of 1% when compared to the prior year. This can be attributed to the verification and validation of allocated volumes to various water users.

The augmentation allocation for the 2022/23 financial year amounted to R 40 173 million which shows a slight decline as compared to the prior year. Interests charged on overdue debtors and interest earned on positive bank balance amounted to R15.051 million.

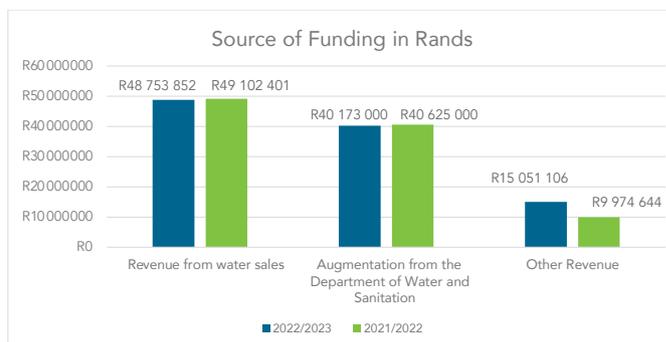


Figure 2: Revenue Analysis

### 5.3. Cash from operating activities

The collection debtors day measures how quickly cash is being collected from debtors. According to the BGCMA policy, all outstanding debt for water resource charges is payable within 30 days from the date of invoice. The Agency had a positive cash flow from operating activities. This amounted to R15.1 million in 2022/23 financial year and R17.7 million in the 2021/22 financial year. These figures can be attributed to a decrease in revenue collection from significant customers. At the end of the 2022/23 financial year, the cash and cash equivalent reflected a positive balance of R125.10 million. Management is continuing to maintain strict budget controls to prevent negative cash flow. This is an indication that the Agency has adequate financial resources to continue to operate for the foreseeable future.

## 5.4. Debtors Collection Days

The debtors' days' analysis - as tabulated below - reflects slight decrease when compared to the prior year. The decrease from 350.1 days in 2021/22 to 316.6 days during 2022/23 is because of the effective collection strategy implemented.

	2022/2023	2021/2022
Debtors days in sales (days)	316.6	350.1

## 5.5. Capacity constraints and challenges facing the Agency

### Water Resource Management

There are number of factors identified that prevent the Water-Resources Management Unit from achieving more outputs. The following are the capacity constraints identified for the WRM Unit:

- The BGCMA boundary is approximately 70 000 km<sup>2</sup> with a relatively small staff complement to service the entire area.
- Increased requirements for officials to work in the field placed an increased stress on the BGCMA fleet.

### Human Resources

The main capacity constraint and challenge of the Agency - with regards to Human Resources - is skills shortage and, in particular, Engineering skills. This reflects the general shortage of such expertise within the broader environment. Despite the high unemployment rate, the Agency still experienced some resignations that disrupt operations in the short term.

## 5.6. Discontinued activities / activities to be discontinued.

None

## 5.7. New or proposed activities

During the last quarter of the period under review there was a proposed amalgamation of the Breede-Gouritz CMA with the Berg-Olifants Proto-CMA. This caused uncertainties among the official.

## 5.8. Rollover of funds

Capital Commitments: Approved and Contracted for:

PROJECTS	AMOUNT
Rainwater tanks projects	R30 444
<b>TOTAL</b>	<b>R30 444</b>

Owing to delays in receiving the invoice from the supplier it was received in the next financial year.

## 5.9. Supply Chain Management

The Agency did not conclude any unsolicited bids in 2022/23 fiscal year. The SCM Internal Process and Systems are in place. Management and staff are adhering to the rules as expected.

## 5.10. Challenges experienced and how these were resolved

### DWS Systems reliability

The BGCMA utilises the DWS' electronic Water Use Licence Authorisation Application System (e-WULAAS). The e-WULAAS is a DWS system where the BGCMA logs in as an external user. Below are some challenges that were experienced:

- Access problems were experienced – these were resolved between the BGCMA IT and DWS IT officials as and when they occurred.
- Proxy Server Errors made it difficult for WARMS to access application forms – this was resolved with the assistance of the e-WULAAS help desk officials of the DWS National.
- e-WULAAS Exporting to WARMS caused delays – this was also resolved on a case-by-case basis as and when required.

Overall, the Department of Water and Sanitation continues to improve the processes of the e-WULAAS which resolved most of the BGCMA's challenges during 2022/2023.

In terms of the shortage of skills in engineering in the field in particular, the Agency tries to resolve this challenge by paying an Occupation Specific Dispensation (ODS) similar remuneration as adopted by the public sector. The Agency does this to attract the very scarce engineering skills that are still available so leading to cut-throat competition within the labour market. Going forward, the Agency is thinking of contracting the few engineers who could come as and when required as a way of mitigating the challenge.

With regards to resignation, there is no organisation that can prevent this from happening. However, the Agency recruited very speedily to avoid compromising service delivery.

- Printing and sending out of invoices and statements:

The Agency is facing challenges in printing out the invoices and statements. The contract between DWS and the printing service provider ended a year ago and the BGCMA was part of that contract. It was then difficult for the Agency to print and send out the invoices and statements to its customers as the Agency did not budget for that service. This is costing the Agency a lot of money which it cannot afford.

## 5.11. Events after the reporting date

### Subsequent events

With reference to Government Notice No. 48319, dated 28 March 2023, Part-B of this gazette, the Minister of Finance, Enoch Godongwana, replaced the Breede-Gouritz Catchment Management Agency with the new name called Breede-Olifants Catchment Management Agency. This was done in terms of Section 47, read with section 48 of the Public Finance Management Act. The implications are that the Breede-Olifants Catchment Management Agency will, with effect from 1 April 2023, be responsible for the Resource Management of the Water Management Areas of the Western Cape.

### 5.12. Gifts and Donations received in kind from non-related parties

None

### 5.13. Exemptions and deviations received from the National Treasury

No exemptions and deviations were received from the National Treasury during the fiscal year.

### 5.14. Audit report matters in the previous year and how these would be addressed

The audit opinion for the Agency has slightly improved compared to the two last financial years. The Agency has received unqualified audit opinion with findings. Management and staff are committed to improve further going forward and implement initiatives that can maintain and or improve the audit outcomes. Management has developed the audit finding register that will be monitored on a quarterly basis.

Management implemented follow-up processes such as quarterly reporting on action plans performed by management to address the audit findings. They developed and monitored the implementation of action plans to address internal control deficiencies.

## 5.15. Irregular expenditure

### Non-compliance with Treasury Regulation 16A6.3(b)

During the 2022/23 financial year, irregular expenditure - amounting to R1.741 423 was identified with regards to the procurement of travelling services where the bid documentation did not include the bid evaluation and adjudication criteria, including the criteria prescribed in terms of the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000) as well as the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).

This irregular expenditure emanates from the contract of the previous financial year. The Entity did not suffer any loss and value for money was achieved. The matter is free from

fraudulent, corruption or criminal actions. It is non-compliance of the prescribed regulations that led to the irregular expenditure. Management managed to cancel the contract even before the expiry date. They have learned a lesson from this and going forward will prevent something of this nature happening again.

## 5.16. Acknowledgement/s or Appreciation

We thank the Honourable Minister of Water and Sanitation, Mr Senzo Mchunu, for the support that led to the achievement of the BGCMA performance objectives.

We thank the Governing Board for providing the necessary oversight and to all the BGCMA staff who are always committed to sustainable water-resources management.

Thank you to all the stakeholders in the BGCMA who are supporting the Body in various ways to ensure that water resources are managed on a catchment basis.



**Jan van Staden**  
**Chief Executive Officer (Acting)**  
Breede-Gouritz Catchment Management Agency  
Date: 8 August 2023

## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the External Auditors, Cara Mpako Inc.
- The Annual Report is complete, accurate and is free from any omissions.
- This Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the Human Resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the Human Resources information and the financial affairs of the public entity for the financial year ending 31 March 2023.

Yours faithfully,



**Jan van Staden**  
Chief Executive Officer (Acting)  
Date: 8 August 2023



**Bongani E Mnisi**  
Chairperson of the Governing Board  
Date: 8 August 2023

## 7. PRESENTATION OF THE ANNUAL REPORT

Dear Honourable Minister

I have the pleasure of presenting to you the 2022/2023 Annual Report of the Breede-Gouritz Catchment Management Agency for the year ending 31 March 2023.

Yours faithfully,



**Bongani Evidence Mnisi**  
Chairperson of the Governing Board  
DATE: 8 August 2023

## 8. THE GOVERNING BOARD MEMBERS



**Mr BE Mnisi**  
Chairperson of the  
Governing Board



**Mr TE Abrahams**  
Deputy Chairperson of the  
Governing Board



**Mr AP Barnes**



**Dr O Curtis-Scott**



**Mr HM Rossouw**



**Ms EM Palmer**



**Mr MJ Delport**

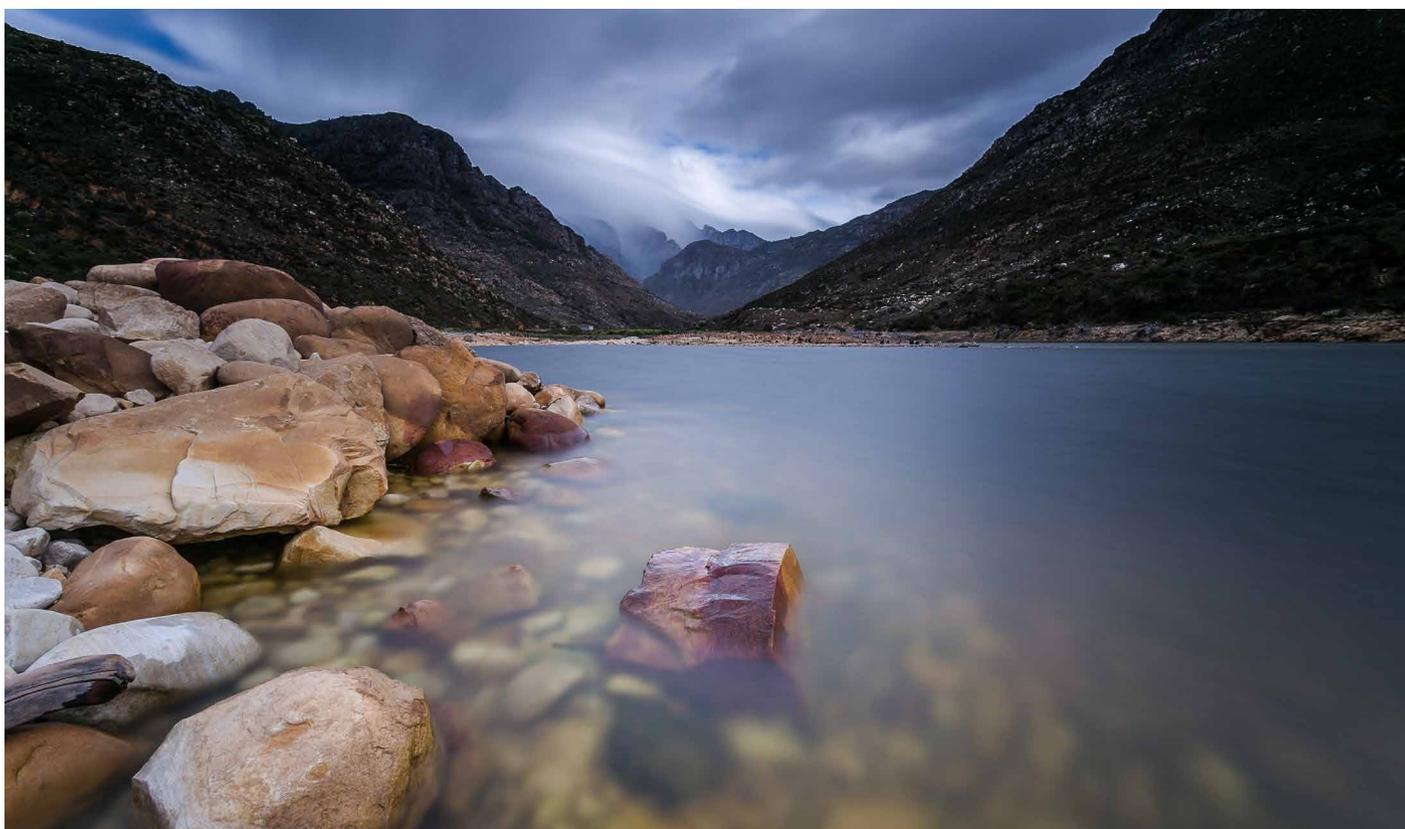
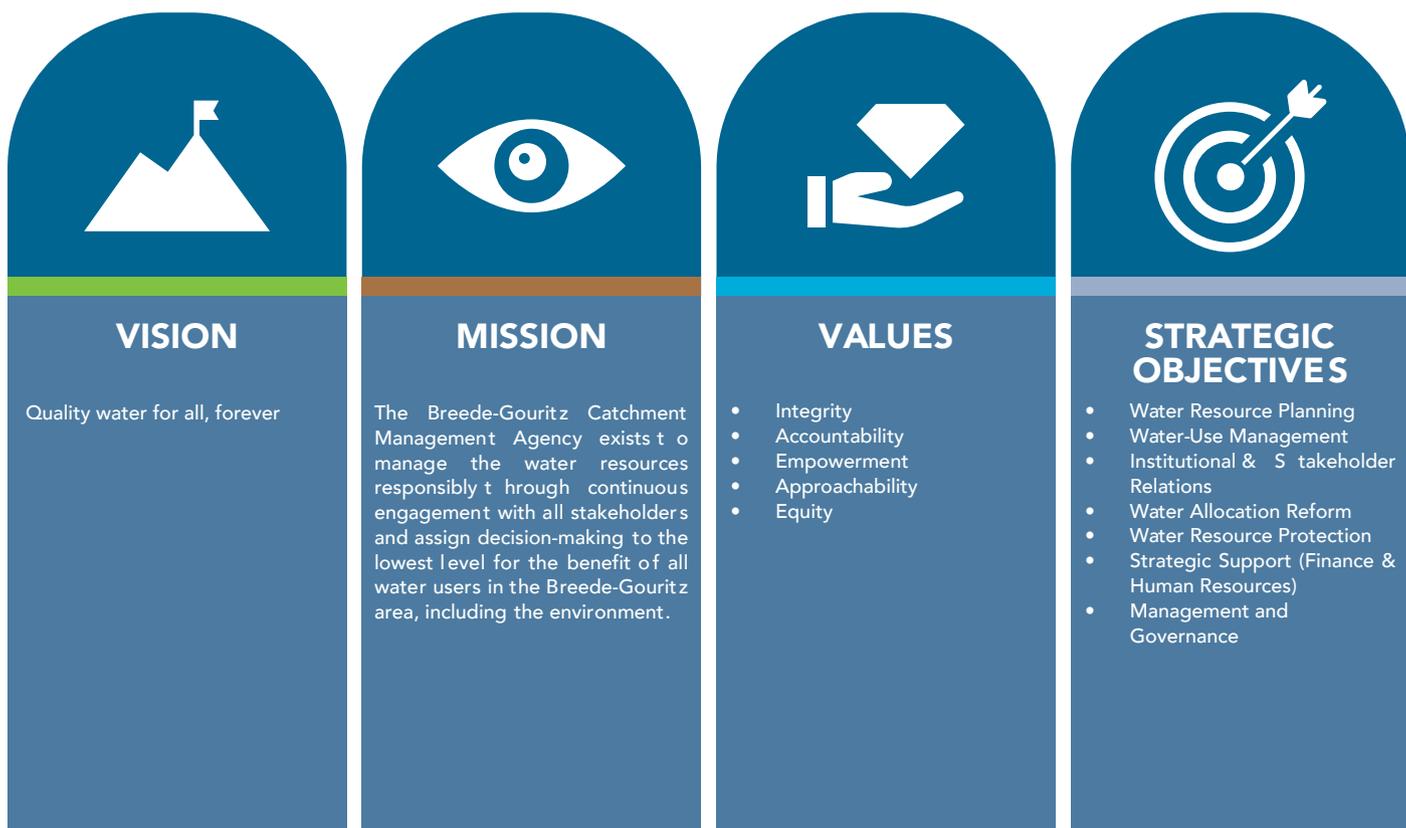


**Ms B Damane**



**Mr CJU Swart**

## 9. STRATEGIC OVERVIEW



## 10. LEGISLATIVE AND OTHER MANDATES

The Breede-Gouritz Catchment Management Agency (BGCMA) is a water management institution that was established in terms of section 78 of the National Water Act 36 of 1998 and operates in the Breede-Gouritz Water Management Area (WMA). BGCMA falls under Schedule 3A of the Public Finance Management Act (PFMA).

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.
- Coordinate related activities of water users and WMIs.
- Promote the coordination of implementing any applicable development plan.
- Promote community participation in water-resource management.

In terms of section 5 of the National Water Act, No. 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 also sets 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 that must not 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, determining sectorial water resource management charges and annual waste loads are to be per water management area. In terms of section 57(2) of the National Water Act, the BGCMA can determine the charges payable to the agency in line with the National Pricing Strategy.

## 11. ORGANISATIONAL STRUCTURE



# PART B: PERFORMANCE INFORMATION

## 1. SITUATIONAL ANALYSIS

The Breede-Gouritz Catchment Management Agency (BGCMA) was established in 2014 (Government Notice 412, 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 is a lead agent for water-resources management within the Breede-Gouritz Water Management Area (BGWMA). The BGWMA is bordered by the Indian Ocean to the South, the Berg-Olifants Water Management Area to the west, the Orange WMA to the north and the Mzimvubu-Tsitsikamma WMA to the east.

The BGWMA falls largely within the Western Cape, with a small portion of the upper catchment of the Olifants River in the Eastern Cape and tiny portions of the upper catchments of the Gamka and Groot Rivers falling in the Northern Cape. The BGWMA includes the Gouritz River catchment and its major tributaries (the Gamka, Groot and Olifants rivers) as well as the catchments of the smaller coastal rivers to the east and west of the Gouritz River mouth. It also includes the Breede River and

the catchments of the smaller coastal rivers to the west of the Breede River mouth, i.e., the Palmiet, Kars, Sout, Uylenkraals, Klein, Onrus, and Bot-Swart rivers.

There are two large rivers within the WMA, i.e., the Breede and Gouritz rivers. The Breede River, with its main tributary (the Riviersonderend River), discharges into the Indian Ocean. The Gouritz has three main tributaries: the Groot, Gamka and Olifants rivers. There are several other smaller rivers in the WMA: the Touws, Duiwenhoks, Goukou, Hartenbos, Great Brak, Kaaimans and Keurbooms rivers.

The BGCMA carries out its function of investigating and advising water users on the protection, conservation, management, and control of water resources in a cooperative manner. The BGCMA facilitates the cooperative governance of water resources through the linking of National, Provincial and Local Government as well as a host of sector partners and stakeholders.

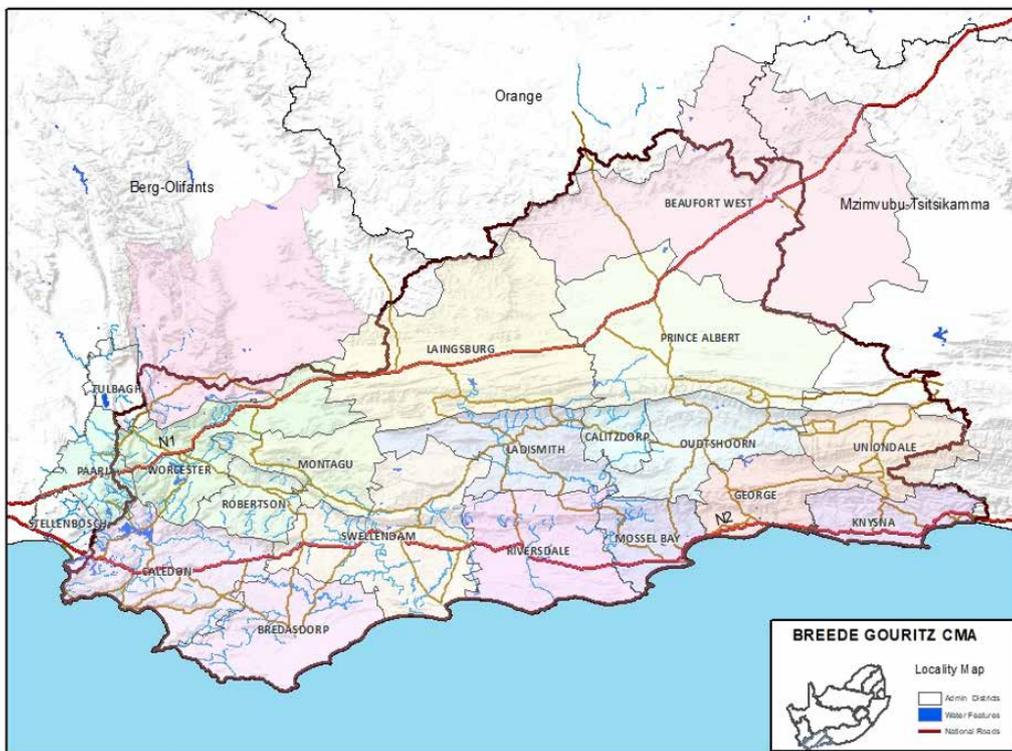


Figure 1: The Breede-Gouritz Catchment Management Area (Map)

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

The average rainfall over the catchment is as follows:

- Breede area - 200mm,
- Overberg - 400mm,
- Gouritz Coastal - 600mm, and
- Klein Karoo/Great Karoo - 150mm.

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 then October through storm events, whereas most of the rain in Breede Valley falls between 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 continued severe drought in the Breede-Gouritz Water Management Area. Moreover, the rainfall

forecast issued in March 2022 by the South African Weather Service (<https://www.weathersa.co.za/home/seasonalclimate>) indicated a below-normal rainfall for the period April-May-June 2022 over the southwestern region of the country. This implies a relatively slow start to the winter rainy season. As a result, large parts of the winter rainfall region recorded totals of between 5 and 50 mm, resulting in below normal rainfall conditions when compared to the historical long-term mean (ARC-LNR, 2022).

The total rainfalls for April - July 2022, given as percentage of the long-term mean, is depicted on the map in Figure 2 below. The map shows that the winter rainfall region has received around 50 - 75% of its normal rainfall for the period from April to July. There was also below-normal rainfall being recorded for the start of 2022 winter rainfall season in April and May. The region welcomed the onset of its rainy season towards the end of May and more intensely during the first half of June. This was mainly owing to the passage of strong cold fronts over the southwestern parts of the country with some areas recording totals of >200 mm for the month of June. Moreover, this rainfall contributed to the above-normal conditions visible on the rainfall map (ARC-LNR, 2022).

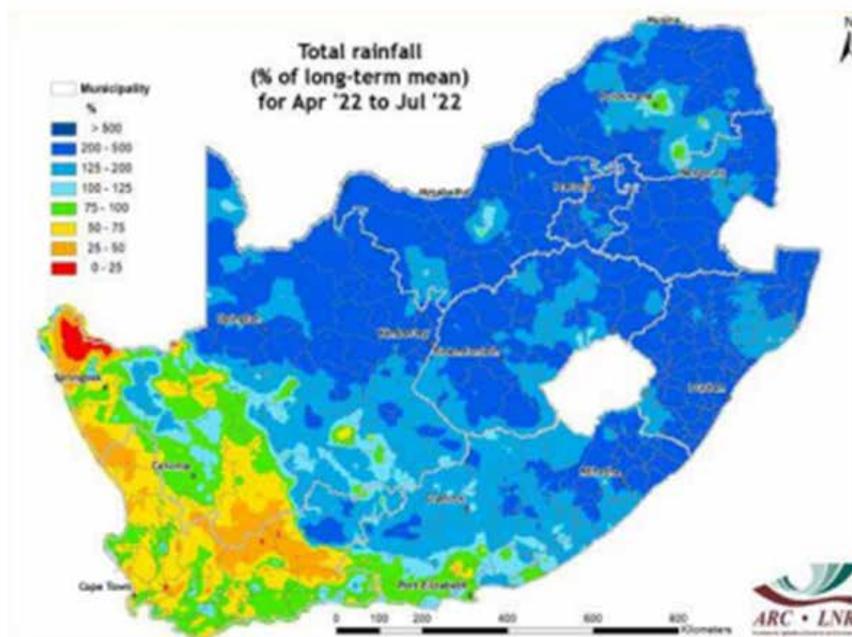


Figure 2: Total Rainfall (% of long-term mean) for April '22 to July '22 (Source: ARC-LNR, 2022)

Figure 3 below shows the total rainfalls for the period July 2022 to April 2023 given as a percentage of the long-term mean. The map indicates that most regions experienced rainfall that was either normal or above normal between July 2022 and April 2023. Data recorded for April 2023 indicated that a near-to above-normal rainfall was observed over the Western Cape region (ARC-LNR, 2023).

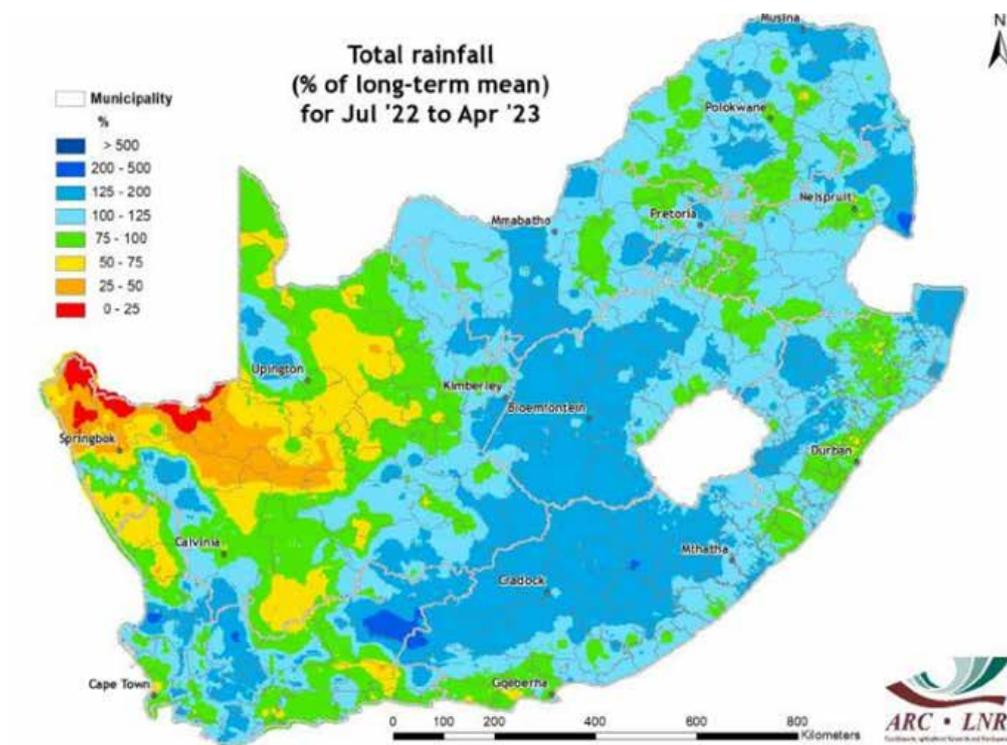


Figure 3: Total Rainfall (% of long-term mean) for July '22 to April '23 (Source: ARC-LNR 2023)

### 1.1. Service Delivery Environment

The Western Cape Region, where BGCMA operates, has seen exponential growth in people moving to the area. Those who could afford formal housing have been accommodated by the existing infrastructure and services provided by local municipalities. For others, who moved to the area in reaction to the call for seasonal workers in the agricultural and industrial sectors, securing formal housing was not easy. As a result, the area had been seeing illegal dwellings being erected, with a notable increase since the hard lockdown period during the pandemic. Illegal dwellings, with no access to services like waste management and sanitation and potable water, were erected in unfavourable areas. These areas most notably face severe winter rainfall and, as a result, pose major flooding risk owing to the location of the dwellings in and around a stormwater detention dam, stormwater canals a flood plain and along various rivers. The result often is the pollution of rivers and water resources because of the absence of water services and infrastructure. Over time, the compounding effect of widespread pollution has a negative effect on ecosystem services, as well as the deterioration of ecological health.

The Blue Deal Programme, which is an agreement between the Dutch Water Authorities and the South African Department of Water and Sanitation, sets out to address the problem of the

widespread pollution of water resources, as well as addressing waste management within the Theewaterskloof Municipal Area. It is a platform where different stakeholders can add to the pool of expertise and join in to provide solutions to the challenge. In part, it sets out to obtain alternative sanitation solutions in informal settlements where municipal services are inaccessible. Phase II of the programme runs until 2030.

### 1.2. 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 slightly less than 1% of South Africa's Gross Domestic Product (GDP). The WMA economy is dependent on exporting fruit and fruit products, PetroSA, uranium mining, renewable energy, ostrich farming and tourism.

The region is significantly dependant on the agricultural economy that provides 58% of jobs to the rural poor. The economy of the Breede-Gouritz is closely dependent on 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:

- 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, Laingsburg and Oudtshoorn.
- A tourism economy exists the whole CMA area that is associated with urban areas, protected areas and, importantly, agriculture.

The implication of this regarding water-resources management is that there is a strong alignment between water supply areas and water demand, which reflects the history of a farming economy where settlements were established in farming areas with abundant water. However, as the urban population grows - particularly in the Garden Route and the Overberg regions - 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. Note that the relatively large Cape Town urban economy, although outside of the CMA, is dependent on water exports from the Breede-Gouritz WMA and a portion of this economy can therefore be associated with the WMA.

### 1.3. Organisational environment

The Breede-Gouritz Catchment Management Agency's organisational structure was last reviewed on 31 March 2022. This was a direct response to capacitate the Agency for better service delivery. The new structure was subsequently implemented as effective from 1 April 2022. However, not all posts approved in the organisational structure could be filled for the year under review. This is because of some challenges and the key among these is financial constraints. As a result, 20% of the posts is not funded. Despite that, the volume of work within the Entity has gone increased substantially and the Agency has delivered on its mandate as informed by the National Water Act, 1998 (Act No. 36 of 1998).

The other challenge facing the Agency is skills shortage within the South African labour market despite the very high levels of unemployment the country is facing. This impacts negatively on the timeous acquisition of human capital in the core business of the organisation. This will be exacerbated by the establishment of the other remaining four CMAs in the country. It will lead to the severe poaching of talent from established and current CMAs thus under mining institutional knowledge and memory.

Another challenge facing the Agency is its location. It is considered a rural CMA that deters several potential job applicants including professions classified as "Scarce Skills" from joining the Agency. The location further makes it relatively difficult for skilled personnel to stay longer despite the Agency offering an Occupation Specific Dispensation (OSD) salary linked to that of the Public Sector.

The new risk and challenges are the current and constant load shedding that is crippling an economy already in crisis. To mitigate this, the Agency has resorted to the use of alternative power in the form of a generator. that comes at an extra cost to the entity. Secondly, COVID-19 is now not considered a major health risk by the World Health Organization (WHO) but it could still resurface at any time hence mitigating measures are still in place.

## 2. STRATEGIC OUTCOME-ORIENTED GOALS

The Breede-Gouritz Catchment Management Agency has the following programmes that support the Strategic Outcomes of the BGCMA:

- Water-Resources Planning
- Water-Use Management
- Water-Allocation Reform
- Water-Resource Protection
- Institutional and Stakeholder Relations
- Strategic support, which includes finance, Human Resources, and administration
- Management & Governance

### Water-Resource Management

The Water-Resources Management (WRM) Unit is responsible for managing and coordinating functions performed by the Breede-Gouritz Catchment Management Agency (BGCMA) for the implementation of the National Water Act, (Act No. 36 of 1998). This is 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 (DWS) through three main divisions, namely the Data Management, Water-Use Regulation and Institutional and Stakeholder Relations divisions. These three enhance the efficiency of service delivery to the stakeholders through cooperative actions.

The Data Management Division supports water-resources management through constantly updating and upgrading water databases such as the Water-Use Authorisation and Registration Management as well as the 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-Resources Protection, Water-Use Management, and Water-Use Authorisations. The Institutional and Stakeholder Relations Division is responsible for stakeholder engagement as well as maintaining and improving Inter-Governmental Relations.

### 3. PERFORMANCE INFORMATION BY OBJECTIVE

#### 3.1. Objective 1: Water-Resources Planning

Water-Resources Planning includes the Breede-Gouritz Catchment Management Strategy (CMS), which is a priority for the BGCMA, as well as conducting other assessments, engaging with DWS planning processes together with advising DWS and other interested parties on the management of water resources in the Breede-Gouritz Water Management Area.

##### 3.1.1. Key highlights under the Water-Resources Planning

###### *Land use applications*

In the BGCMA monitored and managed water resources within the Breede-Gouritz catchment, an average of 93% land-use planning and rezoning applications were assessed and commented on within the regulated timeframes.

###### Key performance indicators, planned targets, and actual achievements

Objective: Water-Resources Planning								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Legal water use maintained	Water-Resources Planning Processes	Percentage of land-use planning and rezoning applications commented on (letters sent)	95%	97%	90%	93%	Target exceeded	N/A

###### Strategy to overcome areas of underperformance

No strategy put in place as the target was exceeded.

###### Changes to planned targets

None

## Linking performance with budgets

Objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water-resources planning, water-use management, Water-allocation reform and water-resource protection	33 981	33 170	811	35 558	34 611	947

In terms of water-resources planning, water-use management, water-allocation reform and water-resource protection, the reason why these strategic objectives are combined is that the staff cost is linked between the objectives.

### 3.2. Objective 2: Water-Use Management

Water-use management includes activities such as water-use authorisation, registration of water users, pollution control as well as ensuring water-use compliance and enforcement for the 11 prescribed water uses.

The BGCMA has highlighted the urgency of fast-tracking the water-use licensing and registration process to address the backlog. Thus the Agency ensures that water-use applications are processed within the timelines required as per the water-use regulations. The BGCMA aims not to have a backlog so proactive management is important. The water quality-management activities include prioritising the registration of waste discharge together with effective resource-protection and compliance-monitoring.

#### 3.2.1. Key highlights under the Water-Use Management

##### *Water-Use Authorisation and Registration*

The BGCMA processed all water-use licence applications that were submitted for the 2022/2023 financial year. A total

of 43 WULAs were received and finalised within the 90-day regulated time frame. In addition, the BGCMA also confirmed and registered a total of 93 applications through General Authorisation (GA).

The BGCMA was recognised for its diligence in performing in line with the Gazetted regulations for the management of water-use licence applications from DWS during Water Use Forum held in Kruger National Park (Skukuza Camp). The BGCMA was recognised as one of the three best-performing offices of the department on administration of Water Use Licences and best performing CMA in a 90-days timeframe.

The licences that were recommended by the BGCMA - and eventually approved by the DWS during the 2022/2023 fiscal year - supported the transformation of agricultural water to support B-BEEE in the agriculture sector in line with the BGCMA allocation principles. This resulted in several licences issued to 100% B-BEEE applicants.

General Authorisations were fast-tracked for those applications that have a low impact on water resources.

Key performance indicators planned targets and actual achievements.

Objective: Water-Use Management								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023 Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Legal water use maintained	Registered Water Use	Percentage of water registrations finalised (incoming requests logged)	92.3%	87%	85%	96.96%	Target exceeded	N/A
		Number of signed and finalised Validation & Verification confirmation letters captured	85	260	200	149	Out of 163 letters, only 149 were captured and on the 14 letters there was no capturing required	N/A
		Percentage of water-use authorisations captured (licences & GAs)	100%	98%	100%	96.15%	Two had discrepancies and were not ready for capturing	Assessors to consult the WARMS Unit during the pre-application phase and before exporting to alleviate
	Processed Water-Use Applications	Percentage of licences recommended as per regulation	90%	89%	85%	100%	Target exceeded	N/A
		Percentage of General Authorisations finalised	100%	100%	100%	100%	Target met	N/A
	Water use complied with Water Use Licence / General	Number of audit reports completed for water-use compliance	88	96	80	98	Target exceeded	N/A

Objective: Water-Use Management								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023 Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
		Number of Water Quality Compliance Reports of Municipal Wastewater Treatment Works (WWTW) that discharge to Water Resources	9	4	4	7	Target exceeded	N/A
	Water Users validated and verified in selected	Number of confirmation letters sent.	85	120	200	163	Delays in finalisation of the V&V project	Better time

### Strategy to overcome areas of underperformance

Renewed focus on the V&V and the bringing in of additional capacity.

### Changes to planned targets

None

### Linking performance with budgets

Budget is included in 3.1 Water-Resources Planning

## 3.3. Objective 3: Institutional and Stakeholder Relations

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

The BGCMA continued to support and participate in intergovernmental forums such as the Western Cape Sustainable Water Management Plan Committee, the Upper Breede River Collaborative Extension Group and the Breede Sonderend Collaborative Committee where cross-cutting mandates are discussed as well as optimally managed and monitored as required by Cooperative Governance.

## 3.3.1. Key highlights under the Institutional and Stakeholder Relations

### 3.3.1.1. Stakeholder Engagement, Marketing and Communication

Several awareness drives were conducted where the different units within the BGCMA were involved to share critical information to stakeholders regarding our services. Successful Water Week activities with schools and other awareness days were held to capacitate stakeholders in Water Resource Management. Social Responsibility projects were funded, supported, and capacity-building was provided where necessary.

### 3.3.1.2. Grant Projects Financially Supported

BGCMA financially supported water-related community projects with Grant funding as indicated in the table below:

#### Community Projects

PROJECT NAME	PROJECT SUMMARY	AMOUNT REQUESTED AND FUNDED
1. Overberg Wheelchair Association - Love Ability Eco Brick Project, Hawston	<p>Funding for this project will be utilised to take an existing idea, i.e., Eco-Bricks, and implement it well. This entails the production of high-quality, practically useful products with a spill-over beneficial environmental and socio-economic effect. The aim is to manufacture robust Eco-Brick furniture for a range of consumers. In addition, this project aims to research, demonstrate, and promote the use of Eco-Bricks as building material for small building projects such as garden benches and walls as well as for the building of affordable, efficient thermos-regulated "green" homes.</p> <p>Request is for: Workshop rental to store Eco-Bricks and manufacture furniture. Major equipment to buy: one industrial sewing machine and to transport one industrial sewing machine from Jeffrey's Bay. Start-up resources to produce furniture. Community education and training. Marketing: signs, labels, and branding. Research and demonstration of Eco-Bricks as durable, efficient building material. Fuel, courier fees, transport and equipment maintenance required.</p>	R200 000.00
2. Onrus River Homeowners Association - Onrus River Estuary Red Control Project, Onrus River	<p>The purpose of the project is to remove invasive reed growth to increase open water for recreation, reduce siltation and eutrophication. Reduce fire risk in riparian properties.</p> <p>Request is for a chipper machine, brush cutters, blades, wrench, safety equipment, training, project management, fuel &amp; maintenance.</p>	R200 000.00
3. Sinethemba Trust Project, Zwelethemba	<p>The purpose of the project is to establish a bigger food garden with shade net for sustainable development initiatives to ensure food and nutrition for all. Sinethemba beneficiaries, as well as water-related projects such as water tips and environmental awareness as well as the planning of riverbanks and stream cleaning initiatives are to be implemented.</p> <p>Request is for green shade net, materials &amp; poles, garden seeds, compost, fertilisers, storage container, river cleaning materials, garden support equipment.</p>	R166 175.90
4. Carpe Diem Food Gardens and Tunnels, George	<p>The objective of the project is to feed ELSEN learners and their families through their garden project. Produce more than they need to sell and raise additional funds to sustain the garden/tunnels. Teach ELSEN learners life skills and make sure they can support themselves after school.</p> <p>Request is for the upgrading and installation of irrigation systems in open garden, tunnel and bricked-up garden beds, repairs to existing large tunnel, repairs to existing small tunnel, provision of ventilation in small tunnel, shade netting over bricked-up garden beds, working tables for seedlings in small tunnel, admin costs. There are 390 beneficiaries.</p>	R200 000.00
5. Rainwater Harvesting Tanks 2022/2023	Request is for 400 RWHTs for the whole WMA	R3 000 000.00

### 3.3.1.3. Number of Intergovernmental Cooperative initiatives

The BGCMA formed an integral part of the Upper Breede Collaborative Extension Group. The Breede Sonderend Collaborative Committee forums supported cooperative governance of resources between National Departments of Environmental affairs (through SANBI), Local Government, District Government, Western Cape Department of Agriculture,

Western Cape Department of Environmental Affairs and Development Planning, CapeNature and local Water User Associations and Irrigation Boards. These forums supported collaborative efforts towards river maintenance management plans for rivers in the Breede and Overberg districts, Alien Clearing and Rehabilitation projects in these districts as well as collaboration with water-quality management in the main river stream and estuaries.

### Key performance indicators, planned targets, and actual achievements.

Objective: Institutional and Stakeholder Relations								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Effective IWRM and empowered		Number of learners and	6030	5574	5000	6660	Target exceeded	N/A
		Number of	6	4	4	5	Target exceeded	N/A
		Number of newsletter articles compiled	4	4	4	4	Target met	N/A
	Water-related community projects financially supported with Grant funding	Percentage of approved water-related community projects funded	100%	100%	100%	100%	Target met	N/A
	Forums supported in WRM.	Number of Forums supported in WRM	31	37	40	24	The number of forums still fully functioning has reduced.	The target will be adjusted to align with reality.

### Strategy to overcome areas of underperformance.

Lockdown restrictions have been lifted so it is now normalised.

### Changes to planned targets.

No changes were made.

## Linking performance with budgets

Objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Institutional and Stakeholders Relations	9 912	8 726	466	9 784	9 041	743

### 3.4. Objective 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 licence applications. The provision of

rainwater harvesting tanks to households with vegetable gardens contributed to the BGCMA's social responsibility regarding poverty alleviation.

#### 3.4.1. Key highlights under the Water-Allocation Reform

The construction - that will allow the inlet canal to the Department's Greater Brandvlei Dam to provide additional water for allocation - was finalised during the 2022/2023 financial year. This allowed the BGCMA to consider applications for water-use licences for the use of this water. The first phase focused on 100% B-BBEE applications while the second phase (ongoing into the next financial year) considered partnerships of 30 - 50% B-BBEE. A total volume of 1 328 764 m<sup>3</sup>/a was allocated with the first phase of applications.

Objective: Institutional and Stakeholder Relations								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Capacitated Resource-Poor Farmers with water supply	HDIs and Resource-Poor Farmers supported	Percentage of HDIs and RPF technically supported on water use	100%	100%	100%	100%	Target met	N/A
		Number of workshops held to capacitate and empower Resource-Poor Farmers in WRM	0	2	2	4	Target exceeded	N/A
		Number of Rainwater Harvesting Tanks installed	285	400	400	400	Target met	N/A

## Strategy to overcome areas of underperformance

Lockdown restrictions have been lifted so it is now normalised. The DWS budget for RPFs is now allocated to the Department of Agriculture. The BGCMA will collaborate with Department of Agriculture to assist RPFs.

## Changes to planned targets

No changes were made.

## Linking performance with budgets

Budget is included in 3.1 Water-Resources Planning.

### 3.5. Objective 5: Water-Resource Protection

The focus of the Water-Resource Protection over the next three years will be on compliance with a view to achieving the Reserve determination and Classification lead by the DWS. This involves the ongoing assessment of water resources and water-use monitoring information in the WMA against objectives and standard/licence conditions.

#### 3.5.1. Key highlights under the Water-Resource Protection

##### 3.5.1.1. Water Quality Monitoring

A collaborative initiative with the Department of Environmental Affairs and Development Planning (Western Cape Government) for a joint sampling programme within the Breede and Overberg Water management areas allowed for the monitoring of resources in these areas to be optimised.

The BGCMA monitored water resources for water quality at 106 monitoring points and assisted with the NEMP monitoring that was previously conducted for DWS. However the BGCMA has taken over the monitoring programme. Pollution incidents were dealt with timeously to prevent any lasting damage to water resources. A total of 35 properties were inspected during a blitz operation conducted in collaboration with DEATP, where two metering notices and a pre-directive notice were issued to transgressors.

##### River Eco Status Monitoring Programme (REMP) Monitoring

The REMP Monitoring Programme was implemented on 37 Resource Quality Objectives (RQO) points:

- 20 Points in Gouritz
- 17 Points in Breede

The programme is meant to assess compliance with the RQOs set by DWS.

##### 3.5.1.2. River Rehabilitation Projects

A total of three river rehabilitation projects were identified and funded for the 2022/2023 financial year. These projects focused on providing support to local water users associations

to continue with keeping key areas along the main stem of the Breede River clear of new growth (follow-up clearing). In

supporting these projects, the BGCMA also supported the job security of the units working on these projects and several informal SMMEs resulting from the clearing work, such as informal wood cutters.

##### 3.5.1.3. Compliance Monitoring and Enforcement (CME)

During the 2022/2023 fiscal year, the BGCMA CME unit received and investigated 26 pollution incident-related cases. All cases were investigated successfully within 24 hours as per the CME business process. Administrative actions were taken successfully. One criminal case was opened against the Kannaland Local Municipality for the ongoing pollution of the water resource without authorisation including non-compliance with the Section 53(1) Directive in terms of the NWA. Most of these incidents are related to sewage spillages owing to Municipal infrastructure breakdown.

The BGCMA also received 91 complaints of suspected non-compliance in the agricultural sector and all cases were investigated. Findings revealed an array of non-compliances that pose a threat to the water resources. This has prompted the administration to take administrative action against identified non-compliant water users to compel them to rectify their contraventions.

The BGCMA planned monitor compliance monitoring at 80 properties with authorised water uses in the 2022/2023 fiscal year as per the APP targets. A total of 98 were achieved as follows:

- Six wineries
- One Piggery
- 85 Irrigation
- Six WWTW

Out of the 98 users, 11 were found to be non-compliant and recommendations were made in the final reports for actions against non-compliance. These recommendations ranged from corrective action plans to enforcement actions.

During 2022/2023, the BGCMA conducted V&V follow-up blitz operation with DWS regional office officials, where 21 facilities were inspected. Other, four mini blitz operation were conducted by BGCMA EMIs, where five properties were inspected during Winery blitz, 12 facilities were visited during Onrus Lower De Boss dam blitz, 17 facilities were visited during the Lower and Upper Breede blitz and 12 facilities were visited during the Craggs blitz. The main purpose of these was to ensure compliance with the National Water Act.

The CMAs were encouraged to use the DWS systems for the reporting, recording, and uploading of the CME cases and audits of the water-use authorisations. Training on CME generic concepts, processes, procedures, and IT Application tools (National Compliance Information Management System (NCIMS) and Enforcement Case Management System (ECMS)) and how to compile a Compliance Inspection Report were rolled out between 15 and 17 February 2023 to capacitate the

BGCMA officials to be able to perform their CME functions better.

Three BGCMA officials attended the EMI training offered by DFFE. All three successfully completed the training and were awarded their EMI certificates and designation letters.

### Key performance indicators, planned targets and actual achievements

Objective: Water-Resource Protection								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Good water quality and legal water use	Protected Resources	Number of BGCMA Water Resource points monitored	116	110	80	106	Target exceeded	N/A
		Number of River Rehabilitation Projects funded and technically supported.	6	3	3	3	Target met	N/A
		Percentage of reported non-compliant cases investigated (investigation reports, administrative notices (Pre-Directive, representation response letters and follow-up investigation reports)	65%	78%	100%	100%	Target met	N/A
		Percentage of resolved investigated cases (Directive, Criminal process and closing letter)	New indicator	-	80%	100%	Target exceeded	N/A

### Strategy to overcome underperformance areas of

The CME unit was capacitated by replacing the resigned official and adding two more officials.

### Changes to planned targets

No changes were made.

## Linking performance with budgets

Budget is included in 3.1 Water-Resources Planning.

### 3.6. Objective 6: Strategic Support

The strategic support section is made up of the following: Finance & Administration, Information systems and Human Resource Management.

#### (i) Finance unit

This is the backbone of financial management and administration for the organisation. The unit's priority is to ensure financial

viability and financial sustainability through water-use charges and effective organisational development.

#### (ii) Information Systems

Information systems focused on providing comprehensive and consistent information at an organisational and catchment level, through effectively functioning systems including interfaces with DWS information systems where necessary.

### Key performance indicators, planned targets and actual achievements

Objective: Strategic Support								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
	Finance Statutory reporting documents submitted	Percentage of reports complying with listed financial reporting prescripts	100%	100%	100%	100%	Target met	N/A
	Annual Tariffs Proposal approved	Number of proposed tariff reports submitted to the DWS complying with pricing strategy	1	1	1	1	Target met	N/A
	Effective risk management	Number of risk assessment reports	1	1	1	1	Target met	N/A
	Effective internal controls	Percentage of compliance with audit recommendation	100%	100%	100%	85%	Some of the pending audit findings take longer to resolve and the Agency is doing its best to finalise these	The process is ongoing

Objective: Strategic Support								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
	Increased B-BBEE spending	Percentage of targeted procurement budget spent on B-BBEE.	141%	84%	100%	78%	Difficulties to get the 100% B-BBEE companies residing within the area of demarcation.	Service providers that are B-BBEE compliant are prioritised
	Effective Revenue Management	Percentage of WRM charges collected.	106%	84%	77%	89%	Target exceeded	N/A

## Revenue collection

Sources of revenue	2021/2022			2022/2023		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Water Resources Collected Charges	32 250	49 102	(16 852)	33 000	48 753	(15 753)

## Background

The revenue and receivable function were only transferred to BGCMA in January 2018. The first two years were a period of assessment/measurement as prescribed by GRAP. The Agency's primary focus for the first two years was to verify the amounts transferred as well as develop policies and put systems in place including recruiting key staff. The debt collection strategy was only intensified after the two-year measurement period. The debtors book that was transferred by the Department of Water and Sanitation in January 2018 was an amount of R91 615 440.01 in January 2018.

At the time of the transfer, the age analysis of the transferred debtor's book indicated that 80% of the debt was older than 150 days which poses a significant risk in terms of recoverability. The majority of the customers did not comply with the 30-day payment terms prescribed by the Department. The historic data analysis obtained from the Department indicated that customers payment behaviour can be projected at just under 60% debt recovery. The Agency used this recovery percentage

as a baseline informed by the historic data obtained from the Department of Water and Sanitation

## Intervention taken to improve the situation

**Recovery plan** - The BGCMA developed and implemented a recovery plan to support the effective and efficient recovery of debt owed to the Agency. The results of cost recovery are reported on a monthly basis to monitor progress against targeted revenue collection.

Automating the distribution of invoices and statements to customers to reduce the turnaround time to deliver invoices to customers.

**Debt incentive scheme** - The Agency has introduced a debt incentive scheme whereby the customers are encouraged to pay a certain percentage of the capital amount and, in return, the interest is written off once the capital amount is settled in full or as agreed.

**Appointed debt collection agency** - The Agency was performing the debt collection function in-house and all collection targets as per the annual performance plan have been achieved since 2018. In February 2023, the Agency introduced a new measure to strengthen its debt management process by appointing debt collectors. The Agency is participating in RT27-2019 contract for debt collection facilitated by National Treasury. The appointed services provider only started providing services to the Agency in February 2023.

**Staff** - The BGCMA capacitated the revenue unit to ensure the full recovery of monies owed to the State.

**Strengthening Customer Relations** - The BGCMA has acknowledged the need to improve all facets of customer experience with the aim of improving debt collection. As a result, a catchment management forum was established to ensure that a strong cohesive team is built with customers. Several meetings with critical customers were held to resolve long outstanding issues. This contributed positively to the revenue collection.

**Future intervention to improve the current situation**

The Agency intends to improve the way it interacts with its customers by utilising technology. It has implemented part of a self-service portal whereby the customers can view their statements online. The Agency is in the process of implementing a process that will enable and empower the customers to request services, find information, register, and resolve queries online. The initiative will enhance communication between the Agency and its customers.

**(iii) Human Resources Management**

Human Resources (HR) is a strategic department and plays a supportive role within the Agency to enable it to achieve its objectives. The Department further supports capacity-building and creates a conducive and enabling environment that is legislatively compliant. Above all, HR's main functions are to plan, coordinate and manage the staff function of the Agency through the designing, development, formulation, and implementation of policies, procedures, and systems in line with all applicable Board-approved policies, legislation and prescripts.

**Key performance indicators, planned targets and actual achievements**

Objective: Human Resources Management								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Organisational development	Effective organisational development	Percentage of approved and filled posts on the organogram	70%	79%	75%	80.4%	Target exceeded	N/A

**Strategy to overcome underperforming areas**

Renewal of recruitment drive in the coming years

**Changes to planned targets**

None

## Linking performance with budgets (Finance, Human Resources Management, and Information System units)

Objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Strategic Support	31 402	30 442	960	36 328	31 978	4 350

### 3.7. Objective 7: Management and Governance

This programme represents the executive and governing 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 Memorandum of Understanding (MoU) with DWS Regional Office (RO) and other relevant Chief Directorates into the operation of the CMA together with the DWS.

This agreement between the national Department of Water and Sanitation (DWS) and the Dutch Water Authorities is better known as the Blue Deal Programme. It is a project aimed at enhancing access to sufficient, clean and safe water for all by 2030 and beyond. In the South African context, water institutions will work together with the Dutch Water Authorities with the aim of contributing to clean and sufficient drinking water, as well as creating a safe and clean environment. Much of this was prompted by the Water and Toilet Indaba, held on 21 September 2022, and was hosted by the Archbishop of the Catholic church and Blue Deal. In the past four years, Dutch and South African water managers, in different regions of the country, have cooperated under the partnership. The Blue Deal congress, which was held during November 2022 in Johannesburg, allowed DWS Deputy Minister David Mahlobo the opportunity to sign the MoU for the next phase of the

Blue Deal. It shows the high-level commitment and hope that the Blue Deal will be a game-changer.

The approval of the phase 2 plan (2023-2026) by the Blue Deal Steering Committee can be considered a reward for these efforts. It means a 'go' for all five South African projects, including the new project in Theewaterskloof. The Theewaterskloof Municipality is the latest entrant to join the National Government's agreement with Dutch authorities. Within the municipal area, the focus would be on solid waste reduction and sanitation innovation.

On 20 February 2023, the political leadership and senior management of Theewaterskloof Municipality met with members of the Dutch Water Board, Department of Water and Sanitation (DWS) and Breede-Gouritz Catchment Management Agency (BGCMA) and pledged their commitment to the implementation of the Blue Deal project in the Theewaterskloof municipal area.

The collaborative agreement with the South African National Biodiversity Initiative (SANBI) continued to be honoured - as far as possible - in the absence of a coordinator from the SANBI. During the financial year, several projects were supported under this agreement such as the mapping of water uses, wetlands, alien clearing initiatives etc.

## Key performance indicators planned targets and actual achievements

Objective: Management and Governance								
Outcome	Output	Output Indicator	Audited Actual Performance		Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Reasons for deviations
			2020/2021	2021/2022				
Compliance with corporate governance regulatory prescripts	Strategic Management & Governance provided	Percentage of Corporate Compliance reports and non-financial reporting scripts produced	100%	100%	100%	100%	Target met	N/A
	Shareholder Compact developed and implemented	Number of Shareholder compacts signed.	1	1	1	1	Target met	N/A
Inter-Governmental Relation Initiatives maintained	Inter-Governmental relation initiatives	Number of agreements signed	2	2	1	1	Target met	N/A

### Strategy to overcome underperforming areas

Not applicable

### Changes to planned targets

None

### Linking performance with budgets

Objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Management &amp; Governance</b>	507	268	239	328	332	6

# PART C: GOVERNANCE

## 1. INTRODUCTION

The Breede-Gouritz Catchment Management Agency (BGCMA) is governed by nine Board members and an ex-officio member, the Chief Executive Officer (Acting). The Board is appointed by the Minister of Water and Sanitation in terms of Section 81(1) of the National Water Act, 1998 (Act No. 36 of 1998). The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, regulates activities of the Board and remains the supreme legislative framework of the land on financial and related matters. In terms of section 49(2)(a) of the PFMA, the Board is solely responsible for the governance of the Entity that includes oversight and accounting authority responsibilities. The Board constitutes a fundamental base for the application of corporate governance principles within the Entity. It has the absolute responsibility for the performance of the Entity and is fully accountable to the Entity for its performance. The Board members have experience, expertise,

and skills acquired over the years to position the Agency within the water sector and that makes the Entity lead from “the front in the management of integrated water resource”.

The Board was initially appointed on 17 September 2007 for a three-year term which was extended on 1 October 2013 until a new Board is appointed. As per legislation and appointment letters, the Board reports directly to the Executive Authority (the Minister) and who may also remove Board Members for good reason in terms of section 83(1) of the NWA, 1998. The Board views good corporate governance as a vital component and tool in operating a successful and sustainable institution as well as providing assurance to stakeholders. The Board is the Accounting Authority of the Entity in terms of both the PFMA, 1999 as amended and the National Water Act, 1998.

### Board Structure

The structure of the BGCMA Board is depicted in the table below which has strengthened corporate governance within the Entity. The Board is committed to ensure that the Entity succeeds and exceeds expectations as per mandate.

The BGCMA Board consists of the following members:

Name/s	Gender	Role	Committee
Bongani Mnisi	M	Board Chairperson	N/A
Trevor Abrahams	M	Deputy Board Chair & Committee Chairperson	HR & Remuneration
Dr Odette Curtis-Scott	F	Committee Chairperson	Technical
MJ Depoets	M	Committee Chairperson	Audit & Risk
Esthella Palmer	F	Member	HR & Remuneration
HM Rossouw	M	Member	HR & Remuneration
CJU Swart	M	Member	Technical
Bulelwa Damane	F	Member	Audit & Risk
AP Barnes	M	Member	Technical
Jan van Staden	M	CEO (Acting)	Ex-officio

**NB: M = Male, F = Female**

### The role of the Board

The Board focuses on the key corporate governance elements that underpin its operations. Its role is to:

- Provide strategic direction to the Entity,
- Consider and, if appropriate, adopt an operating budget and annual performance plan to achieve its strategic objectives,
- Delegate authority to the Chief Executive Officer for the day-to-day running of the Entity but remains accountable,
- Provide oversight of and holds absolute responsibility for the performance against targets and objectives,
- Provide oversight on the reporting of the direction, corporate governance, and performance of the Entity,
- Identify, consider, and review key risk areas and mitigation measures,
- Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Board’s internal governing documents and the codes of conduct,

- h) Act responsibly towards the Board's relevant stakeholders,
- i) Be aware of, and commit to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly, and
- j) Always maintain integrity, responsibility, and accountability.

## Board charter

The Board is the focal point of corporate governance in the Entity. It is accountable and responsible for the performance and affairs of the Entity as well as for ensuring that the Entity conducts itself as a responsible corporate citizen.

The Board charter confirms:

- a) The Board's responsibility for the adoption of the Annual Performance Plans (APPs) and Strategic plans,
- b) Monitoring of operational performance and management,
- c) Determining policy processes to ensure the integrity of the public entity, risk management and internal controls,
- d) The evaluation of both the Board and its committees, and
- e) Communication of policy, executive selection, and orientation of new members.

The Board meetings are conducted at least quarterly, more frequently when circumstances require. Proceedings of meetings are directed by a formal agenda. The proposed agenda is circulated seven days prior to the date of the meeting to allow Board members sufficient opportunity to prepare adequately.

In addition, a comprehensive Board pack is circulated and/or distributed to all members in advance of meetings to ensure that they are properly informed and to enable Board members to undertake meaningful discussion and effectively discharge their duties.

These packs typically include:

- a) An agenda,
- b) Minutes of the previous meeting,
- c) Committee reports and action list, and
- d) A governance update to assist Board members with keeping abreast with relevant legislation and any changes thereof.

All Board members have unrestricted access to the Office of the Chief Executive Officer as well as all Board documents and records.

To regulate the Board activities, the Board reviewed its charter on 30 March 2023 that was further devolved to its various committees. These Board committees used the Board charter to review their different charters that were duly approved by the Board. The charter provides a framework for fiduciary duties, responsibilities, and the overall functioning of the Board.

The Board Charter is read in conjunction with:

- a) 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,
- b) The Treasury Regulations (GG27338) as amended from time to time,
- c) The National Water Act, 1998 (Act No. 36 of 1998),
- d) The B-BBEE Act (Act No. 53 of 2003),
- e) The King Code of Corporate Governance Principles, 2016 (King IV), and
- f) The South African Constitution, 1996 (Act No. 108 of 1996) as amended.

Compliance with the King IV is not a legislative requirement but the Board endeavours to abide by the recommendations of the King IV as far as possible to ensure good corporate governance within the Entity.

## 2. PORTFOLIO COMMITTEES

### PORTFOLIO COMMITTEE ON WATER AND SANITATION

Parliament exercises its role through evaluating the performance of the Entity by interrogating both the Annual Performance Plan (APP) and the Annual Financial Statement (AFS) as well as other relevant documents that are tabled before it from time to time. The Parliamentary Portfolio Committee on Water and Sanitation exercises oversight role over service delivery performance of the Entity and all the water management entities reporting to the Minister of Water and Sanitation. For the year under review, there were two engagements with the Portfolio Committee on Water and Sanitation, namely presentation by entities supporting the work of the Department of Water and Sanitation of the 2022/23 Annual Performance Plans that took place on 2 May 2022 and the briefing on their 2021/22 Annual Report and Financial Statements, held on 13 October 2022.

## 3. EXECUTIVE AUTHORITY

The Executive Authority of the BGCMA is the Minister of Water and Sanitation to whom the Accounting Authority report in terms of the NWA, 1998.

### Shareholder Compact

The Accounting Authority contracts with the Executive Authority on an annual basis via a shareholder compact. During the year, the Board actively engaged with the shareholder through various forums and platforms with regards to the performance of the Entity. The Shareholder Compact regulates the relationship between the parties.

## 4. THE ACCOUNTING AUTHORITY

### Risk Management

The Organisation recognises that risk exposure cannot totally

be removed and eliminated hence effective risk management and reduction has remained a top focus and priority for the Board. The risk assessment approach revealed a few risk exposures that needed to be professionally managed at a strategic level. However, the risk management maturity level at the strategic risk profile has improved significantly in the year under review. The Board remains concerned about the risk triggers that jeopardise the Agency's long-term viability. For strategic risks, the Audit and Risk Committee examined and approved risk thresholds in accordance with the authorised risk appetite statement.

Risk management remains and enables management to identify threats and activities that, should these arise, may negatively impact on the ability of the entity to accomplish its objectives. It also creates an environment where management can prioritise risks and develop a risk response strategy in accordance with the Entity's risk framework and/or register. The Accounting Authority is responsible for ensuring that the Entity has (and maintains) effective, efficient, and transparent financial and risk management systems as well as internal controls.

In managing risks, the Entity has internal controls to assist in the orderly conduct of business. The Organisation conducted a risk assessment workshop to identify risks that may impact on accomplishing its key objectives. Risk assessments were also conducted at both departmental and organisational level to identify, rate, and prioritise operational risks. Operational risks are managed by management at business unit levels.

Beyond the management of strategic risks, the Audit and Risk Committee played a significant role in identifying strategic areas of concerns for the Agency. This culminated in the formulation of the Audit and Risk Workshop Matrix used to track achievement against set targets. The Audit and Risk Committee played a significant role in ensuring compliance with good corporate governance principles, aiding the Board with managing the Agency.

## Performance Evaluation

To ensure continuous improvement in the Boards' performance and effectiveness, Board Members are collectively subjected to a performance evaluation process on an annual basis. The process is conducted in accordance with Section 17(2.2) and Annexure 1 (20) of the Policy regarding Board Practices and the Remuneration of Board Members of Entities Reporting to the Minister of Water and Sanitation. It includes an assessment of the governance structure performance.

## Delegation of Authority

The Board recognises the importance of implementing the Delegation of Authority (DoA) within its governance structures to promote independence and assist with the balance of power and the effective discharge of its duties. The DoA *"outlines the level of materiality in relation to the business and has reserved specific powers to the Chief Executive Officer"*. The Authority delegated is not subject to sub-delegation without prior and express written consent from the Chairperson of the Board. In terms of section 56 (2)(c) of the PFMA, the DoA does

not divest the Accounting Authority of its duties, authorities, responsibilities and accountability or the performance of the assigned duty. Section 56(3) of the PFMA states that *"the accounting authority may confirm, vary, or revoke any decision taken by an official as a result of a delegation or instruction in terms of subsection (1), subject to any rights that may have become vested as a consequence of the decision"*.

## Business Ethics, Values and Leadership Commitment

The BGCMA Board is responsible for providing effective leadership based on an ethical foundation to promote an ethical corporate culture. The BGCMA's five values are: integrity, accountability, empowerment, approachability and equity which are embedded in all business operations of the Entity. The BGCMA promotes ethical behaviour and through its systems and processes, it has given life to ethical culture that is cultivated across the organisation demonstrating its commitment to sound governance principles.

Consistent with its long history of integrity and good corporate citizenship, the Board Members and employees are committed to conducting business in accordance with the highest ethical standards. Through effective ethical leadership, the Board sets the tone at the top, thereby encouraging ethical conduct at Board level and throughout the Organisation.

## Internal Control and Audit Committee

In accordance with the principles of the Institute of Internal Auditors (IIA), an internal audit is an independent objective assurance and consulting activity designed to add value and improve an organisation's operations throughout its value chain. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit is an outsourced function within the BGCMA and adheres to the principles and prescripts of an independent assurance provider to ensure optimal objectivity. To achieve this independence, developing proper governance and line of reporting and authority remains paramount to the success of the Internal Audit function. In line with the requirements of the Public Finance Management Act (PFMA) and Good Governance, the Internal Audit function assures the Audit Committee and Management on the appropriateness and effectiveness of internal controls.

The Chief Executive Officer, as the custodian of the internal audit function, reports regularly to the Audit & Risk Committee and has unrestricted access to the Committee Chairperson. Internal audit assists the organisation in closing out where there are identified gaps and weaknesses.

## External Audit

The external auditors are responsible for implementing procedures to obtain audit evidence regarding the amounts and disclosures in the financial statement. The report on the predetermined objectives, and compliance with laws and

regulations applicable to the Entity are based on, among others:

- a) Assessment of the risks of material misstatement of the financial statement, the report on predetermined objectives and material non-compliance with laws and regulations,
- b) Considering internal controls relevant to the entity's preparation and fair presentation of the financial statements, the report on the predetermined objectives and compliance with laws and regulations,
- c) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and

- d) Evaluating the appropriateness of systems and processes that ensure the accuracy and completeness of the financial statements, the report on predetermined objectives and compliance with laws and regulations.

The external auditors express an opinion on the financial statement and report on findings relating to their audit of the report on predetermined objectives applicable to the Entity for the fiscal year.

## Board Members' Remuneration

The Board Members received remuneration and fees as determined by the Minister in line with Practice Note 1 of 2017 regarding the "Board Practices and Remuneration of Board members of entities reporting to the Minister of Water and Sanitation". Board Members are also reimbursed for out-of-pocket expenses on the Agency's behalf. Therefore, the Board was not involved in determining its own remuneration. Board members' remuneration has been fully disclosed in the BGCMA's Annual Financial Statement for the year under review as contained in this Annual Report.

The following table shows the Remuneration of Board Members:

Name	Remuneration	Other allowance	Other reimbursements	Total
Mr BE Mnisi	R 45 460.09	-	R 44 592.22	<b>R 90 052.31</b>
Mr TE Abrahams	R 25 197.49	-	R 9 654.18	<b>R 34 851.67</b>
Dr O Curtis-Scott	R 11 228.88	-	R 0.00	<b>R 11 228.88</b>
Mr MJ Delpport	R 17 340.37	-	R 9 346.65	<b>R 26 687.02</b>
Mr AP Barnes	R 0.00	-	R 0.00	<b>R 0.00</b>
Mr HM Rossouw	R 16 671.61	-	R 10 269.27	<b>R 26 940.88</b>
Mr CJU Swart	R 16 045.80	-	R 13 968.03	<b>R 30 013.83</b>
Ms B Damane	R 12 614.97	-	R 771.99	<b>R 13 386.96</b>
Ms EM Palmer	R 11 141.14	-	R 2 807.23	<b>R 13 948.37</b>
<b>Total</b>				<b>R247 109.92</b>

## Board Members' attendance

The tables below show attendance of Board and Committee meetings for the year under review.

## Board Meetings Attendance

Board Members	Ordinary Meetings of the Governing Board		
	29 August	14 October 2022	30 March 2023
BE Mnisi	✓	✓	✓
TE Abrahams	✓	✓	✓
Dr O Curtis-Scott	✓	✓	✓
MJ Delpport	✓	✓	✓
CJU Swart	✓	✓	✓
HM Rossouw	✓	✓	✓

B Damane	✓	✓	✓
EM Palmer	x	✓	✓
AP Barnes	✓	✓	✓

✓ = attendance, x = Non-attendance

## Committee Meetings Attendance

### Audit & Risk Committee

Members	Ordinary Committee Meetings		Special Meetings		
	14 Dec. 2022	1 March 2023	10 May 2022	23 Aug. 2022	1 Nov. 2022
T Abrahams	✓	✓			✓
MJ Delport	✓	✓	✓	✓	✓
CJ Swart	✓	✓	✓	✓	✓
B Damane	x	✓	x	✓	✓

### Human Resources & Remuneration Committee

Members	Ordinary Committee Meetings		Special Meetings		
	8 July 2022	21 Oct. 2022	17 Feb. 2023	25 Nov. 2022	30 March 2023
T Abrahams	✓	✓	✓	✓	✓
HM Rossouw	✓	x	✓	✓	✓
E Palmer	✓	✓	✓	✓	✓
B Mnisi	✓			✓	
AP Barnes		x	x	x	x

**NB:** 1. Owing to the reconfiguration of the Board Committees, Mr B Mnisi only attends on invite.  
2. Mr AP Barnes became a member of the committee effective 15 Oct. 2022 (Technical Committee)

### Technical Committee

Members	Scheduled Ordinary Committee Meetings		
	6 July 2022	02 Nov. 2022	27 Feb. 2023
Dr O Curtis-Scott	✓	✓	✓
AP Barnes	✓		
HM Rossouw	✓	✓	✓
CJU Swart	✓	✓	✓

## 5. STATE OF GOVERNANCE (COMPLIANCE WITH LAWS AND REGULATIONS)

The BGCMA Board acknowledges that compliance with legislation and regulatory requirements is paramount in

transactions and the Entity's business dealings. The Board provides oversight on all protocols and processes within the business. Therefore, compliance responsibility is assigned to all employees in ensuring conformance to all applicable laws, standards, codes, guidelines, rules, regulations and prescripts. The BGCMA, as a public entity, consists of several pieces of legislation with associated regulations, codes, prescripts, and

guidelines. These require the attention of management on a continuous basis. This legislations include the National Water Act, 1998 (Act No. 36 of 1998), the Public Finance Management Act of 1999 as amended, the Basic Conditions of Employment Act of 1997 as amended, the Labour Relations Act of 1995 as amended, the Protection of Personal Information Act (POPIA), pension laws, among others, and the list is not exhaustive.

As a public entity, the BGCMA provides access to information to stakeholders and other third parties in line with the provisions of section 32 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) as amended read in conjunction with the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000). During the 2022/23 fiscal year, the Entity received requests for information disclosure that were duly and promptly provided.

The Board acknowledges that compliance with legislative, regulatory and corporate governance requirements are of paramount importance in all transactions and business dealings of the Organisation. To this end, all employees are expected to play a role in ensuring conformity to all applicable laws, standards, codes, rules, guidelines, regulations and prescripts. In addition, regular compliance reports are tabled to the relevant Board structures for effective management and monitoring.

## 6. FRAUD AND CORRUPTION

The BGCMA is committed to **“Zero tolerance and a no-nonsense approach”** to fraud and corruption. The Entity continually improves its internal controls and systems as part of being always alert so that fraud and corruption are detected and appropriately dealt with. The state of governance plays a significant role in setting the correct tone and implementing consequence management against individuals who have committed transgressions in this area.

To ensure sound governance culture, the Board ensures that several committees are in place to support it in discharging its governance and fiduciary responsibilities. The main objective is thus to obtain the audit opinion that builds public confidence. Accordingly, an unqualified audit opinion is the outcome for building the public image. However, the Board always aims at achieving a **“clean audit”**.

## 7. MINIMISING CONFLICT OF INTEREST

The BGCMA in line with the relevant legislative provisions, i.e., the PFMA, National Treasury Regulations, and the Policy on Combating of Corrupt Activities minimise conflicts of interest. The Agency’s Fraud Prevention and Policy Framework (FPPF) - reflecting on fraud prevention, fraud detection, fraud investigation, theft and fraud resolution - has successfully integrated an early identification of conflicts of interest by making it a standing item on each agenda of every meeting of the Board as well as that of its sub-committees.

In addition, other mechanisms - such as annual declaration of interest and gifts - are disclosed in a gift register. All Board

members must always adhere to the provisions of section 7(i) of Schedule 4 of the NWA, 1998 (disclosure of interest). The Board subscribes to the principles that conflicts of interest should be avoided to prevent personal interests from influencing and clouding the interests of the Organisation. Board members are required to inform the Board timeously of conflicts, or potential conflicts of interest, they may have in relation to items of business, Declarations of interest are tabled at Board meetings or whenever a member has a conflict of interest on any matter before the Board and/or sub-committee meeting.

## 8. CODE OF CONDUCT

The BGCMA subscribes to the King Code of Good Practice and to any governance instrument geared towards good corporate governance. It continuously advocates an elevated level of conduct from employees. Ethics and a code of conduct are seen as the best preventive measure by the Board in guiding decision-making processes. The adopted values of the Agency are merely guidelines that are followed for the benefit of society at large. The BGCMA has a code of conduct that is applicable to the Board, Management, and all employees of the Organisation. Any contravention of the Code attracts consequence management.

All Board Members are aware of their responsibilities and the need for fair, transparent and accountable decisions and actions. Members are individually and collectively liable for all Board decisions and acts of omission and commission during their term of office. The Board Members - both individually and collectively - are fully responsible for the fiduciary duties in terms of the National Water Act, 1998 and the PFMA, 1999. The Governing Board confirms that the King Code remains an instrument for good corporate governance and practice at the Entity.

## 9. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The BGCMA takes the health and safety of its employees very seriously. The Agency has made strides in ensuring that there is a structured approach towards overall health and safety. Measures are in place to create a safe working environment for employees and statehooders in general. The health and safety functions continue to build and promote a safety culture among employees.

The Agency strives towards full compliance with environmental, health and safety legislation in all its activities and at all material times. Most Agency activities do not pose any significant threat to the environment. The NWA, 1998, addresses all environmental, health and safety risks as a component of the risk assessment and management while executing and delivering on the Agency’s mandate.

The Board has legal care and a duty to provide a safe and secure work environment for its employees and stakeholders as well as to safeguard assets including information. Security of Agency information and premises is critical to ensure the

continuous provision of services to stakeholders and members of the public. There are policies, procedures and standards in place for accessing both information and the physical building.

## 10. SOCIAL RESPONSIBILITY

The Entity recognises its responsibility as a corporate citizen towards its stakeholders and the communities. The BGCMA supports socio-economic programmes through community development initiatives to improve the livelihoods of communities within its area of authority. The Grant Policy informs the Agency in this regard. The core mandate of the Agency is integrated water resource management. Therefore, all community-based projects are water resource-management related. To ensure that the Organisation's strategic goals and intent are adhered to when funding these projects, there are application and assessment processes followed with set criteria.

The BGCMA supported several community projects that included household vegetable gardens, community gardens, recycling, soup kitchens and river clean-ups. The theme for the 2022/2023 fiscal year was the **"Accelerating Change."** Participating schools took part in a competition where learners had to draw pictures of, or demonstrate, these themes. Winning schools received rainwater-harvesting tanks as prizes.

Well-established inter-governmental relations with several departments and universities ensured skills transfer to the BGCMA staff, capacity-building of resource poor farmers and the installation of rainwater-harvesting tanks for backyard and community food gardens.

## 11. SHAREHOLDER COMPACT

In compliance with Regulation 29 of the National Treasury Regulations issued in accordance with the PFMA, the Accounting Authority - in consultation with the Executive Authority - the Minister of Water and Sanitation annually concludes a Shareholder Compact documenting the mandated key performance measures and indicators to be attained by the Agency as agreed between the Governing Board and the Executive Authority. The Shareholder Compact regulates the relationship between the parties. In that regard, the Governing Board ensures that Quarterly Reports and the Integrated Annual Report are submitted to the shareholders to provide information about performance against set targets. However, the Compact is not intended to interfere in any way with normal Agency's law principles.

## 12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

In terms of the Government policy and legislative framework, B-BBEE is one of the pillars utilised to promote an inclusive economy by ensuring that people who were previously disadvantaged are given an opportunity to participate in the economic benefits derived from the Entity. This is in line with section 10 of the B-BBEE Act, 2003 (Act No. 53 of 2003) as amended.

The following table is completed in accordance with the compliance to the B-BBEE requirements as required by the B-BBEE Act and as determined by the Department of Trade, Industry and Competition:

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) regarding the following:		
Criteria	Response Yes/No	Discussion (Include a discussion in your response and indicate what measures have been taken to comply)
Determine qualification criteria for the issuing of licences, concessions, or other authorisation regarding economic activity in terms of any law?	Yes	Water-Use Authorisations were prioritised for the Greater Brandvlei Dam in a step method requiring B-BBEE applications to apply first and be prioritised for B-BBEE partnerships.
Developing and implementing a preferential procurement policy?	Yes	Procurement plan was developed and the Agency prioritised the use of Broad-Based Black Economic Empowerment
Determine qualification criteria for the sale of the state-owned enterprise?	No	
Developing criteria for entering private partnerships with the private sector?	No	
Determine criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	The Grant policy is to support organisations/communities in water-related projects. The nature of the targeting and the qualifying criteria is such that it supports previous marginalised communities

# PART D: HUMAN RESOURCE MANAGEMENT

## 1. INTRODUCTION

The Breede-Gouritz Catchment Management Agency (BGCMA) considers its human resources to be its most valuable and greatest strategic asset. The Agency's human capital ensures the longevity of the Organisation. The Agency is committed to ensuring that its human resources are skilled, competent and contribute to the current and future sustainability of the Organisation. All employees of the Entity are aware of their roles and duties within the organisational framework and these are performed with the requisite care and diligence.

The BGCMA's strategic direction requires employees to be skilled, knowledgeable, and enthusiastic in performing their various duties. To achieve the Entity's strategic objectives, as articulated by the shareholder compact and other stakeholders, the Entity relies on the skills, knowledge, and the demanding work of its employees. The Human Resources Department is therefore to create and maintain an environment that is supportive of employees to enable the Entity to achieve its strategic objectives.

## 2. EFFECTIVE ORGANISATIONAL DEVELOPMENT AND STRENGTHENING

### Training and Skills Development

The Entity has been providing opportunities to employees to continuously develop themselves in initiatives that improve business efficiencies and productivity to maintain and sustain the its high-performance culture. These interventions are implemented through the Workplace Skills Plan (WSP) and the Annual Training Report (ATR) submitted to the Energy and Water Sector Education and Training Authority (EWSETA) on annual basis. Submission of the WSP is a legislative requirement. The table below is an indication of all the training and development initiatives that were successfully implemented for the 2022/23 fiscal year.

Occupational Level	Gender	No. of Employees	Skills Programme & Short Courses	Conferences & Workshops	Total
Senior Management	Female	1	0	0	0
	Male	1	0	0	0
Professional Qualified	Female	40	6	0	6
	Male	30	4	3	7
Semi-Skilled	Female	2	0	0	0
	Male	0	0	0	0
<b>TOTAL</b>		<b>74</b>	<b>10</b>	<b>3</b>	<b>13</b>

### Internship

For the year under review, the Entity had two graduate interns placed within the water resources-management unit (core business) of the Agency as informed by the table below:

Department	Male	Female	TOTAL
Water Resources Management	1	1	2
<b>Grand Total</b>	<b>1</b>	<b>1</b>	<b>2</b>

## Appointments

The positions that were filled for the 2022/2023 fiscal year were: compliance officer, data capturer, water use officer and finance administration clerk. These appointments capacitated the Agency in fast trucking service delivery.

OCCUPATIONAL LEVEL	African		Coloured		Indian		White		TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female	
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified	3	1	0	0	0	0	0	0	4
Semi-Skilled	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

## Staff Turnover

For the reporting period, two employees resigned from the Agency constituting a staff turnover of 2.7% as informed by the table below. Despite these the workforce remained stable and service delivery continued unabated:

Types of terminations	African		Coloured		Indian		White		TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female	
Resignations	2	0	0	0	0	0	0	0	2
Dismissals	0	0	0	0	0	0	0	0	0
Abscondment	0	0	0	0	0	0	0	0	0
Deaths	0	0	0	0	0	0	0	0	0
Ill-health	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Expiry of Fixed-Term Contract	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>2</b>	<b>0</b>	<b>2</b>						

The two officials who resigned have since been replaced. The reason being service delivery must never be compromised - and has continued unabated - to the clientele of the Entity in line with mandate. The resignations necessitated swift action by both the Human Resources Department and management in ensuring that the vacant and funded positions are filled. Both officials left the Entity and joined different government institutions and entities to contribute to the developmental agenda of the State as envisaged in the National Developmental Plan (NDP), vision 2030. It is, therefore, not a loss to the country.

The table below shows the total employee profile and workforce by employment for the year under review, ending 31 March 2023:

## Workforce by employment, type, race, and gender

Occupation category	Total	Male				Female			
		African	Coloured	White	Indian	African	Coloured	White	Indian
Senior Management	2	0	0	1	0	1	0	0	0
Professionally qualified	70	22	7	1	0	30	7	3	0
Semi-skilled	2	0	0	0	0	2	0	0	0
<b>Total</b>	<b>74</b>	<b>22</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>33</b>	<b>7</b>	<b>3</b>	<b>0</b>

## Governance

Policies - such as the Protection of Personal Information (PPI) – were developed while others, like the Staffing Policy and Code of Conduct, were reviewed and approved by the Board during the fiscal year under review. Key policies, however, have been identified for review going forward to improve operational requirements of the Entity and to work towards achieving the organisational goals.

## Performance Management Development System (PMDS) Policy

The main objective of the PMDS Policy within the Entity is to ensure that all employees have the requisite knowledge and awareness of their roles and performance requirements relative to the Entity's strategy. Therefore, a structured performance management development system is a vehicle towards the implementation of the Entity's strategic objectives. It is of paramount importance that the Agency utilises the PMDS Policy on a regular basis because it provides a mechanism to improve performance through counselling and discipline. It provides a justification for decisions related to performance linked adjustment such as remuneration and performance bonus that are extremely critical in improving organisational performance. However, ongoing management oversight and employee support remains vital in ensuring continued efficiency and effectiveness of the individual performance management system.

**Promotion of Equality and Prevention of Unfair Discrimination**  
The purpose of the Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA), 2000 (Act No. 4 of 2000), is to give effect to the spirit of the Constitution and to promote equality, non-racialism and non-sexism, prevent unfair discrimination and protect human dignity as contemplated in Sections 9 and 10 of the Constitution. It prohibits unfair discrimination by Government and private organisations and individuals. PEPUDA forbids hate speech and harassment. In compliance with the above, the Entity strengthens itself in respect to constitutionalism and the rule of law, the Constitution being the supreme law of the land.

## Code of Conduct and Ethics

The BGCMA promotes and encourages ethical behaviour and this is facilitated through a Code of Ethics. The BGCMA conducted its business with integrity, honesty, and transparency and in full compliance with all applicable laws and regulations. The Code of Conduct and business ethics reflect the Entity's core values and provides guidance to employees and other stakeholders on important ethical issues in the Organisations' operating environment. The Entity has "zero-tolerance to dishonesty or unethical behaviour". All stakeholders and suppliers are expected to observe the Code of Conduct when conducting business for, and with, the Entity irrespective of location. Any transgression of the Code of Conduct should be promptly reported to the relevant authorities as, by keeping the information, you become an accomplice.

## Human Rights

The BGCMA, as an Organ of State, is committed to a system of acquiring goods and services that is fair, equitable, transparent, competitive, and cost-effective and promotes the objectives of the Broad-Based Black Economic Empowerment (B-BBEE). The Entity remains confident that it is contributing to effective economic transformation that will benefit the sector as whole.

## Child and Forced Labour

The BGCMA fully subscribes to the National Legislation that ensures a healthy and safe work environment for its employees. The Entity's Human Resource Policies comply, and are in line, with the Labour Relations Act, 1995 (Act No. 66 of 1995), the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) and their relevant Codes of Good Practice. The Agency is also aligned with the United Nations Global Compact Principles and the Organisation for Economic Corporation and Development (OECD) recommendations regarding child labour. The Entity "does not practice child and forced labour as it is prohibited by the South African Constitution, the employment laws and practices and the international Convention on the Right of the Child as per the International Labour Organization (ILO)."

## Non-Discrimination

For the 2022/2023 fiscal year, zero incidents of discrimination were reported both within and outside the Organisation in adherence with the Constitutional imperatives of the Republic.

## Indigenous Rights

The BGCMA subscribes fully to the Bill of Rights in terms of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) as amended. For the reporting period, there were zero incidents of the rights of Indigenous people being violated in any aspect of the Entity's business activities.

## Human Rights Remediation

For the 2022/23 fiscal year, the Entity reported zero grievances related to human rights issues or contraventions that were filed. This is because the BGCMA supports the protection and maintenance of human rights and confirms its commitment to all human rights declarations under the Geneva Convention to which South Africa is a signatory and is further enshrined in the Constitution.

## Occupational Health and Safety

The BGCMA places great importance on the protection, health and safety of its employees, stakeholders, and members of the public. The Entity passionately believes in risk aversion as well as the promotion of health and safety working environment. Health and safety is a collective responsibility of every employee playing their part.

### 3. HUMAN RESOURCE OVERVIEW STATISTICS

#### Staff cost by salary band

Level	Personnel Expenditure	% of staff exp. to total staff cost	No. of employees	Average staff cost per employee
Senior Management	R5 562 251	10.00	3	R1 854 084
Professional qualified	R49 131 529	89.10	69	R712 051
Semi-skilled	R450 865.38	0.81	2	R225 432.69
<b>TOTAL</b>	<b>R55 144 645</b>	<b>100%</b>	<b>74</b>	<b>R745 198</b>

#### Performance Rewards

For the period under review, there were no performance bonuses paid. This is in line with the results of the audit outcome that was a "qualified audit". For performance bonuses to be paid, the Entity's audit outcome must be either "**clean or unqualified**" as per the Board's Performance Management Development Policy (PMDS). It is a practice that supports good corporate governance and accountability:

#### Employment and Vacancies

Programme	No. of employees beginning F/Y	Approved post	No. of employees end of F/Y	% of filled vacancies
Senior Management	3	3	3	100%
Professional qualified	66	87	69	79%
Semi-skilled	2	2	2	100%
<b>Total</b>	<b>71</b>	<b>92</b>	<b>74</b>	

#### Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Senior Management	3	Nil	Nil	3
Professional qualified	66	04	Nil	69
Semi-skilled	2	00	Nil	2
<b>Total</b>	<b>71</b>	<b>04</b>	<b>Nil</b>	<b>74</b>

#### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	Nil
Written Warning	Nil
Final Warning	Nil
Dismissal	Nil

As per the table above, there were no labour-related issues of either misconduct or any disciplinary action for the year under review.

## Employment Equity Status

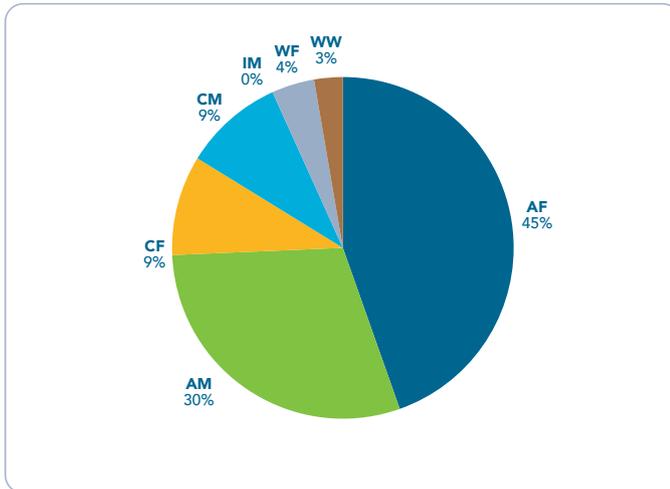
BGCMA									
Current Employment Equity				Data					Total number of staff
	BF	BM	CF	CM	IF	IM	WF	WM	
CFO	1								
Senior Manager: WRM								1	
IT strategic Support Manager		1							
IT Technician		1							
Performance & Planning Coordinator	1								
Executive PA to the CEO	1								
Human Resources Manager		1							
Human Resources Officers	2								
Finance Manager: Expenditure								1	
Finance Manager: Revenue		1							
Finance Officer: Expenditure x 2	1		1						
Finance Officer: Revenue	1								
Payroll Clerk			1						
Finance Admin. Clerk		1							
Administration Officer x 2	2								
Data Manager	1								
ISR Manager							1		
Water Liaison Officer x 3		1	1	1					
Principal Water Liaison Officer			1						
Principal Data Capturer				1					
Data Capturer X 4	1		2						
Senior Data Capturer	2								
Manager: CM&E	1								
CM&E Officer x 1	1	1							
Compliance Officer		3							
Supply Chain Officer	1	1							
Water Data (GIS) Officer	1								
Water Use Specialist x 4		1		2			1		
Water use Officer x 8	4	3		1					
Water Licensing Clerk x 2	1						1		
PR & Marketing Officer	1								
Receptionist	1	1							

BGCMA									
Current Employment Equity				Data					Total number of staff
	BF	BM	CF	CM	IF	IM	WF	WM	
Registry Clerk	1								
Cleaner	2								
Auxiliary Officer x 2		1		1					
Geohydrologist		1							
Freshwater Ecologist x 2	2								
Professional Engineer: WRM		1							
Water-Use Manager	1								
Billing & Invoicing Clerk		1		1					
WARMS Help Desk			1						
Revenue Help Desk	1								
Finance Officer: Billing Manage.	1								
Finance Officer: Debt Manage.		2							
<b>TOTAL</b>	<b>33</b>	<b>22</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	

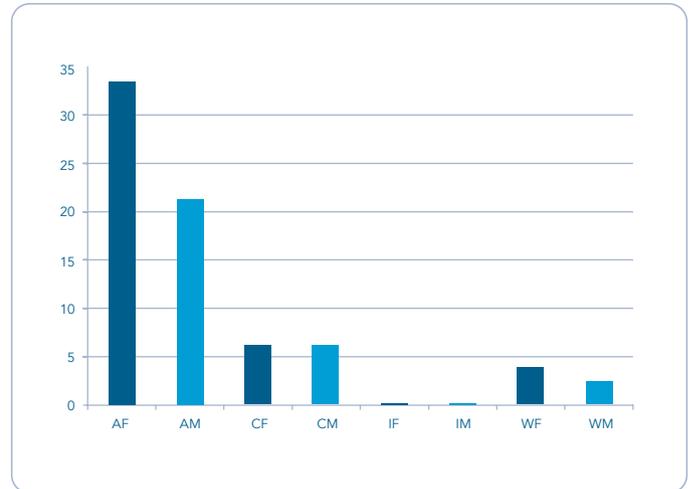
**NB:** *BF = Black Females, BM = Black Males, CF = Coloured Females, CM = Coloured Males, IF = Indian Females, IM = Indian Males, WF = White Females and WM = White Males*

Employment Classification		
Employment Profile	Number/s	Percentage
AF	33	45%
AM	22	30%
CF	07	9%
CM	07	9%
IF	00	0%
IM	00	0%
WF	03	4%
WM	02	3%
<b>TOTAL</b>	<b>74</b>	<b>100%</b>

## EE STATS



## EE STATS 2022/23



The Breede-Gouritz Catchment Management Agency (BGCMA) views Employment Equity as a strategic priority. The Entity is committed to ensuring effective implementation of Employment Equity Act. Sound progress is being made on the Entity's employment profile. It is still short in reaching coloured female representation at management level. To address this situation, emphasis on recruitment of employees from this group remains a priority. The table below is an indication of the BGCMA equity target:

### Equity Target and Employment Status

Occupational Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	0	1	0	0	0	0	1	0
Professionally qualified	19	2	5	1	0	0	1	0
Semi -skilled	2	1	2	1	0	0	0	0
<b>Total</b>	<b>21</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>

Occupational Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	1	0	0	0	0	0	0	0
Professionally qualified	30	0	7	2	0	0	3	0
Semi-skilled	2	0	0	0	0	0	0	0
<b>Total</b>	<b>33</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>

## **PART E: FINANCIAL INFORMATION**

- 1. GENERAL INFORMATION**
- 2. EXTERNAL AUDITORS' REPORT**
- 3. ANNUAL FINANCIAL STATEMENTS**



# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## General Information

<b>Country of incorporation and domicile</b>	South Africa
<b>Type of entity</b>	Schedule 3A Public Entity
<b>Governing board members</b>	Mr BE Mnisi (Chairperson) Mr TE Abrahams(Deputy-Chairperson) Mr AP Barnes Dr O Curtis-Scott Ms B Damane Mr MJ Delpont Ms EM Palmer Mr HM Rossouw Mr CJU Swart Mr Jan van Staden (Acting Chief Executive Officer)
<b>Registered office</b>	Breede-Gouritz CMA Cnr of Mountain Mill and East Lake Roads Private Bag X3055 Worcester 6850
<b>Business address</b>	Breede-Gouritz CMA Cnr of Mountain Mill and East Lake Roads Worcester 6850
<b>Postal address</b>	The Chief Executive Officer Breede-Gouritz CMA Private bag X3055 Worcester 6850
<b>Bankers</b>	ABSA Bank Limited

# BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### INDEX

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

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## Independent Auditors Report to Parliament on Breede-Gouritz Catchment Management Agency

### Report on the audit of the financial statements

#### Unqualified with findings Opinion

1. I have audited the financial statements of the Breede-Gouritz Catchment Management Agency set out on pages 14 to 44, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Breede-Gouritz Catchment Management Agency as at 31 March 2023, and its financial performance and cash flows for the year then ended 31 March 2023 in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for Unqualified with findings opinion

3. Management have made all the material corrections to the annual financial statements for the period ending 31 March 2023.
4. The annual financial statements does not have any materially uncorrected misstatements in the annual financial statements.

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

5. The Members of the Governing Board which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (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 misstatements, whether due to fraud or error.

6. In preparing the financial statements, the accounting authority is responsible for assessing the Schedule 3A entity'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 appropriate governance structure 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**

7. My responsibility is to conduct the audit in accordance with International Standards on Auditing to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my 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.
8. I am independent auditor of the Schedule 3A Public Entity in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

### **Introduction and scope**

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

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

11. I 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 presented in the entity's annual performance report for the year ended 31 March 2023:

Programme	Pages in the annual performance report
Programme 2 – Water Use Management	3 – 4

12. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I 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.
13. There were no material findings on the usefulness and reliability of the performance information of the selected programme.

### Other matter

14. There are no other matters in relation to the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, I have a

responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislation are as follows:

**15. Revenue management**

Effective and appropriate steps were not taken to collect all revenue due as required by section 51(b)(i) of the PFMA resulting in non-compliance. Long outstanding debtor accounts were identified during the audit. The global gross debtors have increased year on year, with a corresponding increase in the provision for doubtful debts. This directly impacts the effectiveness of the accounts receivable risk management processes and their recoverability strategies.

**16. Expenditure management**

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1 741 423 as disclosed in note 25 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

**17. Consequence management**

We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(i) to (iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

**18. Annual financial statements, performance and annual report**

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, but the corrected material misstatements and supporting records that could be provided resulted in the unqualified audit opinion of the financial statements.

**Other information**

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not

include the financial statements, the auditor's report and the selected programme and the financial statements that was submitted for auditing that were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

20. My opinion on the financial statements and on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
21. In connection with my audit, my 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
24. Management did not review the reported information to ensure that it was supported by valid, accurate and complete evidence.
25. Management did not review and monitor compliance with laws and regulations.



Tshisikhawe Khangale  
CA(SA), RACape Town  
31 July 2023

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### 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 Standards 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 establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements. 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 ensures that accounting policies are appropriate to the agency's circumstances. 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 year and all employees are required to maintain the highest ethical standards in ensuring that the agency business is conducted in a manner that is in all reasonable circumstances above reproach.

The Board is of the opinion, that the annual financial statements fairly reflect the operations of the Agency for the year ended 31st March 2023.

The Accounting Authority have reviewed the agency's cash flow forecast for the year to March 31, 2024 and, in the light of this review and the current financial position, they are satisfied that the agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible to express an independent opinion on the annual financial statements of the Agency.

The annual financial statements set out on pages 13 to 44, 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:



**Chairperson: Governing board**



**Acting: Chief Executive Officer**

# BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Report of the Accounting Authority

### 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 agency 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 based on 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 satisfied that the actions below for the next financial year (2023/24) supports the statement.

Income	2023/24
- Augmentation grant	42 182 000
- Water resource charges	36 768 000
- Interest received	9 000 000
<b>Total income</b>	<b>87 950 000</b>
<b>Expenditure</b>	
- Employee related cost	59 015 846
- Goods and services	25 607 470
- Repairs and maintenance	370 149
- Capital outlay	1 653 433
- Board related costs	1 303 102
<b>Total expenditure</b>	<b>87 950 000</b>
<b>Surplus</b>	<b>-</b>
<b>Solvency</b>	<b>As at 31 March 2023</b>
Total assets	186 363 454
Minus total liabilities	(13 925 038)
Net asset position	<b>172 438 416</b>
<b>Liquidity</b>	<b>As at 31 March 2023</b>
Current assets	182 237 488
Current liabilities	(13 925 038)
<b>Net liquidity position</b>	<b>168 312 450</b>

### 3. Subsequent after the reporting period

The members are not aware of any matter of concern or circumstance arising since the end of the financial year. Refer to note 26 in the financial statements.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### Report of the Accounting Authority

#### 4. Governing Board

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

<b>Name</b>	<b>Appointment Date</b>
Mr BE Mnisi (Chairperson)	13 September 2007
Mr TE Abrahams(Deputy-Chairperson)	13 September 2007
Mr AP Barnes	13 September 2007
Dr O Curtis-Scott	13 September 2007
Ms B Damane	13 September 2007 & 17 February 2022
Mr MJ Delport	13 September 2007
Ms EM Palmer	13 September 2007
Mr HM Rossouw	13 September 2007
Mr CJU Swart	13 September 2007
Mr Jan van Staden (Acting Chief Executive Officer)	
Mr S Maseko (DWS Ex Officio member)	

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Report of the Audit & Risks Committee

We are pleased to present our report for the financial year ended 31 March 2023.

### Audit Committee Terms of Reference

The Audit and Risks Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(i) of the Public Finance Management Act 1 of 1999, as amended December 2010 and Treasury Regulations 27.1.8 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 committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### 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 2022/23 financial year.

### The effectiveness of 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. The committee noted that there were challenges experienced by the Agency with the handing over of the billing and revenue from Department of Water and Sanitation (Water trading Entity) in that customers will need to be continually be sensitised of these new developments.

### Internal Audit

In line with the PFMA, and the King IV 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.

Areas of concern in the financial year under review are the significant doubts on the full recoverable amount of debtors on the Debtors balances that was transferred by DWS (Water trading Entity) into the Agency's book. The Agency is committed to do its best to try and recover the monies due from water users.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### Report of the Audit & Risks Committee

#### 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.

Report of the Audit & Risks Commstatements for the year ended 31 March 2023 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.



**Thys Delpont**  
Chairperson of the Audit and Risk Committee

Audit and Risk Committee members:

Mr TE Abrahams  
Ms Bulelwa Damane  
Mr Corniè Swart

Date: 28 July 2023

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2 846 923	1 355 978
Intangible assets	6	1 279 043	437 016
		<b>4 125 966</b>	<b>1 792 994</b>
<b>Current Assets</b>			
Receivables from exchange transactions	7	56 260 038	57 053 647
Cash and cash equivalents	8	125 977 450	112 592 562
		<b>182 237 488</b>	<b>169 646 209</b>
<b>Total Assets</b>		<b>186 363 454</b>	<b>171 439 203</b>
<b>Net Assets and Liabilities</b>			
<b>Net Assets</b>			
Accumulated surplus		172 438 416	157 913 821
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability		588 184	414 177
Payables from exchange transactions	9	9 645 664	9 394 961
Employee benefits	10	3 691 190	3 716 244
		<b>13 925 038</b>	<b>13 525 382</b>
<b>Total Liabilities</b>		<b>13 925 038</b>	<b>13 525 382</b>
<b>Total Net Assets and Liabilities</b>		<b>186 363 454</b>	<b>171 439 203</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Statement of Financial Performance for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Water resource management	11	48 753 852	49 102 401
Other income	12	102 705	78 667
Revenue - Other projects	12	600 000	-
Interest received	16	15 051 106	9 974 644
<b>Total revenue from exchange transactions</b>		<b>64 507 663</b>	<b>59 155 712</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Grants received	11	40 173 000	40 625 000
<b>Total revenue</b>	11	<b>104 680 663</b>	<b>99 780 712</b>
<b>Expenditure</b>			
Loss on disposal of assets	5	(1 882)	-
Depreciation	5	406 237	(944 042)
Amortisation	6	228 449	(483 360)
Employee related costs	13	(55 144 645)	(50 499 734)
Lease rentals on operating lease	14	(3 245 603)	(3 190 341)
Operating expenses	15	(15 864 377)	(17 481 164)
Impairment of doubtful debt	21.5	(16 534 247)	(5 903 289)
<b>Total expenditure</b>		<b>(90 156 068)</b>	<b>(78 501 930)</b>
<b>Surplus for the year</b>		<b>14 524 595</b>	<b>21 278 782</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Statement of Changes in Net Assets for the year ended 31 March 2023

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 April 2021</b>	<b>136 635 039</b>	<b>136 635 039</b>
Changes in net assets	21 278 782	21 278 782
Surplus for the year		
Total changes	21 278 782	21 278 782
<b>Balance at 01 April 2022</b>	<b>157 913 821</b>	<b>157 913 821</b>
Changes in net assets	14 524 595	14 524 595
Surplus for the year		
Total changes	14 524 595	14 524 595
<b>Balance at 31 March 2023</b>	<b>172 438 416</b>	<b>172 438 416</b>
Note(s)		

## Cash Flow Statement for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from the Department of Water and Sanitation		40 173 000	40 625 000
Interest received		5 984 078	2 666 680
Customer receipts		43 550 835	41 309 128
		89 707 913	84 600 808
<b>Payments</b>			
Cash paid to employees		(55 169 699)	(49 791 032)
Cash paid to suppliers		(19 453 165)	(17 146 725)
		(74 622 864)	(66 937 757)
<b>Net cash flows from operating activities</b>	18	<b>15 085 049</b>	<b>17 663 051</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(1 086 590)	(968 707)
Purchase of other intangible assets	6	(613 578)	(385 526)
<b>Net cash flows from investing activities</b>		<b>(1 700 168)</b>	<b>(1 354 233)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13 384 881</b>	<b>16 308 818</b>
Cash and cash equivalents at the beginning of the year		112 592 562	96 283 744
<b>Cash and cash equivalents at the end of the year</b>	8	<b>125 977 443</b>	<b>112 592 562</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2023

Budget on Comparable Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Billing Income	33 000 000	-	33 000 000	48 753 852	15 753 852	Note d
Other income	5 780 000	-	5 780 000	702 705	(5 077 295)	Note e
Interest received	3 047 000	-	3 047 000	15 051 106	12 004 106	Note a
<b>Total revenue from exchange transactions</b>	<b>41 827 000</b>	<b>-</b>	<b>41 827 000</b>	<b>64 507 663</b>	<b>22 680 663</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	40 173 000	-	40 173 000	40 173 000	-	
<b>Total revenue</b>	<b>82 000 000</b>	<b>-</b>	<b>82 000 000</b>	<b>104 680 663</b>	<b>22 680 663</b>	
<b>Expenditure</b>						
Employee costs	(55 805 202)	-	(55 805 202)	(55 144 645)	660 557	
Administration	-	-	-	(1 882)	(1 882)	
Depreciation and amortisation	-	-	-	634 686	634 686	Note b
Lease rentals and operating lease	(3 374 124)	-	(3 374 124)	(3 245 603)	128 521	
Provision for doubtful debt	-	-	-	(16 534 247)	(16 534 247)	Note c
Loss on disposal of assets	-	-	-	(1 882)	(1 882)	Note f
Operating expenses	(19 987 016)	-	(19 987 016)	(15 864 378)	4 122 638	
Capital expenditure	(2 833 658)	-	(2 833 658)	(1 700 168)	1 133 490	Note g
<b>Total expenditure</b>	<b>(82 000 000)</b>	<b>-</b>	<b>(82 000 000)</b>	<b>(91 858 119)</b>	<b>(9 858 119)</b>	
<b>Surplus before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 822 544</b>	<b>12 822 544</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 822 544</b>	<b>12 822 544</b>	

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2023

The accounting policies on pages 66 to 73 and the notes on pages 74 to 95 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:

- Note a: Interest charged on late payments to the amount of R9 067 028
- Note b: Depreciation were not included in the budget. As a result of the re-assessment of the useful lives of assets, depreciation were written back on assets.
- Note c: Doubtfull debts R16 534 247 not budgeted for.
- Note d: Reason for higher billing is that billing income has been under estimated in the Annual Performance Plan.
- Note e: As a result of the higher than anticipated billing income, other income from cash resources were limited.
- Note f: Loss incurred with the write of and disposal of asset.
- Note g: As a result of certain projects being postponed to the following financial year, less capital expenses occurred.

Operaring expenses

Variance is 20.61%. This represents the under spending on operating expenses as a direct result of down scaling on operations because of the restrictions prescribed during lockdown and Covid19.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 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 statements.

#### Going concern

The annual statements have been prepared based on the accounting policies applicable to a going concern. This basis presumes that funds will be available for finance future operations and that realisation of assets and settlement of liabilities, contingent obligation and commitments will occur in the ordinary course of business.

#### Off-setting

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

#### Materiality and aggregation

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

#### 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. Revenue

##### Revenue from Non-Exchange Transactions

A corresponding liability is raised to the extent that the grant, transfer or donations is 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 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.

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

An annual transfer of revenue as per the approved Annual Performance Plan is received from the DWS WTE.

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

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

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

##### Interest

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

##### License Application Fee

Delegated authority determined an applicable fee to process applications to authorised water use.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 1.3. Statutory receivables

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

Statutory receivables are classified and recognised as exchange or non-exchange in accordance with the relevant standards on Revenue and essentially based on whether there is a supply of goods and services in exchange for economic benefits of similar value.

#### Initial measurement

Statutory receivables are measured at their transaction amount in accordance with the relevant standards on revenue based on the classification between exchange and non-exchange (refer accounting policy 1.2).

#### Subsequent measurement

Statutory receivables are measured at cost, plus nominally accrued interest, less any impairment recognised.

Interest is calculated using the nominal interest rate as stipulated in legislation.

#### Impairment losses

Impairment is assessed on an annual basis based on objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The water resource management charges are due within 30 days from invoice date. If the client does not pay within the 30 days, the receivable is considered for impairment.

An impairment loss is recognised firstly on individually significant receivables. Thereafter, an impairment loss is recognised on a group of receivables with the same credit risk. Impairment assessments are based on objective evidence as a result of one or more events that occurred during the reporting period. For clients that have defaulted, management made judgements based on history to determine if the receivable or group of receivables have to be impaired.

If there is an indication that a statutory receivable may be impaired, the entity measures that impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable shall be reduced directly or through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### Derecognition

Statutory receivables are derecognised when the asset is extinguished, settled or through transferring of all significant risks and rewards to a third party. Extinguishing the asset would usually be in terms of legislation or other similar means.

Derecognition also occurs where despite having retained some significant risks and rewards of ownership of the receivable, control of the receivable is transferred to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

The difference between the consideration received and amount derecognised shall be recognised in the surplus or deficit of the period of transfer.

### 1.4. Financial instruments

#### 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 other receivables are initially recorded at fair value plus transactions costs that are directly attributable to the acquisition and subsequently stated at amortised 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

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

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 of the 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.

In accordance with GRAP 104 the financial assets of the entity are all classified as financial assets at amortised cost, except for cash floats and petty cash, which are classified as financial assets at fair value.

### 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.

### 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 Agency'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.

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

## 1.5. 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.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 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.

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 Agency. The depreciation charge for each asset 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:

Item	Item
Furniture and fixtures	5 - 15 years
Motor vehicles	5 - 15 years
Office equipment	5 - 15 years
IT equipment	5 - 15 years
Leasehold improvements	5 - 15 years
Security system	5 - 15 years

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.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### Derecognition

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

### 1.6. 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 Agency and
- the cost of the asset can be measured reliably.

The Agency 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

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:

Item	Item
Computer software	2 - 8 years

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.

### 1.7. 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 - lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 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.

### 1.8. 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 Agency 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 Agency 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 Agency provides benefit to all its employees. The BGCMA is a member of GEFP pension fund which is subject to the Pension Fund Act. The 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.

### 1.9 Commitment and provisions

#### 1.9.1 Commitments

Commitments are future expenditure to which the entity committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Lease commitments as defined per GRAP 13: Leases are disclosed in note 22.

Commitments are disclosed for:

- Items are classified as capital commitments where the agency commits itself to future transactions that will normally result in the outflow of resources;
- Approved and contracted capital commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

#### 1.9.2. 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 Agency 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.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 1.10. 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.

Assumptions and estimation uncertainties that may have significant risk of resulting in a material adjustment within the next financial year include:

- Useful lives and residual values
- Measurement of fair value
- Receivable from Exchange Transaction (including statutory receivable)

Detail on the nature of these estimates is provided below, and quantification of the affected items provided in the notes to the financial statements, as applicable.

#### 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.

#### Receivable from Exchange Transaction (including statutory receivable)

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 water resource management charges are due within 30 days from invoice date. If client do not pay within 30 days, the receivable is considered for impairment.

An impairment loss is recognised firstly on individually significant receivables. Thereafter, an impairment loss is recognised on a group of receivables with the same credit risk. Impairment assessments are based on objective evidence as a result of one or more events that occurred during the reporting period. For clients that have defaulted, management made judgements based on history to determine if the receivable or group of receivables have to be impaired.

The current year impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding.

#### Budget Information

The budget of the BGCMA is prepared using the accrual basis. 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.

## 2. Unauthorised, Irregular, Fruitless and Wasteful Expenditure

### 2.1. 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, entity or organ of state., and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act (Act No 1 of 1999).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies for the year ended 31 March 2023

### 2.2. Irregular expenditure

Irregular Expenditure is expenditure that is contrary to the Public Finance Management Act (Act No 1 of 1999), the Public Office Bearers Act (Act No 20 of 1998), Treasury Regulations or is in contravention of the Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

### 2.3. Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

## 3. 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, or an entity that is subject to common control, or joint control.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

An entity is related to the reporting entity where they are members of the same economic entity or controlled by the same group of individuals or related individuals who exercise significant influence over their operational and financial decision making (such as group, associate or joint venture).

Management is regarded as a related party and comprises the non-executive members of the governing board, executive management and persons having the authority and responsibility for planning, directing and controlling the activities of the reporting agency.

Remuneration of management includes remuneration derived for services provided to the agency in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the agency for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the agency.

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the agency such as:

- A person married to or live together in a relationship similar to a marriage.
- People who are separated by no more than two degrees of natural or legal consanguinity or affinity.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

### 4. New standards and interpretations

#### 4.1. Standards and interpretations effective and adopted in the current year

In the current year, the Agency has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 4.2. Standards and interpretations issued, but not yet effective

The Agency has not applied the following standards and interpretations, which have been published and are mandatory for the Agency's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	Yet to be determined	As above
• Guideline: Guideline on the Application of Materiality to Financial Statements	Yet to be determined	As above
• GRAP 104 (as revised): Financial Instruments	01 April 2025	As above
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	As above
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	As above
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	As above

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

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### 5. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	560 595	(493 998)	66 597	560 595	(560 595)	-
Scientific equipment	151 004	(122 215)	28 789	151 004	(148 386)	2 618
Furniture and fixtures	3 204 377	(2 555 382)	648 995	3 202 320	(2 715 553)	486 767
Motor vehicles	2 859 712	(2 121 959)	737 753	2 296 184	(2 257 481)	38 703
IT equipment	4 218 061	(2 853 272)	1 364 789	4 825 637	(3 997 747)	827 890
<b>Total</b>	<b>10 993 749</b>	<b>(8 146 826)</b>	<b>2 846 923</b>	<b>11 035 740</b>	<b>(9 679 762)</b>	<b>1 355 978</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Accumulated depreciation on disposal	Depreciation	Total
Leasehold property	-	-	-	-	66 597	66 597
Scientific equipment	2 618	-	-	-	26 171	28 789
Furniture and fixtures	486 767	12 931	(10 874)	8 992	151 179	648 995
Motor vehicles	38 703	568 603	(5 075)	5 075	130 447	737 753
IT equipment	827 890	505 056	(1 112 632)	1 112 632	31 843	1 364 789
	<b>1 355 978</b>	<b>1 086 590</b>	<b>(1 128 581)</b>	<b>1 126 699</b>	<b>406 237</b>	<b>2 846 923</b>

### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Accumulated depreciation on disposal	Depreciation	Total
Leasehold property	3 554	-	-	-	(3 554)	-
Scientific equipment	12 964	-	-	-	(10 346)	2 618
Furniture and fixtures	599 185	180 340	(41 192)	41 192	(292 758)	486 767
Motor vehicles	82 303	-	-	-	(43 600)	38 703
IT equipment	633 308	788 367	(247 889)	247 889	(593 785)	827 890
	<b>1 331 314</b>	<b>968 707</b>	<b>(289 081)</b>	<b>289 081</b>	<b>(944 043)</b>	<b>1 355 978</b>

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

Repairs and maintenance including to leasehold improvements amounted to R89 594 (2022: R233 814).

Loss on disposal of asset was recognised as a result of an asset being disposed off with a carrying value of R1 882. The asset was no longer in a functional position and could not be sold, therefore it was written off.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

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### 6. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Software ArcGIS Server	3 507 988	(2 228 945)	1 279 043	2 894 410	(2 457 394)	437 016

### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Software ArcGIS Server	437 016	613 578	228 449	1 279 043

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Software ArcGIS Server	534 850	385 526	(483 360)	437 016

### 7. Receivables from exchange transactions

Recoverable Debtors	55 950 931	56 748 615
Gross debtors	176 719 354	160 982 791
Allowance for doubtful debts	(120 768 423)	(104 234 176)
Prepayments and deposits	309 107	305 032
	<b>56 260 038</b>	<b>57 053 647</b>

### Bad debt expenses

The Agency is in process of obtaining new information about the transferred receivable to effect the actual write-off where applicable. The agency intends to embark on a process to assess clients under business rescue, insolvent, debt relief, and bankruptcy from other external sources which will help the organization to identify irrecoverable debt.

### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 231	465
Bank balances	2 356 838	4 793 510
Bank Balances Deposit Account	123 619 381	107 798 587
	<b>125 977 450</b>	<b>112 592 562</b>

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

The BGCMA has a fuel credit card facility with ABSA Bank for the purchase of fuel	86 000	50 000
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# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand		2023	2022
<b>9. Payables from exchange transactions</b>			
Trade payables		3 092 120	3 605 230
Debtors in credit refund		6 125 710	5 412 534
Unallocated cash suspense account		427 834	377 197
		<b>9 645 664</b>	<b>9 394 961</b>
<p>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.</p>			
<b>10. Employee benefits</b>			
Staff bonus accrual		879 593	821 626
Accrued leave pay		2 811 597	2 894 618
		<b>3 691 190</b>	<b>3 716 244</b>
<b>11. Revenue</b>			
Other income	12	102 705	78 667
Grants received from Department of Water and Sanitation	19	40 173 000	40 625 000
Interest received		15 051 106	9 974 644
Billing for water resource management		48 753 852	49 102 401
Revenue - Other projects		600 000	-
		<b>104 680 663</b>	<b>99 780 712</b>
<b>Revenue relating to exchange transactions</b>			
Other income	12	102 705	78 667
Interest received		15 051 106	9 974 644
Billing for Water Resource Management		48 753 852	49 102 401
Revenue - Other projects		600 000	-
		<b>64 507 663</b>	<b>59 155 712</b>
<b>Revenue relating to non-exchange transactions</b>			
Grants received from Department of Water and Sanitation	19	40 173 000	40 625 000
<b>12. Other income</b>			
Registration fees received		102 705	78 667
Revenue - Other projects		600 000	-
		<b>702 705</b>	<b>78 667</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

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<b>13. Employee related costs</b>		
Basic salaries	31 225 921	29 515 559
Board members costs	247 110	179 209
Employee taxes	11 796 318	10 704 481
Medical aid contributions	3 215 888	2 889 015
Pension expenditure	6 858 619	6 183 356
Travel allowances	1 800 789	1 028 114
	<b>55 144 645</b>	<b>50 499 734</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
<b>14. Lease rentals on operating lease</b>		
Operating lease: Land & Building	3 245 603	3 187 246
Post box rental	-	3 095
	<b>3 245 603</b>	<b>3 190 341</b>
<b>15. Operating expenses</b>		
Advertising	5 141	104 877
Auditors remuneration	913 304	1 065 448
Bank charges	43 574	38 916
Cleaning	44 526	56 679
Conferences and seminars	62 933	23 150
Consulting and professional fees	2 134 227	4 436 497
Consumables	16 135	12 696
Electricity	72 735	335 004
Equipment hire	74 129	39 515
Fines and penalties	1 799	1 900
Fleet	497 013	202 375
IT expenses	619 233	599 314
Insurance	813 420	679 150
Maintenance of Water Dams	1 241 648	1 491 000
Placement fees	342 383	379 004
Postage and courier	88 756	56 107
Printing and stationery	930 871	668 891
Promotions and sponsorships	4 682 932	4 955 174
Repairs and maintenance consumables	89 594	233 814
Security	4 093	20 102
Subscriptions and membership fees	119 521	180 395
Telephone and fax	877 587	844 506
Training	239 047	192 403
Travel - local	1 938 979	848 490
Uniforms	5 367	10 597
Vehicles licenses	5 430	5 160
	<b>15 864 377</b>	<b>17 481 164</b>

**BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY**  
Annual Financial Statements for the year ended 31 March 2023

**Notes to the Annual Financial Statements for the year ended 31 March 2023**

Figures in Rand

	2023	2022
<b>16. Interest received</b>		
Interest received from ABSA	5 984 078	2 666 680
Interest charged to late payments	9 067 028	7 307 964
	<b>15 051 106</b>	<b>9 974 644</b>
<b>17. Auditors' remuneration</b>		
Audit fees (internal and external)	913 304	1 065 448
<b>18. Cash generated from operations</b>		
Surplus	14 524 595	21 278 782
<b>Adjustments for:</b>		
Depreciation and amortisation	(634 686)	1 427 402
Debt impairment	16 534 247	5 903 289
Movements in operating lease assets and accruals	424 711	300 347
Movements in accrued leave pay and staff bonuses accrual	(31 329)	708 701
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(15 736 563)	(8 725 881)
Payables from exchange transactions	4 074	(3 229 589)
	<b>15 085 049</b>	<b>17 663 051</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

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### 19. 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 AP Barnes  
Dr O Curtis-Scott  
Ms B Damane  
Mr MJ Delport  
Ms EM Palmer  
Mr HM Rossouw  
Mr CJU Swart  
Mr J. Van Staden (Acting Chief Executive Officer)  
Mr S Maseko (DWS Ex Officio member)

### Related party balances

#### Department of Water and Sanitation

Receivables

550,359

488,447

Receivable balance	Gross	2023 Impairment	Net balance	Gross	2022 Impairment	Net balance
Overberg Water	26 925	-	26 925	25 604	-	25 604
Jan Fourieskraal Water User Association	291 091	(284 642)	6 449	221 130	(177 741)	43 389
Gamkarivier Irrigation Board	731 190	(24 098)	707 092	1 471 741	(1 471 741)	-
Duivenhoks Water User Association	101 691	(4 463)	97 228	-	-	-
Calitzdorp Irrigation Board	100 395	(60 663)	39 732	92 022	-	92 022
Buffelsrivier Irrigation Board	2 996 558	(2 996 558)	-	2 357 148	(2 357 148)	-
Buffelskloof Irrigation Board	262 479	(256 094)	6 385	188 826	(153 249)	35 577
Buffelsvlei - Gamka Irrigation Board	854 890	(854 890)	-	-	-	-
Bleshoek Irrigation Board	21 449	(12 026)	9 423	9 834	-	9 834
Verkeerdevlei Irrigation Board	1 146 876	(1 146 876)	-	1 016 172	(1 016 172)	-

**BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY**  
Annual Financial Statements for the year ended 31 March 2023

**Notes to the Annual Financial Statements for the year ended 31 March 2023**

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**19. Related parties (continued)**

Receivable balance	Gross	2023 Impairment	Net balance	Gross	2022 Impairment	Net balance
Vanwyksdorp WGV	8 578	(1 732)	6 846	15 855	-	15 855
Stompdirft-Kamanassie WGV	1 396 839	(343 259)	1 053 580	1 301 529	(1 301 529)	-
Oukloof Irrigation Board	850 536	(850 536)	-	755 132	(697 005)	58 127
Korente Vette Board	(69 667)	-	(69 667)	(223 599)	-	(223 599)
Kweekvallei Irrigation Board	17 962	(788)	17 174	16 813	-	16 813
Huisrivier Irrigation Board	12 001	(527)	11 474	11 234	-	11 234
Hoeko Irrigation Board	100 533	(59 952)	40 581	47 711	-	47 711
Baden Irrigation Board	31 298	(18 401)	12 897	14 342	-	14 342
Bossieveld Irrigation Board	135 846	(5 962)	129 884	127 164	-	127 164
Brandwag Irrigation Board	53 973	(2 369)	51 604	50 524	-	50 524
Dwariga Irrigation Board	23 799	(14 203)	9 596	22 140	-	22 140
Grootbosberg Irrigation Board	35 750	(1 550)	34 200	33 466	-	33 466
Groenland Water User Association	602 444	(177 337)	425 107	485 921	-	485 921
Agterkliphoogte Water User Association Municipality	8 378	(3 534)	4 844	22 693	-	22 693
Bo -Doornrivier Irrigation Board	635 194	(635 194)	-	527 219	(467 801)	59 418
Boesmansrivier Irrigation Board	69 637	(16 360)	53 277	65 520	-	65 520
Titusrivier Irrigation Board	41 430	(1 818)	39 612	38 782	-	38 782
Grooteiland Klipdrift Irrigation Board Municipality	558 814	(511 025)	47 789	451 900	(396 938)	54 962
Hoopsrivier WGV	274 634	(213 357)	61 277	354 583	(354 583)	-
Houtveld Irrigation Board	20 221	(666)	19 555	18 928	-	18 928
Keurkloof Water User Association	37 961	(1 251)	36 710	80 155	(72 087)	8 068
Elandkloof Irrigation Board	823 763	(487 745)	336 018	444 427	-	444 427

# BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

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### 19. Related parties (continued)

Receivable balance	Gross	2023 Impairment	Net balance	Gross	2022 Impairment	Net balance
Kingna Irrigation Board	(9 441)	-	(9 441)	(58 532)	-	(58 532)
Klaasvoogds Water User Association	215 106	(140 374)	74 732	506 414	(440 668)	65 746
Bovenstewater Irrigation Board	14 580	(1 569)	13 011	26 370	-	26 370
Koekedouw Irrigation Board	93 100	(3 912)	89 188	87 150	-	87 150
Zonderend River Water User Association	3 556 282	(2 930 759)	625 523	2 733 795	-	2 733 795
Willemnelsrivier WGV	95 417	-	95 417	240 250	(215 360)	24 890
Worcester East Water User Association	1 514 260	(1 323 631)	190 629	1 906 371	(1 605 196)	301 175
Warmbokveld Irrigation Board	77 007	(3 380)	73 627	72 086	-	72 086
Vyeboom Irrigation Board	174 922	(7 677)	167 245	163 743	-	163 743
Vrolikheid Water User Association	344 399	(287 932)	56 467	461 819	(412 787)	49 032
Olifantsberg Irrigation Board	56 721	(47 964)	8 757	53 065	(45 164)	7 901
Noree Water User Association	274 084	(248 229)	25 855	343 653	(299 307)	44 346
Martinusvlei WGV	40 199	-	40 199	55 261	(55 261)	-
Kabous River Water User Association Municipality	18 820	(826)	17 994	17 617	-	17 617
Stettyn Irrigation Board	69 625	(11 386)	58 239	65 384	-	65 384
Smalblaarrivier Irrigation Board	24 188	-	24 188	47 231	-	47 231
Matroosberg Irrigation Board	37 143	(4 643)	32 500	66 539	-	66 539
Koningsrivier WGV	429 755	(419 597)	10 158	466 704	(466 704)	-
Leeu Gamka Irrigation	54 711	(2 401)	52 310	51 214	-	51 214

**BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY**  
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**19. Related parties (continued)**

Receivable balance	Gross	2023 Impairment	Net balance	Gross	2022 Impairment	Net balance
Board						
Modderrivier Irrigation Board	156 888	(135 787)	21 101	99 342	-	99 342
Board						
Prinsrivier Irrigation Board	75 566	-	75 566	249 744	(224 785)	24 959
Brandrivier Irrigation Board	201 496	(86 546)	114 950	233 064	(216 843)	16 221
Sentraal-Breërivier WGV	3 043 890	-	3 043 890	2 902 121	(122 542)	2 779 579
Buffeljagdsrivier Irrigation Board	1 834 493	(1 331 586)	502 907	1 885 006	-	1 885 006
Board						
Maalgate Water User Association	15 960	(526)	15 434	77 768	-	77 768
Mc Gregor Irrigation Board	447 894	(370 455)	77 439	591 660	(530 673)	60 987
Groothoek Irrigation Board	44 042	(8 079)	35 963	75 447	-	75 447
Hexvalley Water User Association	867 611	(626 080)	241 531	874 392	(460 518)	413 874
Wolseley Water User Association	126 070	(126 070)	-	118 013	-	118 013
Koo Irrigation Board	50 420	-	50 420	56 059	-	56 059
Jan Du Toitsrivier Irrigation Board	26 735	(14 198)	12 537	25 308	-	25 308
Board						
Waihoek Irrigation Board	98 231	(86 303)	11 928	145 148	(129 135)	16 013
Rooikloof Irrigation Board	45 579	(2 000)	43 579	42 666	-	42 666
	26 319 221	(17 209 786)	9 109 435	24 726 788	(13 690 937)	11 035 851

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

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<b>Related party transactions</b>		
<b>Grants received from related parties</b>		
Department of Water and Sanitation	40 173 000	40 625 000
<b>Board payments received</b>		
Mr BE Mnisi	90 052	56 861
Mr TE Abrahams	34 852	34 247
Mr AP Barnes	-	-
Dr O Curtis-Scott	11 229	7 674
Ms B Damane	13 387	3 790
Mr MJ Delpont	26 687	10 001
Ms EM Palmer	13 948	12 453
Mr HM Rossouw	26 941	27 884
Mr CJU Swart	30 014	26 299
Mr J van Staden	-	-
Mr S Maseko	-	-

The Agency 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 10 to the financial statements.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

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### Remuneration Executive

2023

	Basic salary	Pension	Other shortterm benefits and allowances	Total
Mr JW van Staden (Acting Chief Executive Officer)	996 575	213 819	847 935	2 058 329
Ms ZM Mngoma (Chief Finance Officer)	996 575	213 819	661 895	1 872 289
PT Mahlaba (Acting Senior Manager - Water Resources)	618 186	130 868	882 579	1 631 633
	<b>2 611 336</b>	<b>558 506</b>	<b>2 392 409</b>	<b>5 562 251</b>

2022

	Basic salary	Pension	Other shortterm benefits and allowances	Total
Mr JW van Staden (Acting Chief Executive Officer)	934 375	191 547	751 738	1 877 660
Ms ZM Mngoma (Chief Finance Officer)	934 375	191 547	598 765	1 724 687
PT Mahlaba (Acting Senior Manager - Water Resources)	570 597	120 075	760 340	1 451 012
	<b>2 439 347</b>	<b>503 169</b>	<b>2 110 843</b>	<b>5 053 359</b>

### Non-executive

2023

	Members' fees	Total
Chairman	90 052	90 052
Deputy Chairman	34 852	34 852
Non-executive members	122 206	122 206
	<b>247 110</b>	<b>247 110</b>

2022

	Members' fees	Total
Chairman	56 861	56 861
Deputy Chairman	34 247	34 247
Non-executive members	88 100	88 100
	<b>179 208</b>	<b>179 208</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

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#### 20. 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 total pension fund contributions for the 2023 financial year amounted to R6 858 619 compared with R6 183 356 for the 2022 financial year.

The entity accounts for this defined benefit state plan as a defined contribution plan, as there is no consistent and reliable basis for allocating the obligation, plan assets and cost to the individual employers participating in the plan and the plan exposes the participating employers to actuarial risks associated with the current and former employees of other employers participating in the plan. That statutory valuation performed as at 31 March 2018 stated that net assets of the fund amounted to R1 800 068 000 (31 March 2016: R1 629 923 000) with funding levels of 108.3% (31 March 2016: 115.8%). The contribution rate paid by employers (13 %) and members (7.5 %) is sufficient to fund the benefits accruing from the fund in the future. The entity has 63 members (2019-20: 65 members) that are members of this fund.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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### 21. Financial risk management

#### 21.1. Financial risk factors

The management of the Agency has overall responsibility for the establishment and monitoring of the Agency's risk management policies and procedures which have been established to identify and analyse the risks faced by the Agency, 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 Agency'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.

#### 21.2. Liquidity risk

The carrying amounts of financial liabilities at the reporting date were the other payables of R9 643 317 for the 2023 financial year compared with R9 390 742 for the 2022 financial year. The contractual maturities for other payables outstanding at 31 March 2023 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	Total
2022	3 601 011	5 789 731	9 390 742
2023	3 089 773	6 553 544	9 643 317
	<b>6 690 784</b>	<b>12 343 275</b>	<b>19 034 059</b>

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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### 21. Financial risk management (continued)

#### 21.3. Credit risk

##### Water resource management charges

Current (0 - 30 days)	31 930 992	27 014 221
31 - 60 days	1 013 144	587 850
61 - 90 days	601 805	315 394
90 days+	143 173 411	133 040 219
	<b>176 719 352</b>	<b>160 957 684</b>

##### Impairment Aging Current (0 - 30 days)

Current (0 - 30 days)	(21 417 830)	(20 070 352)
31 - 60 days	(695 233)	(296 373)
61 - 90 days	(412 967)	(222 989)
90 days+	(98 242 392)	(83 644 462)
	<b>(120 768 422)</b>	<b>(104 234 176)</b>

Statutory receivables included in receivables from exchange transactions above are as follows:

Water resource management charges	176 719 352	160 957 684
-----------------------------------	-------------	-------------

Statutory receivables general information

Receivable type	Revenue type	Legislation that gives rise to the transactions	Rates and interest charges	Impairment considerations
Water resource management charges	Exchange	National Water Act 36 of 1998	The Act determines rates and interest charged.	Firstly on individually significant receivables, thereafter on a group of receivables with the same credit risk based on the collection rate.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

## Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements for the year ended 31 March 2023

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#### 21. Financial risk management (continued)

##### Statutory receivables past due but not impaired

Statutory receivables which are not current are considered as past due. At 31 March 2023, R24 666 172 (2022:R24 666 172) were past due but not impaired.

No statutory receivables are pledged as security.

The ageing of amounts past due but not impaired is as follows:

	2023 Past due	2023 Impaired	2023 Past due not impaired
31 - 60 days	1 013 144	(62 374)	320 771
61 - 90 days	601 805	(411 268)	190 537
90 days+	143 173 411	(97 843 426)	45 329 985
	<b>144 788 360</b>	<b>(98 317 068)</b>	<b>45 841 293</b>

	2022 Past due	2022 Impaired	2022 Past due not impaired
31 - 60 days	587 850	(296 373)	149 906
61 - 90 days	315 394	(222 989)	112 788
90 days+	133 040 219	(83 644 462)	42 307 430
	<b>133 943 463</b>	<b>(84 163 824)</b>	<b>42 570 124</b>

##### Factors the entity considered in assessing statutory receivables past due but not impaired

Receivables are assessed in terms of an objective evidence as a result of one or more events that occurred during the reporting period. Some debtors are therefore past due, but the balances are still expected to be recoverable based on payment patterns reflecting a positive recovery rate.

##### Reconciliation of provision for impairment for statutory receivables

Opening balance	104 234 176	98 330 887
Contributions	16 534 247	5 903 289
Reversal to allowance	-	-
<b>Closing balance</b>	<b>120 768 423</b>	<b>104 234 176</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

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## Notes to the Annual Financial Statements for the year ended 31 March 2023

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### Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables Significant impairment losses recognised or reversed

#### 21. Financial risk management (continued)

**Water resource management charges:** Impairment recognised: Annually, the outstanding receivables are assessed in terms of GRAP 104. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

The credit quality of receivables that are neither past due nor impaired can be assessed to historical information. The entity's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the entity's receivables.

The allowance for impairment was calculated after grouping all the financial assets of similar nature and risk ratings, and by calculating the historical payment ratios for the groupings.

#### Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of GRAP 108: Statutory Receivables.

#### GRAP 108: Statutory Receivables

During the year, the entity adopted its accounting policy with respect to the treatment of GRAP 108: Statutory Receivables. The significant judgements were also updated accordingly. The standard does not significantly impact measurement of these receivables, but resulted in additional disclosures as per note 18.

#### The Implication of Prescription Act to Water Resource Charges

The 30 years prescription may apply to water resource charges (statutory charge), the water resource charges are levied in terms of section 57 of the National Water Act.

Section 11 (a) (iii) of the Prescription Act states that any debt in respect of any taxation imposed or levied by or under any law prescribes in 30 years.

Management has considered both the Prescription Act and the court judgment CASE NO. 1040/2018, the judge of the high court ruled in favor of the Minister of Water and Sanitation. The court maintained that the prescription act does not apply to charges levied in terms of section 57 of the National Water Act as it is a constitutional obligation to pay for water resource charges.

The following categories of debtors who have been fully provided for represent a minimum estimate of accounts the recovery of which could lead to a test for prescription.

#### Debtor category per provision computation

#### Balance

Closed cancelled and inactive accounts	14 504 252
Return to sender	4 055 281

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Deregistered/Deceased/Resuce		11 283 369
High value handed over		16 660 218
		<b>46 503 120</b>

**21. Financial risk management (continued)**

**21.4 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 R125 977 450 (Cash and cash equivalents) for the 2023 financial year compared with R112 619 393 for the 2022 financial year. The maximum exposure to interest risk at the reporting date in respect of interest bearing instruments amount to R3 092 120 (trade payables) for the 2023 financial year compared to R3 605 230 for the 2022 financial year.

A change of 50 basis points in interest rate at reporting date would have increased/(decreased) the deficit or surplus by R419 015 for the 2023 financial year and R419 015 for the 2022 financial year.

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements for the year ended 31 March 2023

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### 21.5. Impairment of doubtful debt

Impairment of doubtful debt

16 534 247

5 903 289

### 22. Commitments

#### Operating Premise Lease Commitments

##### Minimum lease payments due

– within one year

3 142 761

2 940 657

– in second to fifth year inclusive

6 300 114

9 442 875

– later than five years

-

-

##### Minimum lease payments

9 442 875

12 383 532

#### Operating Equipment Lease commitments

##### Leased office equipment

– within one year

148 017

100 684

– in second to fifth year inclusive

212 037

191 004

– later than five years

-

-

360 054

291 688

Leases premises are contracted for periods between 2 and 5 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%.

Lease equipment relates to the rental contracts on printing and office equipment contracted for a period of 5 years. The commitments above comprise of future minimum lease payments under non-cancellable operating leases.

# BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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## Notes to the Annual Financial Statements for the year ended 31 March 2023

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	2023	2022
<b>Capital commitments</b>		
<b>Operating project commitments</b>		
<b>Approved and contracted for</b>		
Commitments for the validation and verification of water use in respect of the 2022/23 financial year	-	713 085
<b>Capital project commitments</b>		
<b>Approved and contracted for</b>		
Rainwater tanks project	30 444	-
<b>Approved and not yet contracted for</b>		
Social Upliftment	-	3 094
<b>Total project commitments</b>	<b>30 444</b>	<b>716 179</b>

### 23. Reconciliation between Statements of Financial Performance

The entity obtained resources in the form of a government grant RState terms, e.g. the period of the concession, re-pricing dates, and the basis upon which re-pricing or re-negotiation is determined from the Department of Water and Sanitation and were used in accordance with the approved budget. The approved budget covers the period 1 April 2022 to 31 March 2023.

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 State objective and purpose.

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	14 524 594	-	-	14 524 594
Basis differences	560 454	-	(1 700 168)	(1 139 714)
Entity Differences	-	-	-	-
Actual amount in the cash flow statement	15 085 048	-	(1 700 168)	13 384 880

### 24. Financial instruments

#### Categories of financial instruments

2023

#### Financial assets

	At fair value	At amortised cost	Total
Receivables from cash exchange transactions	-	56 260 038	56 260 038
Cash and cash equivalents	123 620 612	2 356 838	125 977 450
	<b>123 620 612</b>	<b>58 616 876</b>	<b>182 237 488</b>

# BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

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### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	9 643 317	9 643 317

### 2022

### Financial assets

	At fair value	At amortised cost	Total
Receivables from cash exchange transactions	-	57 028 539	57 028 539
Cash and cash equivalents	27 296	112 592 097	112 619 393
	<b>27 296</b>	<b>169 620 636</b>	<b>169 647 932</b>

### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	9 390 742	9 390 742

### 25. Irregular expenditure

#### Opening balance

	-	-
Add: Irregular Expenditure - current	1 745 846	2 808 374
Add: Irregular Expenditure - prior period	6 312 081	3 503 707
<b>Closing balance</b>	<b>8 057 927</b>	<b>6 312 081</b>

#### Incident

Due process not followed when 3 quotations were not obtained

	39 089	-
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Non-compliance with Treasury Regulation 16A8.4 - No declaration of interest

	4 423	-
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Non-compliance with Treasury Regulation 16A6.3(b) - Evaluation and adjudication criteria

	1 702 334	2 808 374
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	<b>1 745 846</b>	<b>2 808 374</b>
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### Non-compliance with Treasury Regulation 16A6.3(b):

During the 2022/23 financial year, irregular expenses amounting to R1 741 423 was identified with regards to the procurement of travel services where the bid documentation did not include the bid evaluation and adjudication criteria, including the criteria prescribed in terms of the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000) and the Broad Based Black Economic Empowerment Act, 2003 (Act no. 53 of 2003).

### 26. Subsequent events

With reference to Government notice no 48319 dated 28th March 2023 part b of this gazette the Minister of Finance Enoch Godongwana replaced the Breede Gouritz Catchment Management Agency with the new name called Breede Olifants Catchment Management Agency.

This has been done in terms of section 47 read with section 48 of the Public Finance Management Act. The implications are that Breede Olifants Catchment Management Agency will with effect as from 1 April 2023 be responsible for the resource management of the water management areas of the Western Cape.







**BREED-GOURITZ**  
CATCHMENT MANAGEMENT AGENCY

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