

ANNUAL REPORT 2021/22



BREED-GOURITZ
CATCHMENT MANAGEMENT AGENCY

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:

Breede-Gouritz Catchment Management Agency

REGISTRATION NUMBER (if applicable):

N/A

PHYSICAL ADDRESS:

Corner of Mountain Mill & East Lake Roads, Worcester, 6850

POSTAL ADDRESS:

Private Bag X3055
Worcester
6850

TELEPHONE NUMBER/S:

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EMAIL ADDRESS:

info@bgcma.co.za

WEBSITE ADDRESS:

www.breedegouritzcma.co.za

EXTERNAL AUDITORS:

Cara Mpako Inc
4 Conference Lane, Century City
Cape Town,
7441

BANKERS:

ABSA

2. ACRONYMS & DESCRIPTION

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

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) perform 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.

For the year the BGCMA increased the level of awareness of the stakeholders in the Breede-Gouritz Water Management Area in various water resource challenges. Challenges such as pollution of water resources and the wastage of water can only be successfully addressed if the buy in and support of the stakeholders are obtained.

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

The BGCMA is a recommending authority to the Department of Water & Sanitation in the processing of license 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.

The program to install rainwater harvesting tanks, where rainwater is collected and stored for later irrigation use was successfully implemented. This made a significant contribution to make water available especially for the irrigation of 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 that were 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 of critical importance to control the growth of the alien vegetation as they suck out large volumes. It is noted that the BGCMA was successful in implementing these projects.

I would like to thank the Governing Board, staff and the stakeholders for making it possible that water resources were managed in a sustainable way in the 2021/2022 performance year.



S MCHUNU
MP
MINISTER OF WATER AND SANITATION

DATE: 16 AUGUST 2022

4. FOREWORD BY THE CHAIRPERSON OF THE GOVERNING BOARD

The Breede-Gouritz Catchment Management Agency (BGCMA) manages water resources in the climatic diverse area of the Breede-Gouritz Water Management Area. It is an area that consists out of summer, winter, and all-round yearly rainfall. To effectively manage such a diverse area, it is best to make use of local knowledge of the inhabitants of the Breede-Gouritz Water Management Area. The BGCMA as the local water and catchment management entity is ideally suited to coordinate and harness input from the stakeholders in order to manage water resources in a collaborative manner. It is important to note that if there is no buy in and support from the stakeholders, it would be extremely challenging to manage water resources successfully. The BGCMA has two regionally base offices with one located in Worcester and another in George. The location of these offices is central to fostering accessibility by our stakeholders in need of assistance with various activities within the ambit of a catchment management function. These functions include, but not limited to registration of water use, processing of water use license applications, pollution control, assisting emerging farmers in the process to apply for water use authorisations, compliance monitoring and enforcement as well as raising awareness about various catchment management activities. In this performance year, the BGCMA provided localised catchment management functions to the stakeholders of Breede-Gouritz Water Management Area.

The seven strategic objectives of the BGCMA including Water Resources Planning; Water Use Management; Institutional and Stakeholder Relations; Water Allocation Reform; Water Resource Protection; Strategic Support as well as Management and Governance are supporting the vision of the BGCMA i.e. "Quality water for all, forever".

Some achievements in this financial year include efficiency in water use license application processing within the regulated timeframe, which supports the social and economic benefits of our stakeholders and of course our country. The achievement to implement the river rehabilitation projects. These projects are linked to the removal of alien vegetation in the river riparian areas. The uncontrolled growth of alien vegetation is extracting water from the water resource infrastructure, resulting in diminishing river flow and ultimately water availability.

The achievement to install rainwater storage tanks at various communities that are used for the irrigation of food gardens. The rainwater storage tanks project simply provide localised catchments at people's doorsteps and enabling them to participate in food gardening and other associated projects, which would have otherwise been impossible. This made, in many ways, a significant impact on the lives of people.

The drought in some parts of the Breede-Gouritz Water Management Area has negatively impacted the income of the water users, which affects the ability of water users to pay the mandated catchment management charges. However, the BGCMA is dependent on the income from these charges to provide catchment management functions. The plea is that water users prioritised the payment of catchment management charges. It is also fair to acknowledge that in these challenging times, many other water users have been supporting and are continuing to support the BGCMA, through the payment of these charges.

I thank the Honourable Minister of Water and Sanitation for the support in the various processes in the BGCMA. The support of the Honourable Minister, indeed, make catchment management possible within the Breede-Gouritz Water Management Area.

I thank my team of Board Members for their continued selfless dedication to the governance of the BGCMA. Of upmost importance, I thank the forever dedicated and responsible employees of the BGCMA who continued to deliver on their functions and on the mandate of the BGCMA during this performance year. This year has proven once again that when everybody is pulling in the same direction, a positive impact can be made in management of water resources. It is true when we say in Xitsonga, "Mintirho ya vulavula", which is simply translated as "Deeds Speak".



A handwritten signature in black ink, which appears to be "Bongani E Mnisi". The signature is stylized and written over a horizontal line.

BONGANI E MNISI
CHAIRPERSON
BREEDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

DATE: 5 SEPTEMBER 2022

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

5.1 Overview of total operating expenditure

Total expenditure during the 2021/22 financial year increased from R70,836 million to R78,501 million. The increase is largely attributed to the increase in operational expenses as well as employee related costs.

After Covid-19 lockdown the business slowly became fully operational. The annual salary costs resulted in 11.23% increase for employee related costs due to increase in the number of staff employed during the financial year, this figure includes the travelling allowance which also increased compared to last year. The depreciation and amortisation decreased from R2,12 million in 2020/21 to R1,42 million during the 2021/22 financial year. The decrease in amortisation and depreciation is due to the assets that reached its useful life but still in use.

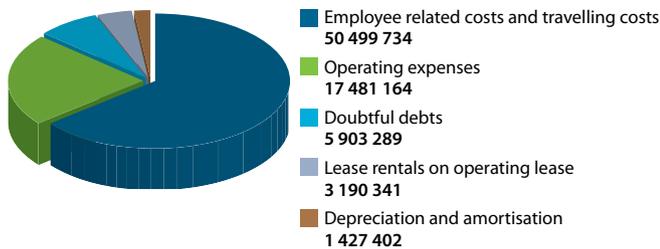


Figure 1: Expenditure Analysis

5.2 Revenue Analysis

5.2.1 Source of Funding

The revenue from catchment management charges reflects an increase of nine percent (9%) when compared to the prior year. This can be attributed to an increase on the catchment management charges and also to the efforts by the agency in ensuring efficiency in its billing.

The augmentation allocation for the 2021/22 financial year amounted to R 40,625 million which shows an increase of R 1,935 million compared to the prior year. Interests charged on overdue debtors amounted to R7,3 million

SOURCE OF FUNDING (in Rands)

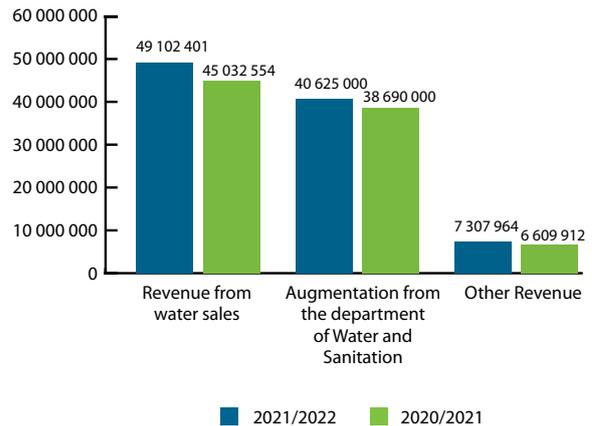


Figure 2: Revenue Analysis

5.3 Cash from operating activities

The collection debtor's day measures how quick cash is being collected from debtors. According to the policy of BGCMA all outstanding debt for water resource charges are payable within 30 days from the date of invoice. The Agency had a positive cash flow from operating activities amounting to R25,5 million in 2020/21 financial year and R17,6 in 2021/22 financial year. This can be attributed to decrease in revenue collection from significant customers. At the end of the 2021/22 financial year, the cash and cash equivalent reflected a positive balance of R112,6 million. Management is continuing to maintain strict budget controls to prevent negative cash flows. This is an indication that the Agency has adequate financial resources to continue in operation for the foreseeable future.

5.4 Debtors Collection days

The debtors' days' analysis as tabulated below reflects increase when compared to the prior year. The increase on debtors' days from 390 days in 2020/21 to 424 days during 2021/22 is due to the decrease in collecting revenue from significant customers who owe the agency significant amount.

	2021/2022	2020/2021
Debtors' days in sales (days)	424	390

5.5 Capacity constraints and challenges facing the Agency.

Water Resource Management

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

- The BGCMA boundary is approximately 70 000km² and there is only one Engineer and one Geohydrologist to service the entire area.
- Geohydrologist resigned in 2021/2022 but was later re-appointed in the George office. No ringfenced Licensing unit

Human Resources

The BGCMA like the rest of South African organisations is experiencing the challenge of skills shortage especially technical skills. The Water Use Licensing process is a scientific process which depends on the input from professions classified as “Scarce Skills” like groundwater specialist, professional engineer, freshwater ecologist etc.

5.6 Discontinued activities / activities to be discontinued

None.

5.7 New or proposed activities

During the period under review there were no new or proposed activities.

5.8 Rollover of funds

Capital Commitments: Approved and Contracted for:

PROJECTS	AMOUNT
Validation and Verification of water use	R 713 085
Social upliftment	R 3 094
TOTAL	R 716 179

Due to Covid -19 lockdown all projects delayed, and the funds will be utilised in the next financial year.

5.9 Supply Chain Management

The Agency did not conclude any unsolicited bids in 2021/22 financial 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 it was resolved

DWS Systems reliability

The BGCMA utilises the DWS's electronic Water Use Licence Authorization Application System (e-WULAAS). e-WULAAS is a DWS system into which the BGCMA log as an external user. Some challenges were experienced:

- o access problems were experienced – this was resolved between the BGCMA IT and DWS IT officials as and when it occurred.
- o 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 at DWS National.
- o 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 has improved the processes of the e-WULAAS which resolved most of the BGCMA's challenges during 2021/2022.

- The total BGCMA staff complement of 69 must service an area for water resource management functions of 70 000km² – some additional positions have been decided on and BGCMA will endeavour to appoint the required staff to fill these posts early in the next financial year.

5.11 Events after the reporting date

None

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 financial year.

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

Management and the staff are committed to implement initiatives that can maintain/ improve the audit outcomes. The follow-up processes such as quarterly reporting on action plans performed by management to address the audit findings. Management 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 2021/22 financial year, irregular expenses amounting to R 2 808 374 was identified with regards to the procurement of travel services, internal audit services and external audit 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). R833 428 of this amount is due to non-compliance of local contents requirements as well as failure to obtained three quotation.

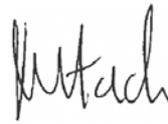
The entity did not suffer any loss, the value for money was achieved. No loss was incurred. The matter is free from fraudulent, corruption or criminal actions. It is a non-compliance of the prescribed regulations that led to the irregular expenditure. Management noted all these findings and going forward will make sure that practises are adhering to prescriptions.

5.16 Acknowledgement/s or Appreciation

We thank the Honourable Minister of Water and Sanitation, Mr Senzo Mchunu for his 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 BGCMA in various ways, to ensure that water resources are managed on a catchment basis.



JAN VAN STADEN

CHIEF EXECUTIVE OFFICER (ACTING)

BREED-GOURITZ CATCHMENT MANAGEMENT AGENCY

DATE: 5 SEPTEMBER 2022

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR 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.

The 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 ended 31 March 2022.

Yours faithfully



JAN VAN STADEN

CHIEF EXECUTIVE OFFICER (ACTING)

DATE: 5 SEPTEMBER 2022



BONGANI E MNISI

CHAIRPERSON OF THE GOVERNING BOARD

DATE: 5 SEPTEMBER 2022

7. PRESENTATION OF THE ANNUAL REPORT

Dear Honourable Minister

I have pleasure in presenting to you the 2021-2022 Annual Report of the Breede-Gouritz Catchment Management Agency for the year ended 31 March 2022.

Yours faithfully



BONGANI EVIDENCE MNISI
CHAIRPERSON OF THE GOVERNING BOARD
DATE: 5 SEPTEMBER 2022



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 MJ Delport



Ms EM Palmer



Mr HM Rossouw



Mr CJU Swart

9. STRATEGIC OVERVIEW

VISION

Quality water for all, forever.

MISSION

The Breede-Gouritz Catchment Management Agency exists to: manage our water resources responsibly, through continuous engagement with all stakeholders and to devolve decision making to the lowest level for the benefit of all water users in the Breede-Gouritz area, including the environment.

VALUES

Integrity
Accountability
Empowerment
Approachability
Equity

STRATEGIC OBJECTIVES

Water Resource Planning
Water Use Management
Institutional & Stakeholder Relations
Water Allocation Reform
Water Resource Protection
Strategic Support (Finance & Human Resources)
Management & Governance

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 is operational 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
- Co-ordinate related activities of water users and WMIs
- Promote co-ordination of implementation of any applicable development plan.
- Promote community participation in water resource management.

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

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

In terms of the National Pricing Strategy for Raw Water Use Charges the determination of sectorial water resource management charges and the determination of annual waste loads are to be per water management area. In terms of section 57(2) of the National Water Act the BGCMA 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 bounded 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 Province, with small portion of the upper catchment of the Olifants River in the Eastern Cape Province, and tiny portions of the upper catchments of the Gamka and Groot Rivers falling in the Northern Cape Province. The BGWMA includes the catchment area of the Gouritz River and its major tributaries (the Gamka, Groot and Olifants Rivers), as well as the catchments of the smaller coastal rivers that lie to the east and west of the Gouritz River mouth. It also includes the Breede River and the catchments of the smaller coastal rivers that lie 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 Rivieronderend 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.

The BGCMA gives effect to its function to investigate and advise water users on the protection, conservation, management, and control of water resources in a cooperative manner. The BGCMA facilitates cooperative governance of water resources through the linking of National, Provincial and Local Government as well as a host of sector partners and stakeholders.

The Breede-Gouritz Water Management Area has widely varying precipitation levels. The precipitation ranges from 160mm in the northern, more inland parts of the WMA to more than 3 000mm in the high mountainous regions of the Hottentots Holland and Franschoek water divides between Berg and Breede WMAs. The average rainfall over the Breede area is 200 mm, Overberg 400 mm, Gouritz Coastal 600mm and Klein Karoo / Great Karoo 150 mm. The Great Karoo and Olifants River catchment regions are classified as a very late summer rainfall region, with a large proportion of annual precipitation falling between March and May and October through storm events, whereas most of the rain in Breede Valley falls between the months of May and August. Parts of the Southern Coastal parts of the Gouritz used to experience all year-round rainfall.

The rainfall patterns have, however, changed in the last couple of years, with the continuation of a severe drought in the 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).



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

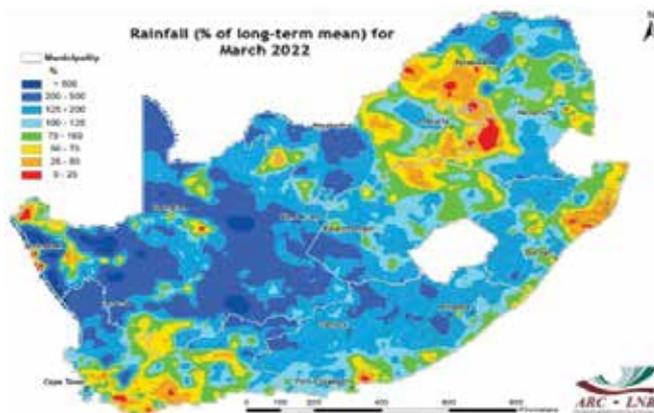


Figure 2: Rainfall (% of long-term mean) for March 2022 (Source: ARC-LNR 2022)

1.1 Service Delivery Environment

The Western Cape Province has been experiencing a critical drought which is seriously impacting the agricultural sector across large parts of the province. Low winter rainfall experienced since 2014, coupled with high temperatures and evaporation, have resulted in extremely low dam levels in most areas. Furthermore, rapid urbanisation, population growth and increasing economic activity in water-scarce areas of the province are placing pressure on the limited water resource.

The drought situation resulted in an increase in a number of illegal water use and also in an increased in a number of water use licence application for storage. Due to the drought situation, the BGCMA put more efforts on increasing the sustainability of the water resources through effective and well-considered water use licencing, encouragement of the construction of dams in the winter rainfall area, compliance monitoring and enforcement, removal of alien invasive plant species, rehabilitation of riparian zones within rivers and the support of Community Gardens and water related projects.

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

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

- An intensive coastal urban economy in the far western portion of the CMA area (Gansbaai to Hermanus) and in the eastern portion (Mosselbaai to Plettenberg Bay). These areas have some of the largest urban populations in the catchment.
- An intensive irrigation agricultural and small-town economy along the length of Breede River, including Swellendam and Robertson.
- An intensive irrigation agricultural and small-town economy in the Grabouw/Theewaterskloof area.
- A widespread dry-land cultivation economy on the Agulhas Plains (from Napier in the west to George in the east) to the south of the Breede river valley, with occasional small coastal towns, such as Riversdale and Heidelberg.
- An extensive farming and small-town economy in Groot and Klein Karoo, including Prince Albert, Beaufort West, Laingsburg and Oudtshoorn; and
- A tourism economy overlies the whole CMA area, 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 settlement occurred in farming areas with abundant water. However, as the urban population grows, particularly in the Garden Route and the Overberg region, demand is starting to exceed supply and water shortages are becoming increasingly common, with Hermanus and Knysna being cases in point. Similarly, Cape Town's demand exceeds local geographical supply, and inter-catchment transfers are necessary from the Breede catchment to meet this demand.

Note that the relatively huge 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 oorganizational structure was reviewed in the 2019/20 financial year by the governing board. This was a direct response to the additional functions of Compliance Monitoring and Enforcement (CM&E) within the Water Use Regulation. The new structure was not implemented in the same financial year due to some challenges and key among them is the financial constraints and as a result, 30 percent of the posts are not funded.

While this is a major challenge, the volume of work within the CM&E of the Water Use Regulation has increased tremendously in the last two years which makes it difficult to align the human resources and our strategy.

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 CMAs in the country leading to serious poaching of talent from the established and the current functional CMAs leading to the erosion of institutional knowledge and memory. Another challenge facing the Agency is its location.

The Agency is considered a rural CMA which deters several potential applicants including professions classified as “Scarce Skills” from joining it. 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 challenge is the deadly COVID-19 pandemic withal its dynamics leading to the declaration of the state of a national disaster in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002) and the different adjusted lockdown alert levels. This has severally impacted on productivity and the collection of the much-needed revenue.

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

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

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

The Water Use Regulation division is responsible for, but not limited to, the functions relating to the Water Resource Planning, Water Resources Protection, Water Use Management, and Water Use Authorizations.

The Institutional and Stakeholder Relations division is responsible for engagement with stakeholders as well as maintaining and improving Inter-Governmental Relations.

3. PERFORMANCE INFORMATION BY OBJECTIVE

3.1 Objective 1: Water Resource 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 and 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 Resource Planning:

Land use applications

The BGCMA monitored and managed water resources within the Breede-Gouritz catchment. An average of 97% 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					
Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of land use planning and rezoning applications commented on (letters sent)	95%	90%	97%	7%	The focus was put on this target because the water use officials are no longer responsible for targets such as water quality sampling and water use auditing.

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	2020/2021			2021/2022		
	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 Resource Planning; Water Use Management; Water Allocation Reform and Water Resource Protection	28 992 836	27 460 826	1 532 010	33 981 744	33 170 189	811 555

Water Resources Planning; Water Use Management; Water Allocation Reform and Water Resource Protection. The reasons why these strategic objectives are combined, is because the personnel cost is intertwined between the objectives.

3.2 Objective 2: Water Use Management

Water use management includes activities such as water use licensing, registration of water users, pollution control and ensuring water use compliance and enforcement for the 11 prescribed water uses, engaging consumptive water use, waste discharge and disposal and in-stream activities.

The BGCMA has highlighted the urgency of fast-tracking the registration and licensing process to address the backlog. The water quality management activities included the prioritisation of registration of waste discharge and effective resource protection and compliance monitoring.

3.2.1 Key highlights under the Water Use Management:

Registered Water Use

The target set for the percentage of water use authorizations captured on WARMS (Licences & GAs) was 100%. The BGCMA achieved 98%, which is 2% lower than the target.

The target set for the number of finalised Validation & Verification Properties with ELU captured on WARMS was 750. The BGCMA captured 260 V&V letters, which is 490 less than the target.

The target set for number of backlog on properties and or water uses with revenue implications was 400. The BGCMA achieved 46, which is 354 less than the target.

The major causes were:

- The number of incoming logs were considerably reduced due to Level 5, 4 & 3 of Lockdown.
- No walk-in clients, no requests sent from reception as the office was not open for human engagements.
- The flexibility of working from home and not being limited to the 08:00 – 17:00 physical attendance.

3.2.1.1 Water Use Authorizations

Licences

The target for Percentage of Water Use licences recommended as per regulation was 85%. The BGCMA achieved 89%, which is 4% above target - received 47 Water Use License Applications and finalized 42

- 41 Recommended for approval.
- 2 Declined at WUAAAC.
- 4 Rejected

1 Withdrawn by Applicants.

General Authorizations

The BGCMA reviewed and confirmed 100% of the General Authorisations for water use requests (53 of 53 requests for confirmation).

3.2.1.2 Water Use compliance audits

A total of 96 Audit Reports were completed for water use compliance during this financial year.

A total of 4 Water Quality Compliance Reports of Municipal Wastewater Treatment Works that discharges to water resources were completed during this financial year.

3.2.1.3 Validation and Verification of water use in selected priority areas

Validation is the process to confirm whether the volume of water registered coincides with the volume of water required for crops cultivated. On the other hand, verification is the process to check the lawfulness of the volume of water used under previous legislation, so as to clarify the extent of Existing Lawful Use (ELU). The BGCMA proceeded with the Validation and Verification process for targeted quaternaries in the Gouritz Water Management Area. The water use of 120 properties was verified. Applications outside of these areas were also dealt with by the BGCMA staff on an ad-hoc basis.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Objective: Water Use Management

Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of water registrations finalised (incoming requests logged)	92.3%	85%	87%	2%	Capacity of the help desk improved
Number of signed and finalised Validation & Verification confirmation letters captured	85	750	260	490	This achievement is depended on the number of V & V confirmation letters received from the Service Provider appointed to conduct the V & V project. Therefore, all received letters were finalised.
Number of backlogs on Properties and water uses with revenue implications	414	400	45	355	This achievement is depended on the number of Backlog on Properties and or water uses with revenue implications that requires registration. The number has been considerably reduced over the year, the figure reported is all the properties that required registration.
Percentage of water use authorizations captured (licences & GAs)	100%	100%	98%	2%	2% of the authorisation could not be captured on time due to errors which prompted an amendment application.
Percentage of licences recommended as per regulation	90%	85%	89%	4%	Target exceeded.
Percentage of General Authorisations confirmed	100%	100%	100%	None	Target met.
Number of audit reports completed for water use compliance	88	80	96	16	Target exceeded.
Number of Water Quality Compliance Reports of Municipal Wastewater Treatment Works (WWTW) that discharges to Water Resources	9	4	4	None	Target met.
Number of confirmation letters sent.	85	200	120	80	There were challenges experienced by the Professional Service Provider for the Validation and Verification project which included retrenchment of team members for the project and the National Lockdown.

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 Resource Planning.

3.3 Objective 3: Institutional and Stakeholder Relations

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

3.3.1 Key highlights under the Institutional and Stakeholder Relations

3.3.1.1 Stakeholder Engagement, Marketing and Communication

The set target to reach 5 000 learners and stakeholders during water campaigns 2021/2022 was exceeded and 5574 stakeholders were reached. These stakeholders and learners were reached through several awareness days and campaigns throughout the year and not only during Water Week activities.

These include:

- School Holiday Programmes
- Water Week
- School Water Awareness activities
- River/Stream clean-up activities

3.3.1.2 Grant Projects Financially Supported

100% of the Grant projects recommended by the Grant Assessment Committee to the Technical Committee were recommended to be funded.

The following water related community projects were funded in 2021/2022:

- Growing Upwards Food Garden Project
- Railton Foundation, Swellendam
- Mill Stream Youth Initiative
- Soutana Soup Kitchen Garden Project
- Vanwyksdorp Development Institute Agricultural Development and Training
- Soulfood Recycling Swop Shop Project, Grabouw
- Vrolike Vinkies Enrichment & Development Centre, Ceres
- Siphumulele Educare Centre Project, Zwelethemba
- Overberg Wheelchair Association - Love Ability Eco Brick Project, Hawston
- Onrus River Homeowners Association - Onrus River Estuary Reed Control Project, Onrus River
- Sinethemba Trust Project, Zwelethemba
- Carpe Diem Food Gardens and Tunnels, George

3.3.1.3 Water Related Forums support

The BGCMA provided assistance, support and advice to water related forums within its water management area. These forums included community forums, Water User Associations, Inter-governmental Forums, and several Steering committees within Local Municipalities, etc.)

37 Forums were supported during 2021/2022 financial year.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Objective: Institutional and Stakeholder Relations

Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Number of learners and stakeholders capacitated and awareness in Water Resource Management (WRM)	6030	5000	5574	574	The change in the method of reaching learners and stakeholders which include virtual meetings, pamphlets etc resulted in reaching more learners and stakeholders.
Number of Intergovernmental Cooperation initiatives facilitated to enhance WRM	6	4	4	None	Target met.
Number of newsletters compiled and printed	4	4	4	None	Target met.
Percentage of approved water related community projects funded	100%	100%	100%	None	Target met.
Number of Forums supported in WRM	31	40	37	3	Minutes and attended register was not provided by the forum secretariat on time as POE & Combination of a number of local forums into larger regional forums (ISCs to RCCs) had an impact on the number of forums to attend.

Strategy to overcome areas of underperformance

Lockdown restrictions are lifted, it is now normalised.

Changes to planned targets

No changes were made.

LINKING PERFORMANCE WITH BUDGETS

Objective	2020/2021			2021/2022		
	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	8 534 814	7 501 860	1 032 954	9 192 108	8 726 200	465 908

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 technical assistance with water use license applications.

A total of 400 Rainwater Harvesting Tanks were installed in the Breede-Gouritz Water Management Area for households and schools to enhance food production and food security.

3.4.1 Key highlights under the Water Allocation Reform

The BGCMA gave support to 10 Resource Poor Farmers through knowledge sharing, financial and administrative assistance.

During the 2021/2022 financial year, the BGCMA could not facilitate any applications for Capital or Operation & Maintenance Cost assistance because of lack of funding in DWS budget for RPFs.

The BGCMA has prioritised programmes promoting water allocation reform (and equity arrangements) giving assistance to Resource Poor Farmers, particularly in terms of technical assistance with water use license applications.

A total of 400 Rainwater Harvesting Tanks were installed in the Breede-Gouritz Water Management Area for households and schools to enhance food production and food security.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS					
Objective: Water Allocation Reform					
Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of HDIs and RPF technically supported on water use	100%	100%	100%	None	Target met.
Number of workshops held to capacitate and empower Resource Poor Farmers in WRM	0	2	2	None	Target met.
Number of Rain Water Harvesting Tanks installed	285	400	400	None	Target met

Strategy to overcome areas of underperformance

Lockdown restrictions are lifted, it is now normalised. The DWS budget for RPF's is now allocated to the Department of Agriculture, BGCMA to 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 Resource Planning.

3.5 Objective 5: Water Resource Protection

The focus of the Resource protection over the next three years will be on compliance, to achieve the Reserve determination and Classification lead by DWS. This involves ongoing assessments 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

The BGCMA conducted National Eutrophication Monitoring Programme (NEMP), which was previously conducted for DWS, however, the BGCMA took over the program. Two water quality monitoring points located in Theewaterskloof Dam and Brandvlei Dam were sampled for NEMP.

BGCMA also sampled for water quality analysis to give effect to the delegation to monitor and manage water resources. These included sampling points for pollution incidents and ad-hoc sampling.

A total of 112 points were monitored by BGCMA for the 2021/2022 financial year.

- 56 points in the Breede Overberg
- 38 points in the Gouritz
- 18 Ad hoc points

3.5.1.2 River Rehabilitation Projects

A total of 4 River Rehabilitation Projects were supported through mapping and some initial clearing and ongoing follow-up clearing and restoration.

The three (3) projects were done within collaboration with the Department of Environmental Affairs, Department of Agriculture, SANBI, the Wolseley WUA, Central Breede River WUA, Worcester East WUA, Hex River Valley Water Users Association and the Zonderend Water Users association. Careful planning ensured that projects within the regions were complimenting each other through participation in the Upper Breede Collaborative Extension Group forum. The aim of the projects is to restore the Breede River to its natural function as an important environmental infrastructure within the catchment for both flow and water quality.

The 4th river rehabilitation project supported by BGCMA is the Kamanassie- Olifants Riparian areas which was identified for Alien Clearing. A project is currently in progress with collaboration with Department of Agriculture, Cape Nature and Stompdrift-Kamannassie WUA. The BGCMA assistance enabled a planning, mapping and costing for the removal of alien plant species in the Olifants & Kammanassie river riparian systems which is within the George and Oudtshoorn Municipalities. The purpose of which efforts to control and eradicate alien and invasive species in these river systems. The mapping project was finalise in December 2021. Currently a pilot project was launched in the Kammanassie area with funding received from Department of Agriculture. This project was launched in the high priority catchments identified in the mapping report. Furthermore, the BGCMA together with other stakeholders are reaching out to possible funders to assist in alien clearing in the project area.

3.5.1.3 Compliance Monitoring and Enforcement

Non-Compliance Cases

78% of Reported non-compliance cases were resolved, which is 22% less than the target.

The BGCMA Investigated and dealt with 118 of 149 CME cases and Pollution Incidents that was received in the financial year 2021/2022.

Reasons:

BGCMA acted timeously on Pollution incidents to prevent any lasting damage to water resources. The DWS Compliance, Monitoring and Enforcement unit were provided with assistance where necessary with non-compliance cases.

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

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Objective: Water Resource Protection

Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Number of BGCMA Water Resource points monitored.	116	80	110	30	Target exceeded.
Number of River Rehabilitation Projects funded and technically supported.	6	3	3	None	Target met.
Percentage of reported non-compliant cases resolved.	65%	100%	78%	22%	CME administrative process are very long and , non-compliant cases cannot be resolved 100% quarterly, hence the recommendation is to change the target from 100% to 80% and to annual target for 2022-2023 APP.

Strategy to overcome areas of underperformance

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 Resource Planning.

3.6 Objective 6: Strategic Support

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

(i) Finance unit

Is the backbone of financial management and administration for the organisation, with the priority of ensuring financial viability and financial sustainability through water use charges and effective organisational development.

(ii) Information Systems

Information system 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: Financial Management

Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of reports complying with listed financial reporting prescripts	100%	100%	100%	None	Target met
Number of proposed tariff reports submitted to DWS complying with pricing strategy	1	1	1	None	Target met
Number of risk assessment reports	1	1	1	None	Target met
Percentage of compliance to audit recommendation	100%	100%	100%	None	Target met
Percentage of targeted procurement budget spent on BBBEE	141% (R 12 972 079)	100% R 2 300 000	84% (R 1 925 281)	16%	Due to the geographical area, it is sometimes difficult to find companies that are fully BBBEE compliant.
Percentage of WRM charges collected.	106%	75%	84%	9%	The Agency developed the recovery plan and strengthened the customer relations.

REVENUE COLLECTION

Sources of revenue	2020/2021			2021/2022		
	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	R33 774	R44 972	(R11 198)	R36 826	R41 335	R4 509

Background:

On the 31 January 2018 the Department of Water and Sanitation formally transferred the function to collect and bill revenue to the BGCMA. Subsequently the department of Water and Sanitation took a decision to transfer debtor's book to the amount of Ninety-One Million, Six Hundred and Fifteen Thousand, Four Hundred and Forty (R91 615 440.01). At the time of the transfer the age analysis of the transferred debtor's book indicated that Eighty percent (80%) of the debt was older than 150 days which pose a significant risk in terms of recoverability.

Majority of the customers did not comply with the 30 days payment terms prescribed by the Department. The historic data analysis obtained from the Department indicated that the payment behaviour of the customers can be projected just under 60% debt recovery. The Agency used the 60% recovery as 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 effective and efficient recovery of debt owed to the agency. The results of cost recovery are reported on monthly basis to monitor progress against targeted revenue collection.

Automating distribution of invoices and statements to customers for the purpose of reducing the turnaround time to deliver invoices to customers.

Personnel - the BGCMA capacitated the revenue unit order to ensure the full recover of monies owes to the state.

Strengthening Customer relations - BGCMA has acknowledged the need to improve all facets of customer experience with the aim of improving debt collection. As results a catchment management forum was established to ensure we build a strong cohesive team with our customers.

Several meetings with significant customers were held to resolve long outstanding issues which contributed positively on revenue collection.

Future intervention to improve the current situation:

The agency intends to improve the manner in which it interfaces with its customers through utilizing technology. The Agency has implemented part of a self-service portal whereby the customers can view their statements online. The Agency is in the process of implementing dunning process that will enable and empowers the customers to request services, find information, register and resolve queries online. The initiative will enhance communication between the agency and its customers and ultimately improve.

(iii) *Human Resources Management*

The Human Resources is a strategic pattern and plays a supportive role within the Agency to enable it to achieve its objectives. It further supports capacity building and creates a conducive and enabling environment that is legislatively compliant. Above all, its main functions are to plan, co-ordinate and manage the human resources function of the Agency through the design, development, formulation, and implementation of policies, procedures and systems in line with all applicable Board approved policies, legislations, and prescripts.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Objective: Human Resources Management

Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of approved and filled posts on the organogram	70%	75%	79%	4%	Target exceeded.

Strategy to overcome areas of underperformance

Renewal of recruitment in the coming years.

Changes to planned targets

None.

LINKING PERFORMANCE WITH BUDGETS (FINANCE, HUMAN RESOURCE MANAGEMENT AND INFORMATION SYSTEM UNITS)

Objective	2020/2021			2021/2022		
	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	29 799 089	27 712 313	2 086 776	31 425 400	37 691 116	(6 265 716)

3.7 Objective 7: Management and Governance

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

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS					
Objective: Management and Governance					
Performance Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Percentage of Corporate Compliance reports and non-financial reporting scripts produced	100%	100%	100%	None	Target met
Number of Shareholder compacts signed	1	1	1	None	Target met
Number of agreements signed	2	1	2	1	Target exceeded

Strategy to overcome areas of underperformance

Not applicable.

Changes to planned targets

None.

LINKING PERFORMANCE WITH BUDGETS						
Objective	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management & Governance	765 552	151 757	613 977	507 362	268 658	238 704

PART C: GOVERNANCE

1. INTRODUCTION

The Breede-Gouritz Catchment Management Agency (BGCMA) established and governed in terms of the National Water Act, 1998 (Act No. 36 of 1998). It is a national Public Entity Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended. The Government of the Republic of South Africa through the Department of Water and Sanitation (DWS) ("The Executive Authority") duly represented by the Minister, is the sole Shareholder. All Governing Board members execute their collective legal duty in a professional manner, with integrity and utmost good faith.

The Governing Board is the focal point and the custodian of corporate governance framework which is the overarching policy that directs how all governance structures should operate.

The Governing Board's corporate governance framework clearly articulates the basic principles and operational processes for the application of good corporate governance throughout its governance structure within the organization.

The Board views good corporate governance as a vital component in operating a successful and sustainable institution as well as providing assurance to all stakeholders. To that end, the Board continues to adhere to the principles of the King Report on Corporate Governance for South Africa (King IV) as adopted by the Board. This ensures the Board's pivotal role in creating value by setting policy, overseeing governance, compliance frameworks and control environments as well as maintaining sound corporate governance practice within the entity.

2. PORTFOLIO COMMITTEES

PORTFOLIO COMMITTEE ON WATER AND SANITATION

The Parliamentary Portfolio Committee on Water and Sanitation

plays an oversight role to both the Department of Water and Sanitation and all the water management entities reporting to the Minister of Water and Sanitation, inclusive of the BGCMA.

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.

Shareholding

The Government of the Republic of South Africa is the sole shareholder of the BGCMA, and the Shareholder representative is the Minister of Water and Sanitation.

Shareholder Compact

In terms of the Treasury Regulations issued in accordance with the Public Finance Management Act (PFMA), the Agency must in consultation with the Executive Authority, annually conclude a shareholder compact documenting mandated key performance measures and indicators to be attained by the Agency as agreed to between the parties. The Shareholder Compact is not intended to interfere in any way with normal business operations and principles of the Agency. In that way, the relationship between the Shareholder and the Board is preserved, as the Board is responsible for ensuring that proper internal controls are in place as well as the effective management of the entity.

4. THE ACCOUNTING AUTHORITY / GOVERNING BOARD

Composition and Term of the Governing Board

The current Governing Board comprises of nine (9) independent Board Members, including both the Chairperson and Deputy Chairperson and one (1) executive member, the Chief Executive Officer who serves as an Ex-officio member of the Board in terms of the National Water Act no. 36 of 1998. The Board is serving 15 years as of now. The Board was initially appointed on 13 September 2007 for a three (3) year term which was extended on 1 October 2013 until a new Board is appointed. The appointment of members of the Board was approved by Cabinet in September 2007 and the Board was inaugurated in October 2007. In terms of Schedule 4, 2(b) of the National Water Act, 1998 (Act No. 36 of 1998), "terms and conditions of appointment of Board members", the Board serves a term of office determined by the Executive Authority (Minister).

Conflict of interest

This is a standing agenda item at all meetings of the governance structures of the BGCMA. Potential conflict of interest is assessed through formal processes conducted by internal assurance. Where conflict of interest exists, members are requested to recuse themselves from discussion on such matters. The Board subscribes to the principles that conflicts of interest should be avoided. Members are required to declare any personal financial interests that pose a potential conflict of interest through a formal disclosure process or as and when their circumstances change. At each Board and Committee meeting, members declare their interest regarding any agenda items to prevent personal interests from influencing and clouding the interests of the organization.

Performance Evaluation

For purposes of ensuring continuous improvement in the Boards' performance and effectiveness, members are individually subjected to a process of performance evaluation on an annual basis. The process is conducted in accordance with Section 15 of the Policy regarding Board Practices and the Remuneration of Board members of Entities Reporting to the Minister of Water and Sanitation and includes an assessment of performance of the governance structure. For the reporting period, the evaluation was conducted on 30 March 2022 and thereafter, the performance outcome was forwarded to the Executive Authority (Minister).

Delegation of Authority

The Governing Board recognises the importance of implementing the Delegation of Authority (DoA) Framework within the BGCMA governance structures to promote independence and assist with the balance of power and effective discharge of its duties. The BGCMA's DoA Framework "outlines the level of materiality in relation to the business and has reserved specific powers for its decision-making and delegated certain powers to the sub-committees and the Chief Executive Officer". The Chief Executive Officer has also been granted the authority to sub-delegate further to management and throughout the organization. The DoA Framework does not in any way divest the Board of its duties, authorities, and responsibilities.

The Chairperson and the Chief Executive Officer

The Chairperson of the Board is a non-executive Board Member and is responsible for leading the Board. The Chief Executive Officer is responsible for providing ethical leadership, strategic direction and ensuring the operations of the entity are aligned with the strategy of the organization. The roles of the Chairperson and that of the Chief Executive Officer are independent and separate. The division of responsibilities ensures balance, and that no individual has unrestricted decision-making authority. Both parties operate in terms of distinct mandates. The Chief Executive Officer reports to the Board on a regular basis and is ultimately responsible for the day-to-day running of the business of the entity which includes formulating strategies and policies which are approved by the Board for implementation.

The Chief Executive Officer and Management

The Board has delegated decision-making for the operational activities of the internal governance structure of the business to the Chief Executive Officer through the Delegation of Authority (DoA) Framework. The Chief Executive Officer is accountable to the Board and Stakeholders and is supported by a team of managers to effectively execute the mandate and oversee the implementation of operational activities in line with the BGCMA strategic intent.

The Chief Financial Officer

The Audit and Risk Committee is satisfied that the Chief Financial Officer (CFO) possess appropriate qualifications, experience, and financial expertise to meet the responsibilities of the position and that the entity has adequate resources to enable the CFO to perform the duties of the organization.

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 organization demonstrating its commitment to sound governance principles. Consistent with its long history of integrity and good corporate citizenship, the BGCMA 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 organization.

Statement of Compliance

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

Board Members' Remuneration

Non-Executive Board Members receive fees for their contribution to the Board and the Committees on which they serve 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.

Policy Governance Framework

The BGCMA policy Governance Framework provides the structure for developing, implementing, maintaining, approving, and reviewing policies, procedures, standards, and guidelines. Policy documents are categorised as either strategic or operational and are then approved in accordance with the protocol process within the governance structures. The BGCMA recognises the policy application hierarchy, taking into consideration the mandate of the organization as it follows legislation, regulation, policies, procedures, standards, guidelines, and internal protocols.

As the Accounting Authority, the Board has assigned roles and responsibilities to the governance structure to provide the mechanism to enable direction and accountability at all levels of the organization. Good governance can only be achieved through governance structures that are directed and controlled by ethical and accountable leaders with integrity and are beyond reproach. What follows is a summary of the key roles and responsibilities of the Board and its committees as well as the number of scheduled and ad hoc meetings held during the period under review. In instances where a member was not able to attend meeting/s, a formal apology was tendered and noted at each meeting in line with the Code of Ethics and Good Practice.

The Board's Roles and Responsibilities

- a) Fulfilling the role of a Water Management Institution in terms of the National Water Act, 1998 (Act No. 36 of 1998)
- b) Ensuring that the entity when exercising its powers and carrying out its duties, achieves a balance between striving to provide efficient, reliable, and sustainable water resources management, optimally using available resources as well as taking reasonable measures to promote the overall management and protection of water resource including public awareness and the environment:
- c) The appointment of the Chief Executive Officer and determining the duties and conditions of services, remuneration, performance appraisal and termination of employment of the Chief Executive officer.

The Governing Board provides effective oversight to the entity's business by:

- a) Ensuring that the Delegation of Authority (DoA) Framework is in place to assist effective decision-making throughout the organization and monitoring the exercise of delegation powers by management.
- b) Defining the required levels of materiality and significance, reserving specific powers to itself, and formally delegating other matters with the necessary written authority to management and/or specific Committee of the Board.
- c) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and the business plans, having regard to its own reporting and performance responsibilities to the Executive Authority (Shareholder).
- d) Continuously reviewing the Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) of the organization and monitoring / reporting against these.
- e) Exercising objective judgement on the business affairs of the entity independent from management, but with sufficient information to enable a proper and objective assessment and decision-making.

- f) Safeguard a comprehensive system of policies and procedures and appropriate governance structures at management level to ensure the effective implementation of Board decisions and/or resolutions.
- g) Instituting a system of employee remuneration that is equitable, responsible, motivating, and recognises and rewards excellent performance.
- h) Establishing the necessary structure to independently verify and safeguard the integrity of both formal and non-formal financial reporting.
- i) Safeguarding compliance with all the related policies, laws, guidelines, regulations, audit and accounting principles and the entity's Code of Ethics and Code of Good Practice.

During the period under review, the Board held three (3) scheduled meetings as per the BGCMA Board and Committee meeting schedule and is informed by the table below.

Number of Meetings Attended by Board Members for the 2021/22 financial year

Board member/s		Gender	7 July 2021	11 November 2021	30 March 2022
1.	B E Mnisi ¹	M	#	✓	✓
2.	T E Abrahams ²	M	✓	✓	✓
3.	Dr. O Curtis-Scott	F	✓	✓	✓
4.	M J Delpont	M	✓	✓	✓
5.	C J U Swart	M	✓	✓	✓
6.	H M Rossouw	M	✓	✓	✓
7.	B Damane	F	#	#	#
8.	E M Palmer	F	✓	✓	✓
9.	A P Barnes	M	✓	✓	✓

✓ Denotes attendance; # Denotes absence with apology; 1 Denotes Chairperson of the Governing Board; 2 Denotes Deputy Chairperson of the Governing Board. 30 March 2022 - Ms B Damane had resigned, and was not required to attend.

Board Committees

The Committees are constituted formally and are chaired by non-executive Board members. The Board committees assist the Board in the performance of duties and enables effective decision-making through providing more detailed attention to matters within the Terms of Reference. The committees report to the Board on activities at every meeting. In terms of the National Water Act, 1998 (Act No. 36 of 1998), the Board is authorised to delegate powers to committees established by the Board. The powers and functions delegated to committees are set out in the written Terms of Reference (ToR) that are approved formally by the Board.

Human Resources and Remuneration Committee Roles and Responsibilities

The Committee has been established by the Board to assist the Board with:

- a) Human Resources policies, organizational structure, and compliance with employment laws.

- b) Conditions of employment.
- c) The appointment of the Chief Executive Officer and members of the Senior Management.
- d) Remuneration package for the Chief Executive Officer in line with the NWA, 1998.
- e) Performance Management and strategic human resources related matters.
- f) Overseeing human capital management and all remuneration matters of the entity.

The Committee is chaired by Mr. Trevor Abrahams and consists of four (4) Board members, all of whom are independent members of the Board, and is chaired by a non-executive Board Member who is not also the Chairperson of the Board. During the reporting period, the committee held three (3) scheduled ordinary meetings as informed by the table below.

Human Resources & Remuneration Committee meeting attendance 2021/22

REMCO MEMBERS	Committee Meeting		
	18 June 2021	22 October 2021	11 February 2022
Trevor Abrahams ¹	✓	✓	✓
Maria Rossouw	✓	✓	✓
Esthelle Palmer	#	✓	✓
Bongani Mnisisi	✓	✓	✓

✓ Denotes attendance; # Denotes absence with apology; 1 Denotes Human Resources and Remuneration Committee Chairperson

The Audit and Risk Committee

The Audit and Risk Committee comprises four (4) Board Members and its chairperson is Mr. MJ Delpont. The Committee is mandated to exercise oversight and ensure achievement of the highest level of financial management, accounting, and reporting to the shareholder and to meet the requirements prescribed in section

51(1)(a) (ii) and 76(4)(d) of the Public Finance Management Act (Act 29 of 1999) as well as Treasury Regulations, 2005 (chapter 27.1). The Audit and Risk Committees' oversight responsibility covers issues of ethics and further performs a critical function of risk management oversight by ensuring the effectiveness, quality, integrity, and reliability of the BGCMA's risk management processes.

Audit & Risk Committee Attendance for 2021/2022 financial year

Committee Members	Committee Meeting		
	20 July 2021	26 October 2021	17 February 2022
M J Delpont ¹	✓	✓	✓
C J Swart	✓	✓	✓
B Damane	#	#	✓
H M Rossouw	✓	✓	✓

✓ Denotes attendance; # Denotes absence with apology; 1 Denotes Chairperson of the Audit & Risk Committee

Internal Audit

Internal Audit is an independent assurance function. The purpose, authority, and responsibility of which is formally defined in a Charter approved by the Board in line with the stipulations of the Institute of Internal Auditors. In line with the requirements of the Public Finance Management Act (PFMA) and Good Governance, the internal audit function gives the Audit Committee and Management assurance 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 organization 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 statements, the report of predetermined objectives and compliance with laws and regulations applicable to the entity, among others:

- Assessing the risks of material misstatement of the financial statement, the report on predetermined objectives and material non-compliance with laws and regulations.
- Considering internal controls relevant to the entity's preparation and fair presentation of financial statements, the report on predetermined objectives and compliance with laws and regulations.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management.
- 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 statements and report on findings relating to their audit of the report on predetermined objectives and compliance with material matters in law and regulations application to the entity.

Technical (Water) Committee

The Committee was established by the Board to assist in discharging its responsibilities related to water resources management including any technical service as determined by the Board. The Committee is chaired by Dr. Odette Curtis-Scott and its composition is informed by the table below.

Technical Committee Meeting attendance for the 2021/2022 financial year

Members	Scheduled Ordinary Committee Meetings		
	24 June 2021	20 October 2021	15 February 2021
Dr. O Curtis-Scott ¹	✓	✓	✓
A P Barnes	✓	✓	✓
H M Rossouw	✓	✓	✓
C J U Swart	✓	✓	✓

✓ Denotes attendance; 1 Denotes Chairperson of the Committee

The Committees' functions among others is:

- To guide and review the Catchment Strategy as well as driving the involvement of stakeholders to enable their participation.
- Provision of oversight in the allocation of water to ensure alignment with National policies and guidelines.
- Provision of oversight in the management and dissemination of water related information to stakeholders in an appropriate and accessible manner.
- Exercising oversight over water resources management including enforcement.
- Contribution to the building of credibility of the CMA in relation to key stakeholders at local, provincial, and national level and to further position the CMA within SADC, Africa, in line with the Africa Agenda and internationally.

The Executive Committee (EXCO) of the Board

The Board is assisted in performing its functions by an Executive Committee (EXCO) appointed in accordance with the Board Charter and comprises of non-executive Board Members. It is the apex committee of the Board and consists of the chairpersons of the different sub-committees of the Board namely, the Audit & Risk Committee, the Technical (Water) Committee and the Human Resources and Remuneration Committee. The Chief Executive Officer sits on the Committee in his capacity as an Ex-officio member of the Board in line with the Board Charter and the principles of the King Code of Corporate Governance. The committee does not have a schedule; however, its meetings are convened as and whenever necessary. For the reporting period, the EXCO did not convene any ordinary and/or special meeting. The composition of the Committee is informed by the table below:

EXCO Committee Members for 2021/22 Financial Year

Name/s	Number of meetings attended	
	Ordinary	Special
BE Mnisi ¹	None	None
TE Abrahams ²	None	None
Dr. O Curtis-Scott ³	None	None
MJ Delpport ⁴	None	None

1 Denotes Chairperson of the Governing Board; 2 Denotes Chairperson of the HR & Remuneration Committee; 3 Denotes Chairperson of the Technical Committee; 4 Denotes Chairperson of the Audit & Risk Committee

Delegation of Authority

The Governing Board recognises the importance of Delegation of Authority (DoA) Framework within its governance structure. This is to promote independent judgement and assist with the balance of power and effective discharge of its duties. The BGCMA's Governing Board Framework utilises the levels of materiality in relation to the business and has reserved powers for its decision-making and delegated certain powers to its sub-committees and the Chief Executive Officer (CEO). The CEO has also been granted the authority to sub-delegate further to management and throughout the organisation. The DoA Framework does not in any way divest the Board of its authority, duties, and responsibilities.

Remuneration of Board members

Non-Executive Directors receive remuneration benefits and fees for their contributions to the Board and the Committees on which they serve. This is governed by Practice Notice 1 of 2017 as issued by the Executive Authority (the Minister of Human Settlements, Water and Sanitation) which sets the rate for non-executive directors who are also reimbursed for out-of-pocket expenses incurred on the Agency's behalf. No Board member is involved in determining his/her own remuneration. The Board members' remuneration is fully disclosed in the Agency's Annual Report on an annual basis. Board members are only paid stipends for hours spent on the business of the Agency.

Table 3: Remuneration of the Board members

Name	Remuneration	Other allowance	Other re-imburements	Total
Mr. BE Mnisi	R33 269.53	-	R23 591.56	R56 861.09
Mr. TE Abrahams	R21 650.13	-	R12 596.97	R34 247.10
Dr. O Curtis-Scott	R7 580.66	-	R93.57	R7 674.23
Mr. MJ Delport	R10 000.73	-	R0.00	R10 000.73
Mr. AP Barnes	R0.00	-	R0.00	R0.00
Mr. HM Rossouw	R17 889.33	-	R9 995.07	R27 884.40
Mr. CJU Swart	R15 622.26	-	R10 676.29	R26 298.55
Ms B Damane	R3 415.45	-	R374.30	R3 789.75
Ms EM Palmer	R8 604.13	-	R3 848.64	R12 452.77

Internal Control

The Institute of Internal Auditors define internal control as the "foundation on which an effective system of internal control is built and operated in an organisation that strives to (a) achieve its strategic objectives, (b) provide reliable financial reporting to internal and external stakeholders, (c) operate its business efficiently and effectively, (d) comply with all applicable laws and regulations, and (e) safeguard its assets".

Therefore, **enforcing good governance and internal controls** is the cornerstone of managing and running an institution. The **controls are not bureaucratic burden which stifles** the Agency's agility and competitiveness but are a set of activities and processes that are an integral part of the Agency's daily operations at all levels.

Ethical leadership with high level **integrity is essential** as it supports good governance and enhances internal controls. When

this combination functions in an integral manner, the internal control environment becomes stronger and consequently helps the Agency to **comply with laws and regulations**, deliver value to its stakeholders and achieve its strategic objectives.

The Board is accountable for the systems of internal control. The BGCMA policies, procedures, structures, and delegation of authority framework clearly defines and provides appropriate levels of responsibility. The internal control systems are designed to provide reasonable assurance that assets are safeguarded, and that liabilities and funds are managed efficiently.

To assist the Board in discharging its responsibilities, internal Audit undertakes an independent assessment of the internal control systems and business risks and reports to the Board through the Audit and Risk Committee. The audit plan covers major financial risks and responds to any changes emanating from the BGCMA's risk management process and register.

Internal Audit

Internal audit is an independent co-sourced assurance function. The purpose, authority, and responsibility of which is formally defined in a charter approved by the Board in line with the stipulations of the Institute of Internal Auditors. In line with the requirements of the Public Finance Management Act (PFMA) and Good Corporate Governance, the internal auditors give the Audit and Risk Committee and management assurance on the appropriateness and effectiveness of internal controls. The Internal Auditors report through the office of the Chief Executive Officer and it reports regularly to the Audit and Risk Committee and have unrestricted access to the Committee chairperson as prescribed by the best practice.

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 predetermined objectives, and compliance with laws and regulations applicable to the entity, which is based on, amongst others:

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

Performance Evaluation of the Governing Board

For purposes of ensuring continuous improvement on the Governing Board's performance and effectiveness, Governing Board members are individually and collectively subjected to a process of performance evaluation on an annual basis. The process is conducted in accordance with the Policy regarding Board Practices and Remuneration of Members for Entities reporting to the Minister of Human Settlements, Water and Sanitation and includes the assessment of the performance of the governance structure. For the reporting period, the performance assessment of the Board members was conducted on 30 March 2021 by peer review mechanism during its scheduled ordinary meeting and the outcome was subsequently forwarded to the Executive Authority on 31 March 2021.

Risk Management

The BGCMA has a risk management register and conducts regular risk management to determine the effectiveness of its risks and to identify any new and/or emerging risks. The Audit and Risk Committee advises management on the overall system of risk management (especially the mitigation of unacceptable levels of risk) and independently monitors the effectiveness of the system of risk management. Submissions of quarterly reports in line with the PFMA and the institutionalisation of risk management into the day-to-day operations of the entity continues to find expression in all management, units, and all meeting sessions. The risk management has indeed matured and continues to receive attention and support from the Board, Audit and Risk Committee and the entire Management and throughout the Agency.

The BGCMA, together with its management, continues to implement sound principles of good corporate governance to ensure that risk management continues to remain a way of thinking and operation and not just *"a tick box or compliance exercise"*.

5. COMPLIANCE WITH LAWS AND REGULATIONS

As a public entity, adherence to sound governance principles is of utmost importance. To this effect, regulate measures against the Public Finance Management Act and King IV Code of Corporate Governance for South Africa “King IV” is carried to ensure that deficiencies are identified, and corrective measures are implemented.

Public Finance Management Act (PFMA)

The PFMA focuses on financial management with related outputs and responsibilities which continues to enhance its compliance with management systems. The Board as the Accounting Authority must comply with their fiduciary duties as set out in the PFMA. In terms of the PFMA, the responsibilities of the Board include taking appropriate action to ensure that:

- Economic, efficient, effective, and transparent systems of financial and risk management and internal controls are in place.

- A system is maintained for properly evaluating projects before a final decision is made on each project.
- The implementation of appropriate and effective measures to prevent unauthorised, irregular, or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct.
- All revenue due to the Agency is collected.
- The economic and efficient management of available funds; and
- The definition of objective and the allocation of resources in an economic, efficient, effective, and transparent manner.

In terms of Section 52 of the PFMA, the Accounting Authority for a public entity must submit to the Accounting Officer for the Department designated by the Executive Authority for that public entity and to the relevant Treasury, at least one month, or another period agreed with the National Treasury, before the start of the financial year, the Annual Performance Plan (APP).

6. FRAUD AND CORRUPTION

The Board is responsible for ensuring that an integrated crime prevention and fraud plan is in place and implemented to minimise the risk and opportunity for crime and irregularities and in particular, fraud. To support the strategic intent and objectives of the Agency, the Board, and its Committees, at its discretion may request a forensic audit where there is prima facie evidence that this is justified. Corruption, fraud, nepotism, and theft has no room within the Agency and is not condoned and tolerated.

Put differently, the Agency has **“zero tolerance for corruption, fraud, any dishonest, and unethical behaviour”**. All directors, employees, suppliers, contractors, and other stakeholders are expected to observe this when conducting business for or with the Agency. This is guided among others by the Public Finance Management Act (PFMA), National Treasury Regulations, Protected Disclosure Act and Combating of Corrupt Activities.

7. MINIMISING CONFLICT OF INTEREST

In terms of the Governing Board Charter and the Code of Good Practice, all Governing Board members are required to declare their interests before the commencement of each meeting and on an annual basis and as and when there is a change in their status of interest. All Governing Board members shall adhere to the provisions of Schedule 4(7)(i) of the National Water Act, 1998, **“disclose their interest at all material times as soon as practicable after the relevant facts come to his/her knowledge”**.

This is a standing agenda item in all meetings of the Governing Board and related sub-committees. Potential conflicts of interest

are assessed through a formula process and where, conflicts of interest may exist, members are requested to recuse themselves from meetings. The Governing Board subscribes to the principle that conflicts of interest should be avoided. Members are required to declare any personal financial interest that pose a potential conflict of interest through formal disclosure process.

A disclosure of interest, even if it is approved, does not authorise any member to engage in behaviour which conflicts with the interests of the BGCMA.

8. CODE OF CONDUCT

The Agency has a Code of business Conduct and Ethics in place which aims to ensure that every employee of the Agency shares the same values and levels of accountability while conducting the business of the Agency.

9. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The BGCMA is fully committed to ensuring that its employees work in a safe and healthy environment. This is not an option, but a minimum requirement as stipulated in the Occupational Health and Safety Act, (OHS) 1993 (Act No. 85 of 1993) as amended. The Agency is continuously striving to implement the highest safety measures for its employees, visitors and/or stakeholders in its premises which is beneficial to all in the event of an incident. For the reporting period, there were no incidents reported to the department of Employment and Labour as required by Section 24 of OHS Act.

Extraordinary times call for extraordinary measures

For the reporting period, South Africa together with other nations, territories, and jurisdictions remained in the grip of the Coronavirus (COVID-19) pandemic and the BGCMA was not spared either. Infections were also recorded within our organisation but without any fatalities for the reporting period. However, control measures were implemented and rapid response strategies that were activated when COVID-19 cases were confirmed were highly effective in preventing proliferation, thus ensuring business continuity and uninterrupted provision of essential services to our constituency, the water users in terms of the NWA, 1998.

The BGCMA under the political leadership of the Minister of Human Settlements, Water and Sanitation and the Governing Board, rose above the limitations of the prevailing conditions, accepted that the organisation was operating in abnormal times and implemented measures to ensure business continuity. Interruption of service was no option. Some of the effective measures implemented were restricting site visits, observing physical distance at the workplace, remote (working from home), alternate work arrangements within the different units of the BGCMA, constant monitoring of staff for any symptoms of the virus, disinfection of offices, provision of PPEs, measuring of employee and client temperatures, keeping contact details of clients to our offices for tracing purposes, strict adherence to the number of employees and clients physically permitted at the workplace at any given time, the disablement of the biometric system and almost all engagements went electronic (virtual) including but not limited to meetings under lockdown restrictions. This has really paid dividends as all our water users have received and continue to receive uninterrupted service during levels: 5, 4, 3, and 1 respectively of the lockdown. We continue to operate under the COVID-19 protocols and regulations as determined by the State from time to time and which are vital to persevering health.

10. SOCIAL RESPONSIBILITY

The BGCMA supports socio-economic programmes through community development initiatives to improve the livelihoods of its communities. The Grant Policy informs the Agency in this regard. The core mandate of the Agency is water and thus 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 which included food gardens, community gardens, recycling, soup

kitchens and river clean-ups. The theme for Water Week during this financial year was the "Groundwater" and "Water Saving Tips". It was also in the form of a competition where learners had to draw pictures or demonstrate these themes.

Well established inter-governmental relations with several departments and universities ensured skills transfer to BGCMA staff, capacity building of resource poor farmers and 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 Shareholder 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. BBBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		The BGCMA is a recommending authority in the process to authorise water use licenses.
Developing and implementing a preferential procurement policy?	Yes	Procurement plan was developed and the Agency prioritise the use of Broad Based Black Economic Empowerment
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?		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 organization. The Agency is committed to ensuring that its human resources are skilled, competent, and contribute to the current and future sustainability of the organization. All employees of the entity are aware of their roles and duties within the organizational framework, and these are performed with the requisite care and diligence.

The world of work has been considerably and fundamentally impacted by the COVID-19 pandemic. The Agency has responded to the pandemic in various ways to ensure that our customers and stakeholders are assured of services and that our employees continue to perform and provide services in an environment that maintains the recommended safety regulations and protocols. Like many employees, the organization has not been spared in terms of infections, but with no fatalities caused by the COVID-19 virus. Yet the organization continues to operate efficiently and thanks to the mitigation strategies employed in response to the pandemic, despite disruptions in the workplace in the initially stages of the pandemic.

Strategic Workforce Planning

The Strategy Workforce Planning (SWP) ensures that the entity has the right number of people, with the requisite skills, at the right time and at the right place that would enable the entity to meet and deliver on its strategic and tactical decisions and aligns with its people strategy and thus takes a long-term focus. SWP is vital as it allows for scenario based on business drivers and strategies to enable the monitoring of possible impacts of employees within and out of the entity establishment and provides the foundation of employee supply for the current workforce.

The SWP provides demand requirements for the medium and long-term, and thus informs the capacity building talent pipeline planning based on business and strategy. It also provides an indication of the workforce gap between demand and supply and can assist the talent acquisition process. The retention of employees is a crucial factor in managing the potential of the Agency's workforce. However, the Agency is still in its organic development and growth and most of the activities in this regard emanates from the Governing Board as the Employer.

2. EFFECTIVE ORGANIZATION DEVELOPMENT AND STRENGTHENING

Skills Development

Every year, the BGCMA compiles and submits a Workplace Skills Plan (WSP) and Pivotal Training Report (PTR) to the Energy and Water Sector Education and Training Authority (EWSETA), which guides the implementation of skills development initiatives through the identification of the skills needs of the Agency and ensures the effectiveness of skills development plans.

The skills development programmes include:

- Employee training and development.
- Assisted education programme.
- Bursary programmes, and
- Internship programmes.

Capacity Building

The BGCMA has built its foundation by providing learning and development initiatives for its employees, that are predominately aligned to the National Qualification Framework (NQF). This targeted strategic intent is with a view to enhancing the Agency's business efficiencies and productivity and providing support for building the organizations' strategic pillars by increasing the capacity of its workforce. These organizational learning and development initiatives are clearly articulated and executed through the Work Skills Plan (WSP) and Annual Training Report (ATR) submitted to the Energy Water Sector Education and Training Authority (EWSETA) on an annual basis.

The implementation of training and development initiatives is aligned with the Skills Development Act, 1998 and other related legislation for purposes of developing the workforce to improve the quality of life, productivity, competitiveness, and above all, service delivery.

The impact of COVID-19 pandemic outbreak resulted in reduced planned training and development initiatives and planned hours. Due to the limited resources and adherence to the COVID-19 health and safety protocols, only limited virtual training interventions were conducted as informed by the table below.

EXCO Committee Members for 2021/22 Financial Year

Occupational Level	Gender	No. of Employees	Skills Program & Short Courses	Conferences & workshops	Total
Senior Management	Female	1	0	0	0
	Male	1	0	0	0
Professional Qualified	Female	40	9	0	9
	Male	27	3	0	3
Semi-Skilled	Female	2	0	0	0
	Male	0	0	0	0
TOTAL		71	12	0	12

Internship

The Internship programme provides training, development, and the requisite experience for the field of work. The interns get exposure to the various sub-components within the water resources management unit. The internship programme is a pledge the BGCMA made towards contributing to the skills development

of the country in assisting to alleviate the three (3) ills that has plagued South Africa; inequality, poverty, and unemployment, making South Africa the most unequal society in the world. For the year under review, the program was implemented within the Water Resources Management Division and is informed by the table below:

Internship programme offered for the 2021/22 Financial Year

Internship Program	Unit	Male	Female	Total	Status of Program
Water Resources Management	WRM	1	1	2	In progress

Talent Management

Human resources are scarce, and it is important to attract and retain the best people that contribute towards the achievement of organisational objectives and its strategic intent, both in the short and long term. However, the COVID-19 pandemic caused havoc of unprecedented proportion and necessitated maximum insights and flexibility on how organisations manage their human capital. It has forced organizations to adapt to the ever-changing global circumstances within which they operate and has brought the Fourth Industrial Revolution (4IR) to the fore, earlier than anticipated.

Employment

The entity seeks to maintain a workforce that enables it to deliver quality services to all stakeholders. Our employees are spread in two offices within the BGCMA area of jurisdiction and operation. All employees of the BGCMA are fulltime and up to and including salary level 10 are provided with benefits i.e., housing allowance, membership of Government Employees Pension Fund (GEPF) and medical aid subsidy. All female employees are entitled to a four-months' maternity leave. During the reporting period, 2 female employees qualified for 100% maternity leave benefits and both officials safely returned to work after their leave under the "new normal".

Positions that were filled for the 2021/2022 are: Compliance Monitoring and Enforcement (CM&E) Officer x 1, Compliance Officers x 2, Billing & Invoicing Clerks x 2, Revenue Help Desk Clerk x 1, Receptionist x 1, and Cleaner x 1.

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	5	1	1	0	0	0	0	0	7
Semi-Skilled	0	1	0	0	0	0	0	0	1
GRAND TOTAL	5	2	1	0	0	0	0	0	8

Human resource acquisition is still constrained due to the COVID-19 pandemic and the subsequent budget cuts in the entire government sector and its components, including the BGCMA. However, the appointments have greatly capacitated and strengthened the Agency especially the Water Use Regulation

and in particular the Compliance Monitoring and Enforcement (CM&E) sub-component and the Finance: Revenue Management component. The table below shows the workforce by employment type, race, and gender.

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	67	19	7	1	0	30	7	3	0
Semi-Skilled	2	0	0	0	0	2	0	0	0
TOTAL	71	19	7	2	0	33	7	3	0

Terminations

For the period under review, there was 1 (one) resignation. However, it had no material impact on the staff compliment as the date of departure of the official from the Agency was end of the 2021/22 financial year, 31 March 2022.

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 and forbids hate speech and harassment. In compliance with the above, the Agency 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 decision-making by all employees, Board members and stakeholders. This is facilitated through a Code of Ethics. During the year under review, the BGCMA conducted its business with integrity, honesty, and transparency and in full compliance with all applicable laws, regulations, guidelines, prescripts, and ethical standards. The Code of Conduct and business ethics reflects the agencies' core values and provides guidance to employees and other stakeholders on important ethical issues in the agency's operating environment.

The Agency has zero-tolerance on any dishonest or unethical behaviour and is not tolerated. All employees, suppliers and other stakeholders are expected to observe this Code when conducting business for and with the Agency irrespective of the area in which the person may be located. If you have been informed about behaviour contrary to this Code by the Agency employee or other stakeholders, please report it promptly to the relevant authorities as by keeping the information, you become an accomplice.

Human Rights

The BGCMA is an entity (organ) of the State that is committed to a system of acquisition of 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).

Awareness continues to be built amongst the Agency's employees through requesting disclosures of interest in support of fair, equitable, transparent, and competitive procurement practices. The Agency remains confident that it is contributing to effective economic transformation that will benefit the sector as a whole.

Child and Forced Labour

As an organ of State, the BGCMA fully subscribes to the National Legislation that ensures a healthy and safe work environment for its employees. The Agency'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 BGCMA is also aligned to the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development (OECD) recommendations with regards to child labour. The Agency does not practice child and forced labour as it is prohibited by the South African Constitution, employment laws and practices and the international convention (the Geneva Convention) on the right of the child as per the International Organization (ILO).

Non-Discrimination

For the year under review, zero incidents of discrimination were reported.

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). During the reporting period, there was zero reported incidents of the rights of indigenous people in any aspect of the organisations' business activities.

Human Rights Remediation

For the year under review, the BGCMA reported zero grievance related to human rights issues and/or contravention were filed. The reason being that the BGCMA supports the protection and furtherance of human rights and confirms its commitment thereto, to all human rights declarations under the Geneva Convention to which South Africa is a signatory and is also 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 Agency firmly believes in risk prevention and the promotion of health and safety working conditions, competitiveness, and sustainability of its activities. Health and safety is not the responsibility of a single person or unit but a collective effort and responsibility where every employee is responsible for playing their part. The agency's commitment to health and safety is driven by:

- Acknowledging that while we operate in an inherently high-risk environment, we cannot ignore our moral and legal obligation to safeguard the wellbeing of our people and community and other stakeholders within the domain of our work.
- Ensuring that employees understand the hazards and risks associated with their activities.
- Prioritising, addressing, and mitigating health and safety risks.
- Our approach is always that health and safety come first and that there are no shortcuts.
- Our continuous effort to create a culture where every employee understands the importance of working safely and go home safe and healthy to their family after each day.
- Ongoing supervision of the work environment to ensure compliance.
- Instilling beliefs and culture to our employees and relevant stakeholders that health and safety go hand-in-hand.

- Managing the health and safety of our employees as well as within the environment in which we operate.
- Promoting Dam safety awareness to schools and communities which are located within our Water Management Area (WMA).
- Scheduled compliance audits which are conducted regularly to ensure maximum compliance.

Employee Development:

The Agency's focus is to provide developmental opportunities for internal staff in preparation for them assuming higher roles and enhancing their skills to perform in their current jobs. The organisation gives priorities to capacity building initiatives that are value-adding in improving business efficiencies and effectiveness thereby strengthening its overall performance and productivity.

Assisted Education

The Agency continued to provide employees with financial support to further their studies in disciplines related to the entity's core and support business for improvement performance to meet the current and future skills needs through Assisted Education (bursaries). For the reporting period, 10% of employees enrolled in formal qualifications that respond directly to the skills need. The table below indicates Assisted Education implemented during the period under review.

Assisted Education by Head Count for the 2021/22 Financial Year

Bursaries offered			
Internal Bursaries	Females	Males	Grand Total
Grand Total	6	1	7

Development of Policies

Policies foster accountability, good corporate governance, best practices and strengthen internal controls within an institution. They also act as deterrents to fraud, corruption, theft, wasteful and fruitless expenditure. Policies further assist to establish a professional effective organisation while providing consistency and continuity for personnel. The other critical role played by policies is the prevention of ambiguity about how particular situations and/or issues should be handled within the Agency. Policies promote harmony among staff and consistency the way things are done while ensuring more efficiency and effectiveness in delivering the mandate of the Agency. For the reporting period, there was 1 (one) new policy developed namely, Business Continuity Management Plan (30 March 2022). However, there were 2 (two) policies reviewed namely: Petty Cash Policy (27 July 2021) and the Supply Chain Management Policy (30 March 2022).

Performance Management

The Performance Management Development System (PMDS) is a process of planning, contracting, ongoing coaching, reviewing, evaluation and recognition to set parameters for performance compliance within the Agency. The PMDS is a business process that enables the alignment and cascading of strategic and operational objectives throughout the organization.

In line with the best practice, line management is responsible for contracting with individual employees on key performance indicator outputs. The results are taken into consideration for other human resources processes, such as capacity building processes and talent management, which contribute to the strategic objective of a high-performance culture. The performance management process and performance scores for employees are audited annually.

Business Continuity Management during COVID-19

The Impact of COVID-19 on the BGCMA

The COVID-19 pandemic has created disruptions throughout the Agency's operations. Many Water Users downscaled or reduced their activities, resulting in a decline in demand for the commodity. The lockdown measures and travel restrictions significantly reduced revenue for the Agency's clients including the local authorities (Municipalities). There will be short-term, medium term and long-term impact and the way the BGCMA conducts its business may be severely impacted.

COVID-19 Risk Assessment

The entity experienced the following with the outbreak of COVID-19, and this is expected to continue with respect to:

- a) Increase in bad debt due to customers failing to meet their financial obligations,
- b) The entity's ability to fully execute its programs as enshrined in the approved APP and Strategy Plan,
- c) Failure to advertise posts timeously, and
- d) Despite the financial constraints, the entity did not invoke a force majeure.

BGCMA COVID-19 Exposure Rate

Safety measures are being observed in our offices to maintain a secure environment and workplace for all employees. Interventions implemented to prevent the spread of COVID-19 are regularly checked to conform with all the COVID-19 regulations and protocols and to ensure the safety of employees and the entity's business mandate continues uninterrupted. By the end of the year under review, the entity was very fortunate not to lose an employee to the COVID-19 pandemic. The following was implemented by the entity:

Working arrangement.

- a) Work remotely from home,
- b) No contact meetings were held with both internal and external stakeholders; thus, all meetings were held virtually. Restrictions on face-to-face meetings was enforced,
- c) COVID-19 sanitization and protocols were strictly adhered to (i.e., mandatory wearing of masks, regular sanitising, screening on entry and exits of office premises),
- d) Employees working remotely should ensure that they are always within reach and available to perform their duties,
- e) Rotation of employees was encouraged based on the business requirements,
- f) Special measures in place for employees with known or disclosed health issues or Comorbidities. Employees not feeling well or flu-like symptoms to remain at home, quarantined or get tested,
- g) Special measures for employees above 60 years who are at a higher risk of complications or death if they are infected with COVID-19.
- h) It must be noted that based on the business needs, employees will be required from time to time to present themselves at their offices for the purposes of undertaking duties. In such in cases, all COVID-19 health and safety protocols must be adhered to.

Screening and Awareness

The entity continues to conduct screening of employees and clients and members of the public entering the business premises. Communication and awareness on the wearing of masks, personal hygiene and protection is continuous.

Provision of PPEs

The entity is committed and responsible to providing a safe working environment for all employees and provision of PPEs form part of the important measures and milestones in reducing the spread of infections in the workplace. All employees were provided with the necessary PPEs when at the workplace.

Disinfection of buildings and hygiene

The following was and continuous to be done:

- a) Buildings are disinfected as and when required.
- b) Sanitiser dispenses are placed in strategic places within the offices,
- c) Hand soap, paper towel and toilet paper are continuously provided and monitored.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Senior Management	R5 053 359	10.00	3	R1 684 453
Professional qualified	R45 077 921	89.26	66	R682 998.80
Semi-skilled	R368 454	0.73	2	R184 227
TOTAL	R50 499 734	100%	71	R711 264

Performance Rewards

For the reporting period, there was no performance bonus paid in respect of the results of the audit outcome in line Section 27 of the PMDS Policy which states that “performance rewards can only be paid if the result of the audit is clean or unqualified” and which supports the practice of good corporate governance and accountability.

Employment and Vacancies

Programme	No. of employees beginning FY	Approved post	No. of employees end of FY	% of vacancies
Senior Management	3	3	3	100%
Professional qualified	59	85	66	78%
Semi-skilled	1	2	2	100%
Total	63	90	71	

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Senior Management	3	Nil	Nil	3
Professional qualified	59	07	Nil	66
Semi-skilled	1	01	Nil	2
Total	63	08	Nil	71

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	Nil	Nil
Resignation	Nil	Nil
Dismissal	Nil	Nil
Retirement	Nil	Nil
Ill health	Nil	Nil
Expiry of contract	Nil	Nil
Other	Nil	Nil
TOTAL	00	00%

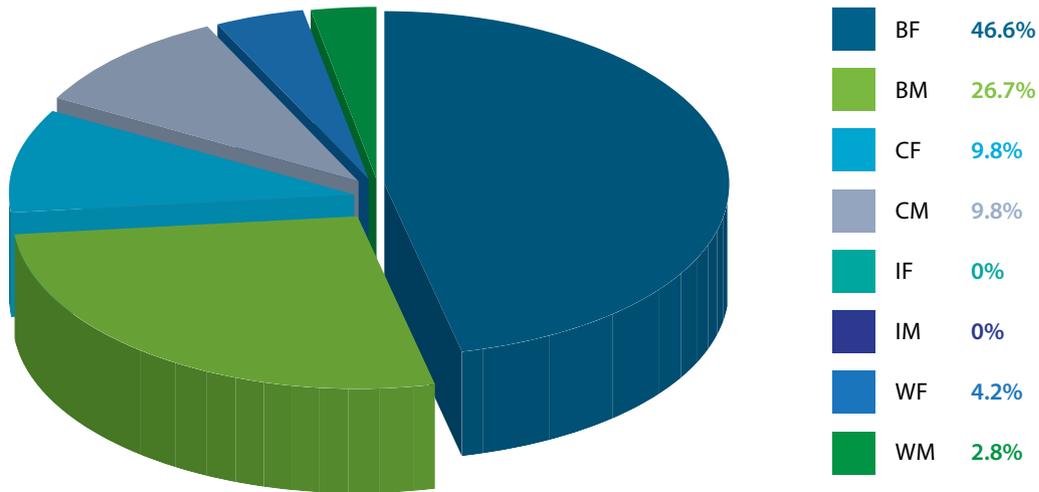
Labour Relations: Misconduct and disciplinary action

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

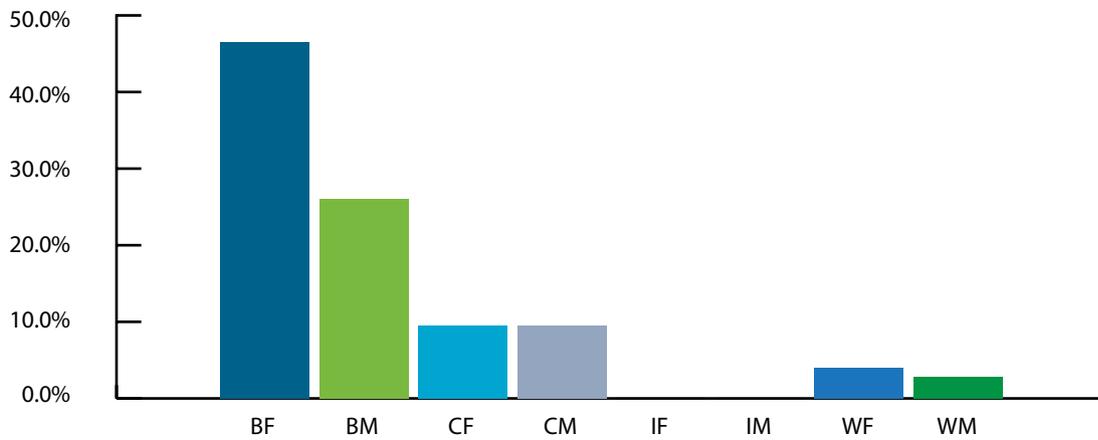
Employment Equity Status

Current Employment Equity Data									
	BF	BM	CF	CM	IF	IM	WF	WM	Total number of staff
CFO	1								
Senior Manager : WRM								1	
IT / strategic Support Manager		1							
IT Technician		1							
Performance & Planning Coordinator	1								
Executive PA to CEO	1								
Human Resources Manager		1							
Human Resources Officers	2								
Finance Manager: Expenditure								1	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	2		2						
Senior Data Capturer	1								
Manager: CM&E	1								
CM&E Officer X 1	1	1							
Compliance Officer		2							
Supply Chain Officer		1							
Water Data (GIS) Officer	1								
Water Use Specialist X 4		1		2			1		
Water use Officer X 8	5	2		1					
Water Licensing Clerk x 2	1						1		
PR & Marketing Officer	1								
Receptionist	1	1							
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						
Billing Help Desk	1								
Finance Officer: Billing Manager	1								
Finance Officer: Debt Manager		2							
TOTAL	33	19	7	7	0	0	3	2	71

EMPLOYMENT EQUITY STATS 2021/2022



EMPLOYMENT EQUITY STATS



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

PART E: FINANCIAL INFORMATION

1. GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Type of entity	Schedule 3A Public Entity
Governing board 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 Jan van Staden (Acting Chief Executive Officer) Mr S Maseko (DWS Ex Officio member)
Registered office	Breede-Gouritz CMA Cnr of Mountain Mill and East Lake Roads Private Bag X3055 Worcester 6850
Business address	Breede-Gouritz CMA Cnr of Mountain Mill and East Lake Roads Worcester 6850
Postal address	The Chief Executive Officer Breede-Gouritz CMA Private bag X3055 Worcester 6850
Bankers	ABSA Bank Limited

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

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

Report on the audit of the financial statements

Qualified Opinion

1. I have audited the financial statements of the Breede-Gouritz Catchment Management Agency set out on pages 8 to 38, which comprise the statement of financial position as at 31 March 2022, 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, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Breede-Gouritz Catchment Management Agency as at 31 March 2022, and its financial performance and cash flows for the year then ended 31 March 2022 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 Qualified Opinion

Provision for doubtful debts – receivables from exchange transactions

3. We reviewed the debtor's policy and the management computation of the provision for impairment of the receivables from exchange transactions. We identified that the policy and the computation were not in compliance with the applicable accounting standard. We reperformed the provision based on the applicable accounting standard and identified that there was a significant overstatement of the provision for impairment of receivables from exchange transactions. The estimated overstatement of the provision for impairment of receivables from exchange transactions is R20,730,223.

Bad debts expense

4. We identified that bad debt expense relating to receivables from exchange transactions has not been recognised in the current year and prior periods, dating back as far as the past 5 years. Receivables from exchange transactions include long outstanding balances which may have become irrecoverable and require write-off. We were unable to determine specific individual debtor accounts that have become irrecoverable and should be classified as bad debts. Consequently, we were unable to determine the amount of any adjustment to receivables from exchange transactions in respect of bad debts. The current year estimated understatement of the bad debts is R14,244,116

Receivables from exchange transactions

5. We were unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions relating to a category of water debtors termed "non-payers" due to the status of the accounting records. We were further unable to confirm these receivables from exchange transactions by using alternative means. Consequently, we were unable to determine whether any adjustment to receivables from exchange transactions, stated at R16 004 358 (2021: R48 082 73) in the annual financial statements, was necessary.

6. Payables from exchange transactions

Included in payables from exchange transactions is R761,663 relating to debtors with credit balances and termed "debtors in credit refund". We were unable to obtain sufficient appropriate audit evidence for payables from exchange transactions, due to the status of the accounting records. Consequently, we were unable to determine whether any adjustment to payables in respect of receivables from exchange transactions, stated at R761,663 in note no.9 (2021: R6,101,781) of the annual financial statements, was necessary.

7. Revenue from exchange transactions - Water resource management

We were unable to obtain sufficient appropriate audit evidence for revenue from exchange transactions related to water resource management due to the status of the accounting records. Consequently, we were unable to determine whether any adjustment to revenue from exchange transactions stated at R1,917,014 (2021: R45,032,554) in the annual financial statements, was necessary.

8. Revenue from exchange transactions - interest received

Interest is charged to water debtors in respect of overdue account balances. We were unable to obtain sufficient appropriate audit evidence for interest charged to the individual debtor accounts which we could not confirm due to the status of the accounting records. Consequently, we were unable to determine whether any adjustment to revenue from exchange transactions-interest received stated at R (unknown), (2021: R6,609 912) in the annual financial statements, was necessary.

Responsibilities of the accounting authority for the financial statements

9. 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 misstatement, whether due to fraud or error.
10. 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

11. 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 misstatement, 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.
12. 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
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Introduction and scope

13. 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 to gather evidence to express assurance.
14. 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.
15. 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 2022:

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

16. 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.
17. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 2: Water Use Management

Percentage of signed and finalised water registration (Incoming logged request)

We were unable to obtain sufficient appropriate audit evidence regarding a clearly defined method of calculating the indicator to measure actual achievement per the Technical Indicator description (TID) on the APP. This was due to a lack of a clearly defined technical indicator description. We were unable to evaluate whether the indicator was well-defined as to the numerator and denominator.

Percentage of water use authorizations captured (Licenses & General Authorisations)

We identified that the reported achievement of the indicator is not complete. We noted discrepancies between the number of items, i.e., water use authorisations (licences and general authorisations) captured onto the WARMS system in the financial year but not reported in the Annual Performance Report. This was confirmed when we were unable to trace certain items that were loaded onto the WARMS system to the actual water use authorisations captured i.e., licences and general authorisations in the 2021/22 listing.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 3 to 4 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) 33.

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:

20. 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. Management does not perform an estimate of the provision for doubtful debt in accordance with the stipulated debtor's policy. This directly impacts the effectiveness of the accounts receivable risk management processes and their recoverability strategies.

21. Expenditure management

Effective and appropriate steps were not taken to prevent additional irregular expenditure amounting to R1 755 181,59 as disclosed in note 22 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

22. Procurement and contract management

Management does not assess the performance of the contracts at year end or on a quarterly basis. No evaluation is performed to confirm if value for money is obtained for the expenditure incurred, and if the supplier is providing the services as requested and expected as per the signed contracts

Preference points calculations were not done correctly in terms of the Preferential Procurement Regulation 6(1) and 7(1) and the B-BBEE points were not provided in terms of Preferential Procurement Regulation 6(2) and 7(2).

Some of the goods and services with a transaction value below R500 000 and R1 000 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007/08.

Some of goods and services did not incorporate local content on the Request for Quotation ("RFQ"). The RFQ did not mention the designated sectors as per the National Treasury regulation requirements when procuring with the following suppliers.

Purchase orders were made without a written confirmation from the supplier. There was no verbal or written request for a quotation (RFQ) from SCM either.

Deviations from the proper procurement processes were not done in compliance with the National Treasury regulation and criteria for emergency or sole supplier were not met.

23. 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)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

24. 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 uncorrected material misstatements and supporting records that could not be provided resulted a qualified audit opinion of the financial statements

Other information

- 25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme financial statements submitted for auditing 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 auditor's report.
- 26. My opinion on the financial statements and findings 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.
- 27. 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.
- 28. 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

29. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
30. Management did not review the reported information to ensure that it was supported by valid, accurate and complete evidence.



Tshisikhawe Khangale CA(SA), RA

Cape Town

27 August 2022

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 2022.

The Accounting Authority have reviewed the agency's cash flow forecast for the year to March 31, 2023 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 61 to 90, 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

REPORT OF THE ACCOUNTING AUTHORITY

The members of the Governing Board submit their report for the year ended 31 March 2022.

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 also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the agency.

3. Subsequent after the reporting period

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

4. Governing Board

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

NAME	APPOINTMENT DATE	RESIGNATION DATE
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 Delpont	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)		

REPORT OF THE AUDIT & RISKS COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2022.

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

Statutory duties

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

External auditor appointment and independence

The Committee ensured that the appointment of external auditors complied with the applicable legislation relating to the appointment of auditors. The Committee in consultation with management agreed to the budgeted audit fees for the 2020/21 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 (WTE) 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.

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

Governance of risk

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

The Accounting Authority have reviewed the agency's financial statements for the year ended March 31,2021 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 DELPORT
Chairperson of the Audit and Risk Committee

Audit and Risk Committee members:
Ms Bulelwa Damane
Mr Corniè Swart

Date: 31 AUGUST 2022

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	5	1,355,978	1,331,314
Intangible assets	6	437,016	534,850
		1,792,994	1,866,164
Current Assets			
Receivables from exchange transactions	7	57,053,647	48,082,739
Cash and cash equivalents	8	112,592,562	96,283,744
		169,646,209	144,366,483
Total Assets		171,439,203	146,232,647
Net Assets and Liabilities			
Net Assets			
Accumulated surplus		157,913,821	136,635,039
Liabilities			
Current Liabilities			
Operating lease liability		414,177	143,694
Payables from exchange transactions	9	13,111,205	9,453,914
		13,525,382	9,597,608
Total Liabilities		13,525,382	9,597,608
Total Net Assets and Liabilities		171,439,203	146,232,647

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Other income	11	78,667	6,594
Interest received	15	9,974,644	8,623,574
Water resource management	10	49,102,401	45,032,554
Total revenue from exchange transactions		59,155,712	53,662,722
Revenue from non-exchange transactions			
Transfer revenue			
Grants received	10	40,625,000	38,690,000
Total revenue	10	99,780,712	92,352,722
Expenditure			
Employee related costs	12	(50,499,734)	(44,827,915)
Depreciation	5	(944,042)	(1,515,802)
Amortisation	6	(438,630)	(612,451)
Lease rentals on operating lease	13	(3,190,341)	(2,781,014)
Doubtful debt	20.5	(5,903,289)	(8,009,788)
Operating expenses	14	(17,481,164)	(13,089,392)
Total expenditure		(78,501,930)	(70,836,362)
Gain on disposal of assets and liabilities		-	3,414
Surplus for the year		21,278,782	21,519,774

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019	115,115,265	115,115,265
Surplus for the year	21,519,774	21,519,774
Balance at 01 April 2021	136,635,039	136,635,039
Surplus for the year	21,278,782	21,278,782
Balance at 31 March 2022	157,913,821	157,913,821

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Cash receipts from the Department of Water and Sanitation		40,625,000	38,690,000
Interest received		2,666,680	2,013,661
Customer receipts		41,309,128	44,910,800
		84,600,808	85,614,461
Payments			
Cash paid to employees		(49,791,032)	(43,732,054)
Cash paid to suppliers		(17,146,725)	(16,366,736)
		(66,937,757)	(60,098,790)
Net cash flows from operating activities	17	17,663,051	25,515,671
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(968,707)	(229,385)
Proceeds from sale of property, plant and equipment	5	-	4,586
Purchase of other intangible assets	6	(385,526)	(385,361)
Net cash flows from investing activities		(1,354,233)	(610,160)
Net increase in cash and cash equivalents		16,308,818	24,905,511
Cash and cash equivalents at the beginning of the year		96,283,744	71,378,233
Cash and cash equivalents at the end of the year	8	112,592,562	96,283,744

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Billing Income	32,250,000	-	32,250,000	49,102,401	16,852,401	Note d
Other income	-	-	-	78,667	78,667	Note e
Interest Received	2,231,640	-	2,231,640	9,974,644	7,743,004	Note a
Total revenue from exchange transactions	34,481,640	-	34,481,640	59,155,712	24,674,072	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	40,625,000	-	40,625,000	40,625,000	-	
Total revenue	75,106,640	-	75,106,640	99,780,712	24,674,072	

Expenditure

Employee Costs	(51,067,908)	-	(51,067,908)	(50,499,734)	568,174	Note f
Depreciation	-	-	-	(1,427,402)	(1,427,402)	Note b
Public Participation & Engagement	(4,790,813)	-	(4,790,813)	(3,190,341)	1,600,472	Note g
Bad debts written off	-	-	-	(5,903,289)	(5,903,289)	Note c
Operating expenses	(17,892,554)	-	(17,892,554)	(17,481,164)	411,390	
Capital expenditure	(1,355,339)	-	(1,355,339)	(1,354,233)	1,106	
Total expenditure	(75,106,614)	-	(75,106,614)	(79,856,163)	(4,749,549)	
Surplus before taxation	-	-	-	19,924,549	19,924,523	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	19,924,549	19,924,549	

The accounting policies on pages 69 to 76 and the notes on pages 77 to 90 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 R7 282 856
- Note b: Depreciation R1 427 402
- Note c: Doubtful debts R5 903 289
- 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 components of other income not forming part of the normal run of business, no budget was formulated for this income.
- Note f: Less than expected was spent in term of performance bonus expenditure
- Note g: As a result of Covid 19 movement restrictions, less expenditure was incurred in Public Participation actions

Operating expenses

Variance is 9.17% 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

Transitional provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the entity is utilising the transitional provisions contained in Directive 2 that grants the entity a period of three years in order to finalise the classification and impairment methods for Statutory receivables.

The transitional period commences from 1 April 2019 and will be utilised until the period ending 31 March 2022.

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 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.

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Initial recognition

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

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

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

Initial Measurement

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

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

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

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

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 - 12 years
Motor vehicles	5 - 11 years
Office equipment	5 - 12 years
IT equipment	5 - 12 years
Leasehold improvements	5 - 11 years
Security system	12 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.

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

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 - 5 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.

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.

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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 GEFPF 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 21. 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.

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.

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.

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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 and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure 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.

3. Related parties

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

4. New standards and interpretations

4.1 Standards and interpretations effective and adopted in the current year

The following GRAP standards and interpretations became effective for the current financial year and are relevant to the Agency operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	01 April 2020	The impact of the pronouncement is not material.
GRAP 35: Consolidated Financial Statements	01 April 2020	As above
GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	As above
GRAP 37: Joint Arrangements	01 April 2020	As above
IGRAP 38: Disclosure of Interests in Other Entities	01 April 2020	As above
IGRAP 110: Living and Non-living Resources	01 April 2020	As above
IGRAP 20: Adjustments to Revenue (and related amendments to IGRAP 1)	01 April 2020	As above

4.2 Standards and interpretations issued, but not yet effective

The following GRAP standards have been published but are not yet effective and have not been early adopted by the Agency.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
GRAP 25: Employee benefit	01 April 2023	As above

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5. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	560,595	(560,595)	-	560,595	(557,041)	3,554
Scientific equipment	151,004	(148,386)	2,618	151,004	(138,040)	12,964
Furniture and fixtures	3,202,320	(2,715,553)	486,767	3,063,172	(2,463,987)	599,185
Motor vehicles	2,296,184	(2,257,481)	38,703	2,296,184	(2,213,881)	82,303
IT equipment	4,825,637	(3,997,747)	827,890	4,285,159	(3,651,851)	633,308
Total	11,035,740	(9,679,762)	1,355,978	10,356,114	(9,024,800)	1,331,314

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Accumulated depreciation on disposals	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
	1,331,314	968,707	(289,081)	289,081	(944,043)	1,355,978

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Accumulated depreciation on disposals	Depreciation	Total
Leasehold property	110,703	-	(129,341)	129,341	(107,149)	3,554
Scientific equipment	43,165	-	-	-	(30,201)	12,964
Furniture and fixtures	948,684	46,440	(67,674)	66,502	(394,767)	599,185
Motor vehicles	448,820	-	(10,150)	10,150	(366,517)	82,303
IT equipment	1,067,531	182,945	(974,202)	974,202	(617,168)	633,308
	2,618,903	229,385	(1,181,367)	1,180,195	(1,515,802)	1,331,314

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

Repairs and maintenance including to leasehold improvements amounted to R233,814 (2021: R123,530).

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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6. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Software ArcGIS Server	2,894,410	(2,457,394)	437,016	2,508,884	(1,974,034)	534,850

Reconciliation of intangible assets - 2022

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

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Software ArcGIS Server	761,939	385,361	(612,450)	534,850

7. Receivables from exchange transactions

Recoverable Debtors	56,748,615	47,784,051
Gross debtors	160,982,791	146,114,938
Allowance for doubtful debts	(104,234,176)	(98,330,887)
Prepayments and deposits	305,032	298,688
	57,053,647	48,082,739

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:

Petty cash	465	1,037
Bank balances	4,793,510	4,251,163
CMA Cashier Breede Gouritz	-	26,831
Bank Balances Deposit Account	107,798,587	92,004,713
	112,592,562	96,283,744

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

	50,000	50,000
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9. Payables from exchange transactions

Trade payables		3,605,230	344,590
Accrued leave pay		2,894,618	2,256,107
Staff bonus accrual		821,626	751,436
Debtors in credit refund		5,789,731	6,101,781
		13,111,205	9,453,914

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.

10. Revenue

Grants received from Department of Water and Sanitation	18	40,625,000	38,690,000
Other income	11	78,667	6,594
Interest received		9,974,644	8,623,574
Billing for water resource management		49,102,401	45,032,554
		99,780,712	92,352,722

Revenue relating to non-exchange transactions

Grants received from Department of Water and Sanitation	18	40,625,000	38,690,000
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Revenue relating to exchange transactions

Other income	11	78,667	6,594
Interest received		9,974,644	8,623,574
Billing for Water Resource Management		49,102,401	45,032,554
		99,780,712	92,352,722

11. Other income

Registration fees received		78,667	6,594
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12. Employee related costs

Basic salaries		29,515,559	26,596,069
Board members costs		179,209	136,185
Employee taxes		10,704,481	9,223,074
Medical aid contributions		2,889,015	2,622,817
Pension expenditure		6,183,356	5,687,811
Travel allowances		1,028,114	561,959
		50,499,734	44,827,915

13. Lease rentals on operating lease

Operating lease: Land & Building		3,187,246	2,649,230
Internal refurbishment		-	128,869
Post box rental		3,095	2,915
		3,190,341	2,781,014

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Figures in Rand	2022	2021
14. Operating expenses		
Advertising	104,877	177,062
Auditors remuneration	1,065,448	683,727
Bank charges	38,916	36,599
Cleaning	56,679	188,058
Conferences and seminars	23,150	27,617
Consulting and professional fees	4,436,497	1,386,666
Consumables	12,696	5,998
Electricity	335,004	253,540
Equipment hire	39,515	150,087
Fines and penalties	1,900	600
Fleet - fuel	202,375	93,571
IT expenses	599,314	812,791
Insurance	679,150	616,688
Maintenance of Water Dams	1,491,000	2,214,513
Placement fees	379,004	482,320
Postage and courier	56,107	87,629
Printing and stationery	668,891	378,003
Promotions and sponsorships	4,955,174	3,957,950
Repairs and maintenance consumables	233,814	123,530
Security	20,102	94,983
Subscriptions and membership fees	180,395	193,602
Telephone and fax	844,506	771,764
Training	192,403	66,952
Travel - local	848,490	278,799
Uniforms	10,597	1,366
Vehicles licenses	5,160	4,977
	17,481,164	13,089,392
15. Interest revenue		
Interest received from ABSA	2,666,680	2,013,662
Interest charged to late payments	7,307,964	6,609,912
	9,974,644	8,623,574
16. Auditors' remuneration		
Audit fees (internal and external)	1,065,448	683,727
17. Cash generated from operations		
Surplus	21,278,782	21,519,774
Adjustments for:		
Depreciation and amortisation	1,427,402	2,128,253
Gain on disposal of assets and liabilities	-	(3,414)
Interest received	-	-
Doubtful debts	5,903,289	8,009,788
Movements in operating lease assets and accruals	300,347	25,746
Movements in accrued leave pay and staff bonuses accrual	708,701	1,095,861
Changes in working capital:		
Receivables from exchange transactions	(8,725,881)	(8,273,992)
Payables from exchange transactions	(3,229,589)	1,013,655
	17,663,051	25,515,671

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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18. Related parties

Relationships

Executive management

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

488,447 5,178,509

Provision for doubtful debts

- (5,178,509)

Related party transactions

Grants received from related parties

(40,625,000) (38,690,000)

Department of Water and Sanitation

Board payments received

Mr BE Mnisi

56,861 48,866

Mr TE Abrahams

34,247 19,069

Mr AP Barnes

- -

Dr O Curtis-Scott

7,674 12,106

Ms B Damane

3,790 3,334

Mr MJ Delport

10,001 12,106

Ms EM Palmer

12,453 10,176

Mr HM Rossouw

27,884 15,966

Mr CJU Swart

26,299 14,562

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.

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Remuneration

Executive

2022

	Basic salary	Pension	Other short-term benefits and allowances	Total
Mr. JW Van Staden (Acting Chief Executive Officer)	934,375	191,547	751,738	1,877,660
Ms. Z Mngoma (Chief Financial 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
	2,439,347	503,169	2,110,843	5,053,359

2021

	Basic salary	Pension	Other short-term benefits and allowances	Total
Mr. JW Van Staden (Acting Chief Executive Officer)	925,175	191,547	731,446	1,848,168
Ms. Z Mngoma (Chief Financial Officer)	925,175	191,547	563,086	1,679,808
PT Mahlaba (Acting Senior Manager - Water Resources)	561,982	116,352	691,123	1,369,457
	2,412,332	499,446	1,985,655	4,897,433

Non-Executive

2022

	Members' fees	Total
Chairman	56,861	56,861
Deputy Chairman	34,247	34,247
Non-executive members	88,100	88,100
	179,208	179,208

2021

	Members' fees	Total
Chairman	48,866	48,866
Deputy Chairman	19,069	19,069
Non-executive members	68,251	68,251
	136,186	136,186

19. 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 2022 financial year amounted to R6,183,356 compared with R5,687,811 for the 2021 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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20. Financial risk management

20.1 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.

20.2 Liquidity risk

The carrying amounts of financial liabilities at the reporting date were the other payables of R7,317,255 for the 2022 financial year compared with R3,352,133 for the 2021 financial year. The contractual maturities for other payables outstanding at 31 March 2022 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
2021	344,590	3,007,543	3,352,133
2022	3,601,011	3,716,244	7,317,255
	3,945,601	6,723,787	10,669,388

BREDE-GOURITZ CATCHMENT MANAGEMENT AGENCY

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20.3 Credit risk

Water resource management charges

Current (0 - 30 days)	27,014,221	23,117,879
31 - 60 days	587,850	158,958
61 - 90 days	315,394	586,918
90 days+	133,040,219	122,251,184
	160,957,684	146,114,939

Impairment Aging

Current (0 - 30 days)	(20,070,352)	(15,557,626)
31 - 60 days	(296,373)	(106,974)
61 - 90 days	(222,989)	(394,978)
90 days+	(83,644,462)	(82,271,309)
	(104,234,176)	(98,330,887)

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

Water resource management charges	160,957,684	146,114,939
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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 rates and interest charged.	The Act determines	Firstly on individually significant receivables, thereafter on a group of receivables with the same credit risk based on the collection rate.

Interest on other charges levied/charged

Interest was only charged on outstanding on water resource management accounts. No other levies were charged.

Discount rate applied to the estimated future cash flows

Interest is calculated using the nominal interest rate as stipulated in the legislation (prime + 1%). This rate is also considered an appropriate discount rate.

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Statutory receivables past due but not impaired

Statutory receivables which are not current are considered as past due. At 31 March 2022, R24 666 172 (2021: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:

	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
	133,943,463	(84,163,824)	42,570,124

	2021 Past due	2021 Impaired	2021 Past due not impaired
31 - 60 days	158,958	(106,974)	51,984
61 - 90 days	586,918	(394,978)	191,940
90 days+	122,251,184	(82,271,310)	39,979,874
	122,997,060	(82,773,262)	40,223,798

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	98,330,887	90,321,099
Contributions	5,903,289	8,009,788
Reversal to allowance	-	-
Closing balance	104,234,176	98,330,887

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

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.

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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.

20.4 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 R112,619,393 (Cash and cash equivalents) for the 2022 financial year compared with R96,255,649 for the 2021 financial year. The maximum exposure to interest risk at the reporting date in respect of interest bearing instruments amount to R3,605,230 (trade payables) for the 2022 financial year compared to R344,590 for the 2021 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 2022 financial year and R419,015 for the 2021 financial year.

20.5 Doubtful debt

Bad debts written off	5,903,289	8,009,788
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21. Commitments

Operating Premise Lease commitments

Minimum lease payments due

- within one year	2,940,657	2,477,605
- in second to fifth year inclusive	9,442,875	8,639,947
- later than five years	-	-

Minimum lease payments

12,383,532	11,117,552
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Operating Equipment Lease commitments

Leased office equipment

- within one year	100,684	134,383
- in second to fifth year inclusive	191,004	291,688
- later than five years	-	-

291,688	426,071
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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.

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Capital commitments

Operating project commitments

Approved and contracted for

Commitments for the validity and verification of water use in respect of the 2021/22 financial year

713,085 3,549,261

Capital project commitments

Approved and contracted for

Rainwater tanks project

- 152,284

Approved and not yet contracted for

Social Upliftment

3,094 464,842

Total project commitments

716,179 4,166,387

22. Reconciliation between Statements of Financial Performance

The entity obtained resources in the form of a government grant R40,625,000 from the Department of Water and Sanitation and were used in accordance with the approved budget. The approved budget covers the period 1 April 2021 to 31 March 2022.

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

Reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amount and actual amounts in the cash flow statement for the period ended 31 March 2022

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	21,253,674	-	-	21,253,674
Basis differences	(3,563,794)	-	(1,354,233)	(4,918,027)
Entity Differences	-	-	-	-
Actual amount in the cash flow statement	17,689,881	-	(1,354,233)	16,335,648

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23. Financial instruments

Categories of financial instruments

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
	27,296	169,620,636	169,647,932

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	7,317,255	7,317,255

2021

Financial assets

	At fair value	At amortised cost	Total
Receivables from cash exchange transactions	-	48,082,739	48,082,739
Cash and cash equivalents	28,095	96,255,649	96,283,744
	28,095	144,338,388	144,366,483

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	3,352,133	3,352,133

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24. Irregular expenditure

Opening balance	-	-
Add: Irregular expenditure - current	2,808,374	892,301
Add: Irregular expenditure - prior years (2015 to 2020)	3,503,707	2,611,406
Less: Approved/Condoned by Governing Board	(6,312,081)	(3,503,707)
Closing balance	-	-

Incident

Due process not followed when 3 quotations were not obtained	-	125,464
Non-compliance with Treasury Regulation 16A8.4 - No declaration of interest	-	117,397
Non-compliance with Treasury Regulation 16A6.3(b) - Evaluation and adjudication criteria	2,808,374	3,260,846
	2,808,374	3,503,707

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

During the 2021/22 financial year, irregular expenses amounting to R1,974,946 was identified with regards to the procurement of travel services, internal audit services and external audit 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).



BREED-GOURITZ
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