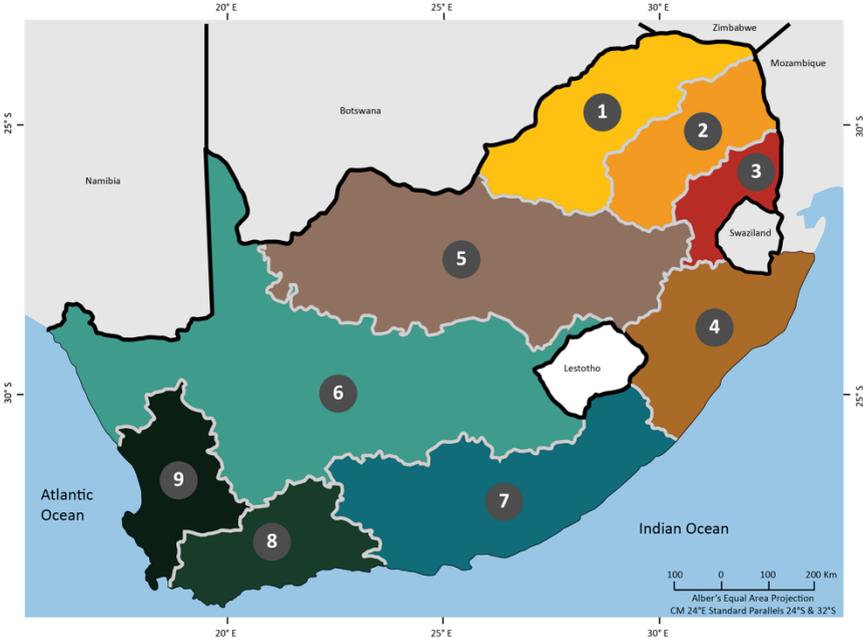


The Water Management Areas of South Africa

The map below depicts the boundaries of the nine Water Management Areas and Catchment Management Agencies.

Source: Department Water and Sanitation (DWS), Directorate: Catchment Management, April 2016.



- 1 Limpopo
 - 2 Olifants
 - 3 Inkomati-Usuthu
 - 4 Pongola-Mtamvuna
 - 5 Vaal
 - 6 Orange
 - 7 Mzimvubu-Tsitsikamma
 - 8 Breede-Gouritz
 - 9 Berg-Olifants
- WMA & CMA Boundaries
— International Boundaries

Guide on how to use the Starter Pack

Following the approval of the establishment of nine Catchment Management Agencies (CMAs) by the then Minister of Water and Sanitation (DWS), Mrs Edna Molewa in 2012, DWS set about the CMA establishment process. The processes and steps involved in establishing CMAs are long and at times, complicated. As a result, DWS developed a series of documents called the Starter Pack to assist and serve as guides in the establishment of CMAs. They contain the information needed to assist (Proto) CMAs on their journey to becoming fully functional.

The sections in this Starter Pack are relevant to different line functions in a CMA and are thus arranged in such a way that they can be separated without affecting the order of the Starter Pack. As the sections are not connected, a staff member in a supply chain management unit for example, need not read the entire document to make sense of a section that deals with supply chain management. Each section is, in essence, an independent document. The sections should, however, be replaced in their rightful places in the Starter Pack to ensure that the organisational integrity of the file is kept intact.

The Starter Pack is divided into several sections and subsections; each section describes a phase or set of phases and actions that need to be followed for successful implementation of activities. For ease of reference, each section has a different colour allocated to it. There are eight sections in the Starter Pack.

The Starter Pack starts with Section 1, an Executive Summary that discusses the need for, and evolution of, CMAs in South Africa.

Section 2 deals with the activities, requirements and responsibilities of the Governing Board of a CMA. It includes information on the inaugural Board meeting, the training of the Board and general staff members; it also details what actions need to be followed to effectively execute these tasks. Furthermore, it gives guidance to the Governing Board of each CMA in terms of understanding its initial responsibilities and its delegation of functions to ensure the effective operation of the CMA thereafter. In addition, this section provides insight into the documents and actions that CMAs are supposed to follow to ensure compliance with legislation and guidelines. These documents are specifically related to the governance, institutional, planning and monitoring of performance of the CMA.

Section 3 of the Starter Pack contains a template of an employment contract between a CMA and its newly appointed Chief Executive Officer.

Section 4 discusses a range of policies that guide recruitment, job evaluation and performance management (Please note that this section has not been included into this version of the Starter Pack; however, it will be included in future versions.).

Section 5 outlines the activities involved in the operational evolution of a CMA, it provides an explanation of the processes taken towards setting up a CMA. This section goes into the finer details of the various phases that are involved in the process of developing a functional CMA. Within each phase, further explanation is given on the specific functions and requirements during the different stages of the phase. Topics such as the required staff, systems; delegation functions, information management protocols, and estimated budgets are all dealt with in this section. All the financial requirements and guidelines on financial development which include funding, viability principles and the progressive assumptions of revenue management functions will be found in this section.

Section 6 deals with the administrative matters of a CMA from supply chain management to financial and record management in the CMA. It provides guidance on, and an outline of, the principles and requirements of the CMA to ensure that processes are aligned to government requirements. Most of these processes are needed in the early stages of a CMA's establishment.

Matters relating to institutional planning, monitoring and performance are to be found in section 7 of the Starter Pack. This section provides templates on business plans, quarterly reports and annual reporting frameworks. It provides a guideline that will assist CMAs in aligning their processes to government planning processes.

Section 8 provides guidelines for the development of a Catchment Management Strategy. It outlines the processes and rationale behind developing such a strategy. In addition, it stipulates the different legislation that should be referred to when developing a Catchment Management Strategy.

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Section 1

Executive Summary

1. Introduction

The National Water Policy for South Africa (1997) and the National Water Act (Act 36 of 1998) were developed on the basis of extensive public participation and considerable international expertise and advice. At that time, the philosophy and concepts that underpinned integrated water resource management (IWRM) were being distilled through an array of key international engagements, declarations and documents. These resulted in the recommendation to follow international good practice in the decentralisation of water management, and the establishment of water management institutions based on hydrological rather than political boundaries.

In the development of the National Water Resources Strategy (2004) (a process that included extensive public participation) 19 water management areas were defined for the country, in each of which, it was envisaged, a Catchment Management Agency (CMA) would be established. This was a significant departure in approach to the management of water resources. However, there were concerns raised during the gazetting of the original water management areas as to the capacity of the country to support 19 CMAs. Taking these matters into consideration, a decision was made to reduce the number of water management areas to nine, concomitantly requiring the establishment of nine CMAs. To support this, the department has recognised the establishment and ring-fencing of Proto-CMAs, headed by an Acting Chief Executive Officer.

However, one should not under-estimate the range of challenges that emerge through this process of transformation. Academics have noted that such institutional changes take time, require iterative changes as lessons are learned and will ultimately shift again with time as the understanding of roles, responsibilities and operational requirements develop. In this regard, this Starter Pack captures some of the procedural requirements to set-up and establish a functioning CMA.

2. The Need for CMAs

Drawing on international experience one can identify several key drivers for catchment based management of water resources, this includes amongst others:

- Achieving integrated management of the catchment;
- Facilitating the participation of stakeholders in decision making and management of water resources;
- Separation between the policy and national strategy functions of the Ministry/department and the operational functions of the CMA.

3. Framework for CMA Establishment

Chapter 1 of the National Water Act (NWA) sets out *equity, sustainability, efficiency and representivity* as guiding principles in the protection, use, development, conservation,

management and control of water resources in South Africa, as captured in the slogan of the White Paper “*some, for all, forever*”.

This implies a shift in water resource management to an approach based on *integrated water resource management (IWRM)*, *stakeholder involvement/ participation* in decision-making (empowerment of citizens), and *cooperative governance*.

These principles of institutional reform, sustainability and equality, in conjunction with the philosophy of *social and economic development and poverty eradication*, are reflected in the NWA as a process of decentralisation and subsidiarity. This implies an organisational and institutional change process within the DWS, resulting in the formation of catchment-based water management institutions. Associated with, and inherent to, this process is the significant transfer of roles, responsibilities and functions from central government (DWS) to the CMAs as catchment-based organs of state.

4. Legal Basis

Chapter 7 of the NWA makes provision for the progressive establishment of CMAs and states the *purpose* of the CMA is to delegate water resource management to the regional or catchment level and to involve local communities in decision-making processes.

The Act requires the progressive development of a National Water Resource Strategy (NWRS) that provides the framework for water resource management for the country as a whole, and guides the establishment of CMA institutions to manage water resources at a regional or catchment scale in defined water management areas (WMA). In addition, the Act requires for the progressive development of a Catchment Management Strategy (CMS) for each WMA by each CMA. This CMS must be in harmony with the NWRS.

5. Evolution of the CMA

The principles guiding reform and transformation in resource management, and the legal requirements of decentralisation and subsidiarity contained within the NWA, imply a process of institutional change in the management of water resources. This process moves the responsibility for resource management from DWS to the CMA as the catchment-based organ of state. A number of stages can be identified that describe this process of shifting responsibilities and the evolution of the CMA.

The first stage following the establishment of the CMA is about creating legitimacy within the WMA, during which relationships are developed between the CMA, other water management institutions (WMI) and stakeholders in the WMA. During this initial phase the Governing Board has been appointed and this is a critical phase for the development and stabilisation of the CMAs governance framework. This is critical for the continued institutional development process that the CMA will embark upon.

The CMA undertakes the critical role of advising on, and coordinating water resource management, and developing the catchment management strategy (CMS). The CMA assumes a number of initial functions, as defined in Section 80 of the NWA

In order to perform these functions, the CMA has some inherent powers under the NWA:

- The powers of a natural person of full capacity (Section 79(1))
- A range of powers related to planning and conducting the routine administrative and organisational business of the CMA (Schedule 4)
- Powers to make and recover charges in terms of the Minister's pricing strategy for water use charges to cover their costs (Section 84(1))

Following legitimisation of the CMA, a phase of consolidation is entered during which the CMA is focused on building capacity and strengthening the organisation to undertake its water resource management functions. This implies strengthening of systems within the organisation, including fiduciary management and governance of the CMA, and the establishment of stable information and implementation systems. Additional water use management functions are delegated to the CMA. The CMA (led by the Governing Board and CEO) compiles a comprehensive business plan.

The final phase during the evolution of the CMA is the progression to a fully functional CMA and the delegation of responsible authority functions. The majority of water resource management and implementation roles and responsibilities are now seated in the CMA, which assumes the role of Responsible Authority. Under Section 73(1)(a) of the NWA, the Minister can assign the powers and duties of a responsible authority to a CMA. In Section 63 of the NWA, there is a further provision for the delegation of powers and duties vested in the Minister, rather than assignment.

6. Phased and Progressive Development

The establishment and development of the CMAs is phased and progressive in nature. This Starter Pack has been developed to assist the new CMA to deal with some of the procedural matters that have to be considered during this development and covers:

- Developing the governance frameworks;
- Structuring the CMA as an organisation;
- HR policies that support recruitment, job evaluation and performance management;
- Operational evolution of the CMA;
- Administrative issues such as matters of supply chain management, financial management and record management;
- Institutional planning and reporting frameworks; and
- Introductory guidelines for the development of CMS.

As mentioned above the establishment of a CMA is a phased and progressive process with different phases occurring concurrently. The particulars of the CMA and the water management area will play a decisive role in the shape and duration of the establishment process.

Section 2

Governing the CMA

Section 2.1

Board Training Manual

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List of Acronyms

AA	Accounting Authority
BGCMA	Breede-Gouritz Catchment Management Agency
CFO	Chief Financial Officer
CG	Corporate Governance
CMA	Catchment Management Agency
DG	Director General
DWS	Department of Water and Sanitation
GB	Governing Board
IDP	Integrated Development Plan
IUCMA	Inkomati-Usuthu Catchment Management Agency
LED	Local Economic Development
IWRM	Integrated Water Resource Management
MTEF	Medium Term Expenditure Framework
NWA	National Water Act (Act 36 of 1998)
NWRS	National Water Resource Strategy
PFMA	Public Finance Management Act
TNA	Training Needs Analysis
WMA	Water Management Area
WRM	Water Resource Management
WSA	Water Services Authority
WUA	Water User Association

1. Inaugural Meeting

In the establishment process of a CMA, the Minister appoints members of the Governing Board of a Catchment Management Agency. The Governing Board (GB) is made up of individuals that are appointed by the Minister in terms of section 81 of the National Water Act (1998); these individuals are appointed with the objective of achieving a balance among the interests of water users, local and provincial government and environmental interest groups.

The first meeting also referred to as the inaugural meeting of a CMA is convened by the Minister and chaired by either an official from the Department of Water and Sanitation or the advisory committee used by the Minister to select the board members. At this meeting, the board members are formally introduced and welcomed and nominations are made for the Chairperson and Deputy Chairperson of the Board. Other matters discussed at this meeting include annual performance plans, the induction of board members.

Below is a draft agenda of the inaugural meeting:



Draft agenda of the Inaugural Meeting

CATCHMENT MANAGEMENT AGENCY INAUGURAL MEETING

Dear Members

Notice is hereby given of the Inaugural Meeting of the Governing Board of the
Catchment Management Agency to be held in the on 20....
at to discuss the agenda below.

Ms N MOKONYANE
MINISTER OF WATER AND SANITATION

DATE:

AGENDA

1. Opening
2. Welcome and introduction of members
3. Introduction of the CMA and DWS officials
4. Objectives of the meeting
5. Confirmation of the agenda
6. Background on the CMA
 - 6.1. Establishment
 - 6.2. Appointment of Governing Board Members
 - 6.3. Powers and Functions of the CMA
 - 6.4. Management and Planning of the CMA
7. Institutional structures

- 7.1. Committee structure
- 7.2. Organisational Structure
- 7.3. Appointment of Chief Executive Officer
8. Induction of governing board members
9. Annual performance plan for 20.../...
10. Meeting dates
11. Determination of remuneration of Governing Board members
12. Appointment of Chairperson and Deputy Chairperson of the Governing Board
 - 12.1. Nomination of recommended Chairperson for appointment by Minister
 - 12.2. Nomination of recommended Deputy Chairperson for appointment by Minister
13. Closure

2. Board Training Manual

2.1. Introduction

There are many issues which need to be considered when the Governing Board (GB) of a Catchment Management Agency (CMA) is being capacitated in the arena of Water Resource Management (WRM). The main aspect is the fact that the GB is comprised of members from diverse sectors with varying degrees of knowledge, expertise and experience.

The Governing Board (GB) is made up of individuals that are appointed by the Minister in terms of section 81 of the National Water Act. The role of the GB is to plan and ensure that the strategies and policies that have been developed are being carried out by the CMA in a proper, efficient, economical, and sustainable manner. The Board must carry out its functions as efficiently as possible, consistent with prudent commercial practice.

Due to the varying degree of experience, knowledge and expertise of individuals that are going to be in the Governing Board (GB) of an intended Catchment Management Agency, it is advised that an initial Training Needs Analysis (TNA) is carried out once the Governing Board has been established. It is important to assess the knowledge, experience and expertise of each member of the GB to ensure that the functional or technical capacity provided to the GB and its members is targeted at the different members. This is important as targeted training will ensure that all members of the GB have the same level of understanding and basic skills in order to work as a cohesive team and therefore guarantee effective execution of the functions of the GB.

In order to obtain open answers from the members of the GB during the TNA, it is important to have an impartial or independent interviewer, who would be able to ask both standard and probing questions. The information can then be fed back to the relevant Board and into the training in a non-attributable manner.

Training deals with three different levels: individual, strata and organisation levels. A limit in performance can occur at any of these levels, whether it is because of culture, education, unsatisfactory behavioural mannerisms (professional or social) or relevant skill; thus training is

important to address all these issues. The TNA will therefore ensure that certain members are trained on aspects which the other GB members are well versed with, which will eventually guarantee that capacity building begins at an appropriate level. An example of how skills vary in different individuals would be that; while it is accepted that computers and email are primary means of communication in modern times, it must also be accepted that not all GB members would have been exposed to this medium. An example of a TNA can be found in Appendix 1.

2.2. General rules to be applied in training process

The training of GB members should be treated as a formal process; it should be taken seriously by both Board members as well as DWS officials. Certain rules should be followed in order to make sure that training is taken seriously.

2.2.1. Rules for Board Members:

- As all Board members will be paid for their attendance of the seminars, they should be committed to the training process and devote all their attention to the task and topics under discussion during training.
- Training sessions are professional exercises and should be treated as such. It is thus expected that GB members act professionally by adhering to the rules and regulations of the training sessions including being punctual for sessions.
- All electronics (cell phones, laptops, tablets) should be switched off to avoid disruptions. Emails and other concerns should be attended to during tea and lunch breaks.

2.2.2. Rules for Trainers:

- Timeframes set by trainers should be adequate for the topics under discussion but should also be practical and reasonably flexible. Proceedings cannot be unreasonably long.
- Presenters should follow set times and dates. Items that were not agreed upon should not be added to a programme haphazardly. Any unforeseen changes to a programme must be made at the start of the session and should not disrupt the overall timeframe.
- Time assigned for tea and lunch should be adhered to in order to allow GB members to deal with their private responsibilities.
- Time should be reserved for interactive discussion and the answering of questions before and after sessions no questions should be brushed aside as irrelevant because of time constraints.
- Programmes should be handed to participants before presentations commence.
- Speakers should be adequately prepared and seminar organisers should ensure that the venue is ready.
- Contingency plans for the venue or materials should be made in the event of, for example load shedding.



Important Tip

For training participants: It is important to structure the training seminars in such a way that participants fully understand what is being taught. It is therefore important that concepts and scenarios should be forwarded in a simple enough manner, if necessary topics can be explained repeatedly for the betterment of the functioning of the CMA. In addition, training facilitators should aim to encourage interaction, debate and activities amongst participants as this will increase morale and camaraderie. Inspiration is key to a successful training; thus facilitators should seek to motivate participants.

For facilitators to keep in mind - Adequate preparation is important for the successful facilitation of a training seminar. This preparation includes finding reliable venues (safe from blackouts) with the adequate stationary (white boards, projectors). Programmes for the day should be prepared and be ready before each training. Experienced experts should be hired to ensure quality of delivery. It is the duty of programme facilitators to ensure that participants are comfortable and are taking part in proposed activities.

Planning, coordination and punctuality are very important aspects to be followed.

2.3. Seminar 1: Good Governance

2.3.1. Introduction to Seminar Programme

A brief introduction should be given to the concept of the seminar-based training programme. The importance of the programme as well as the need to build capacity amongst the GB must be emphasized. There should be a clear description of the role of the GB in water resource management initiatives as well as policy and strategy development. It should be made clear that the main aim of the seminars is to lay down the foundation for good governance and management.



Important Tip

This training manual is divided into seminars. The first seminar focuses on the governing board, its legislative background, good and strategic governance and setting the framework within which governance of a CMA occurs. The second seminar focuses on stakeholder engagement, and developing and enhancing Governing Board members' ability to present and communicate with stakeholders.

2.3.2. CMA and other institutions

The role of the CMA needs to be clearly set out and defined. As this matter would have already been addressed in the CMA establishment and proposal, only a brief overview of the topic would be required for the benefit of being useful in setting the tone for the next set of discussions.

2.3.3. Inventory of institutions and assessment of relationships

Water is a very important resource in South Africa and as such many organisations are affected or deal with water in one way or another. The CMA does not work in isolation and it is thus important that the GB is aware of the other institutions that the CMA has dealings with and the relationships that need to be established and maintained with these organisations. The training should be an interactive process with the GB where they use the DWS as a point of reference and try to link it to organisations such as Water User Associations, regional organisations, industry, etc. Participants can use a white board or chart to identify and cluster the different organisations; they are then asked to identify the type of relationships these organisations have with the CMA. Are the relationships one-way from the CMA to the organisation and vice versa, or two-way between the CMA and organisation?

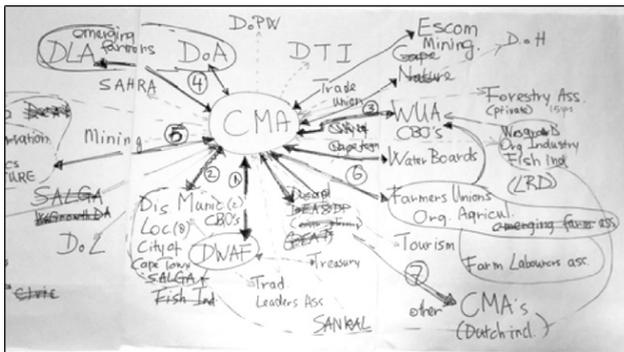


Figure 1: How to work out the CMA's relationship with other institutions

After the identification of the relationship, the GB will be required to identify which relationships require priority attention to ensure efficient functioning of the CMA. The interactive exercise can result in a diagram (as pictured above) that traces the relationship. These priority relationships should be noted and provided to the GB members at a later stage.

2.3.4. Legal status of the CMA and Governing Board

After presenting this section, participants should be able to:

- Understand the legislative foundation for water resource management
- Understand the significance of the various Acts
- Understand the overarching perspective of the policies and strategies employed in water resource management

The presentation should be made by a knowledgeable and experienced official of the DWS. It should provide a brief background on the legislative framework governing the water environment and cover the principles contained in the legislation.

The GB should then be provided with relevant documentation in terms of Acts, Guidelines and Strategies.



Figure 2: Legislation, strategy, regulations, guiding principles and foundation of a GB

The relevant documentation includes:

- Guide to the National Water Act
- Legal Deposit Act, 1997 (Act 54 of 1997)
- Managing Water Quality in South Africa – How users can participate
- National Water Act, 1998 (Act 36 of 1998) and Regulations
- National Water Resource Strategy (2nd Edition 2013)
- Public Finance Act 1, 1999 and National Treasury Regulations
- Some, For All, Forever: Water Ecosystems and People – WRC TT176/02
- Water Management Institutions – Overview
- Water Services Act, 1997 (Act 108 of 1997)
- White paper on a National Water Policy for South Africa, 1997

National Water Act, 1998 (Act 36 of 1998)

The business of CMAs is set out in the National Water Act, 1998 (Act 36 of 1998) (NWA) and associated policies, strategies and guidelines. The GB should be provided with a brief overview of the legislation that relates to the water sector.

In terms of section 79(1) of the National Water Act, a catchment management agency is a body corporate and has the powers of a natural person of full capacity, except those powers which –

- By nature, can only attach to natural persons; or
- Are inconsistent with the National Water Act.

A CMA may perform any of its functions or any function which is reasonably incidental to its functions, outside its water management area, if it does not –

- Limits its capacity to perform its functions in its water management area; or
- Detrimentally affect another water management area.

In performing its functions, a Catchment Management Agency must –

- Be mindful of the constitutional imperative to redress the result of past racial and gender discrimination and to achieve equitable access to all the water resources under its control;
- Strive towards achieving co-operation and consensus in managing the water resources under its control; and
- Act prudently in financial matters.

Public Finance Management Act, (Act 1 of 1999)

A CMA is a national public entity in Schedule 3A of the Public Finance Management 1999 (Act 1 of 1999). A national public entity is defined in section 1 of the Public Finance Management Act to mean –

- A national government business enterprise; or
- A board, commission, company corporation, fund or any other entity (other than a national government business enterprise) which is –
 1. Established in terms of national legislation;
 2. Fully or substantially funded either from the National Revenue Fund, by way of a tax, levy or other money imposed in terms of national legislation; and
 3. Accountable to Parliament.

In terms of section 49 of the Public Finance Management Act the GB is the accounting authority of the CMA. The fiduciary duties of accounting authorities are set out in section 50 of the Public Finance Management Act stipulating that the Governing Board must:

- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the ICMA;
- Act with fidelity, honesty, integrity and in the best interests of the ICMA in managing the financial affairs of the ICMA;
- On request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister; and
- Seek within its sphere of influence to prevent any prejudice to the financial interests of the state.

2.3.5. CMA and Five-Year Strategic Visioning

“One picture is worth more than a thousand words” - Tess Flanders

A visual exercise can be very valuable in goal setting and visioning exercises. In this exercise the members of the GB are handed several pictures and are asked to choose two pictures based on how each of them view the CMA presently and where they see the CMA in 5 years. They should then be asked to give an explanation of why they chose their respective pictures. Following this exercise, the GB members are tasked to write down their five-year strategic vision for the CMA.

2.3.6. Good Governance

Governance relates to decisions that define expectations, grant power, or verify performance. In the case of a business or of a non-profit organization, governance relates to consistent management, cohesive policies, processes and decision-rights for a given area of responsibility. In order to gain maximum benefit from this topic, it is advisable to invite a dynamic speaker from a corporate background to address the GB members.

The speaker should cover the following issues:



Figure 3: Good Governance

Good governance has eight major characteristics. It is accountable, transparent, responsive, equitable and inclusive, effective and efficient, participatory, consensus oriented and follows the rule of law. It assures that corruption is minimized. In the case of a CMA, the views of communities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of both the CMA and society.

In the interactive session, GB members should be encouraged to describe the characteristics that they would consider vital for a good governor. GB members can once again be asked to jot down which characteristics they would personally like to develop in order to extend their own governance skills. Emphasis could also be placed on the identification of new skills which might be required to perform as a good governor.¹

2.3.7. Strategic Governing Programme

Strategic governance is vital in any organisation and is essential ensuring that the vision, mission and goals of the organisation are realised through the implementation of practical and measurable initiatives and action.

The main characteristics of strategic governance should be emphasized and discussed during this session. The members need to be made aware that any goals and issues identified during this session will determine the direction of the CMA in the short and medium term and that these aspects will have an impact on the long term planning and strategy of the CMA.

Key aspects to be highlighted:

- What is the main goal of the establishment CMA?
- What can you contribute as a CMA in the coming 2 years?
- What are the strategies to be implemented?

Four Functions of Strategic Governance

Effective strategic governance comprises four primary functions:

1. **Scanning** examines and evaluates the environment in which the organisation operates to identify issues the organization should address to remain responsive and relevant to its members. Scanning results direct the development of the organisation's strategic plan, within the context of its organisational mission.
2. **Planning** should take two forms – strategic and operational. Using the results from the ongoing scanning process, effective strategic governance requires the Board to define how it is going to address those issues identified in order to respond to its member's needs. The strategic plan results from this process.

Strategic plans should define:

- Organizational mission, goals and objectives;
- Strategies for addressing goals and objectives;
- Strategic outcomes to be produced along with timing implications;
- A system for determining strategic plan priorities [relative importance, most time critical, most deserving of resource allocation (member time, staff time, direct funds); and.
- A system for monitoring progress and making adjustments.

¹ UNESCAP, 2007

Operational planning should, within established strategic priorities, select the programmes, services and initiatives that will occur in the coming fiscal year, which must wait, and what level of resources will be allocated (member time, staff, and direct funds). The yearly operating budget typically documents this annual plan.

Strategic planning is primarily the responsibility of the Board with input from administrative management. Operational planning can be divided into high-level planning by the Board and detailed planning by management and staff, or it can be delegated by the Board to administrative management. In either case, the board is responsible for oversight of operational planning.

- 3. Oversight** also takes place at both the strategic and the operational level.

Strategic oversight includes periodic re-scanning to identify changes in the professional or industry environment and regularly scheduled Board assessment of progress toward achieving strategic plan goals, strategies and desired outcomes.

Operational oversight includes regularly scheduled Board monitoring of programmes or initiatives, financial outcomes and operational safeguards.

While oversight can be the function towards which Boards most easily gravitate, it is equally important that they spend time on scanning and planning. Without input, understanding and ownership of the overall strategic initiatives and the operational plans to achieve them, it is virtually impossible to effectively oversee their progress.

- 4. Adjustment** should take advantage of successes/new opportunities and adjusting what is not working or not working as well as anticipated.

During the year, strategic plan adjustment should involve only the strategies and related operational programmes or activities. Adjustment of the mission and goals should be done infrequently, generally not changing over several years. Ongoing scanning of the environment in which the CMA operates is critical to determining how often the mission and goals of the strategic plan should be adjusted. Strategic plan adjustment is primarily the responsibility and role of the Board with input from administrative management.

Operational plan adjustment can occur throughout the year. Operational plan adjustment can stem from strategic plan adjustments by the Board, operational oversight by the Board or from association management. In all cases, any adjustments to the operational plan must be consistent with the strategic plan.

2.3.8. Governance Goals and Strategic Priorities

Following the theoretical background of governance, the GB members should then engage in a practical exercise to identify the goals of the CMA. The GB members should be divided into groups

in which they discuss potential goals for the CMA. The groups should have a maximum of 5 topics which would be identified as goals.

After the goals have been identified, they are then clustered. The members are given coloured stickers (green for the most important strategies and blue for the least important) and are told to place a sticker onto the priorities they think are the most important. Themes with the highest number of green stickers will be identified as strategic priorities for the GB.

2.3.9. Preparation for Seminar 2

Prior to seminar 2, the GB should be briefed to prepare a presentation for stakeholders. This presentation will discuss the purpose and function of the CMA. The presentation should touch on the following topics:

- Background or Introduction
- Purpose of the CMA
- Importance to Stakeholders
- Value of the CMA
- Conclusion

The first day of the seminar will be used to prepare these presentations.

2.4. Seminar 2: Stakeholders

Seminar 2 will be used as a stakeholder engagement session, where GB members can develop or enhance their presentation skills and communication with stakeholders. The first day of the seminar will focus on preparation for the presentation and day two will be the actual presentations to stakeholders.

2.4.1. Introduction to Seminar 2

The seminar should begin with a brief introduction to reacquaint the GB members and trainers as well as introduce GB members and trainers who have not met. There should also be a recap of seminar 1. This recap session will provide an excellent opportunity to highlight the connection of the work being done by the different committees and how that work fits into the bigger picture in terms of the business plan for the CMA.

As stated above, day one of the seminar will be used as a dry run for the GB members to present to fellow members of the Board. This will assist GB members to improve their presentations. Each Board member will be required to invite 5 members from their representative stakeholder sector to attend the morning to noon session of day two of seminar 2. At the end of the seminar, GB members should have acquired skills in presentation, listening, observation and governing.

It is encouraged that there should be a training file that keeps record of the activities from seminars so there can be a source of reference for training participants for each session. Information will be taken from the files and notes will be handed out at each session.

2.4.2. Ambassadors of the CMA

The role of the GB members as ambassadors representing the CMA must be clearly explained and emphasized. The members should be made aware that they should never act in a way that would put the CMA in a negative light. In view of this, the GB members need to be able to prepare and make presentations as well as evaluate presentations to fully realise their role as ambassadors. The dual role of the GB members as ambassadors of the CMA as well as representatives of stakeholders must be clearly specified and highlighted as a key factor in the representative role of the GB members. GB members should ultimately be made aware that whilst decision making processes in the CMA are largely influenced by the interests and needs of the stakeholders represented by the board members, these need to be balanced with the overall CMA objectives.

An interactive session on the characteristics of an ambassador will prove to be valuable in engaging the members on the topic and also providing a means for generating discussions. It is advisable to select an ideal well known ambassador (e.g. Kofi Annan) with the intention of identifying the characteristics they (the GB members) feel make the selected individual a great ambassador: characteristics such as fair, diplomatic, good listener, effective communicator can spark discussion.

As a Board representing the CMA, it is essential that the Board have the necessary tools and knowledge to deliver the message of the values and objectives of the CMA. The GB members are directly linked to the identity of the CMA and as such should act towards protecting this identity. It is essential for the GB members to communicate the culture and values of the CMA and in addition they should interact with co-workers, communities, and stakeholders to ensure a positive image of the CMA.

2.4.3. Preparation of the presentations

At this stage of the seminar, the groups of GB members will be divided into smaller groups of two or three persons. They will then be instructed to prepare a short presentation on the following factors:

- Administrative arrangements of the CMA (i.e. various committees etc.)
- Goals and visions of the CMA
- Roles and responsibilities.
- Role of the CMA.

The main aim of the next day will be to present the goals and vision of the CMA to the invited stakeholders. Therefore, the GB members need to be able to communicate with their stakeholders and should be in a position to speak with authority and confidence.

2.4.4. Presentation dry run

Presentations should be started by the more experienced members of the Board, preferably the Chairperson or a senior experienced GB member, in order to allow the less experienced members to observe the presentation style and technique. After all presentations are completed, there should be a session where feedback and comments are given on the presentations. Constructive

criticism is essential for individual improvement, but feedback and comments should be given diplomatically so as to avoid the less experienced members feeling ridiculed.

2.4.5. Stakeholder presentations

The second day of the seminar will be dedicated to stakeholder engagement. The intention of the day is to allow the GB members the opportunity to provide their specific stakeholder groups with a better understanding of the role of the CMA and the value of their contributions to the processes of water resource management. Based on the fact that stakeholders will not be willing to spend a full day on such a session, it is advisable that the programme be built around a 2-3-hour session commencing at 10h00 and concluding with lunch.

Background presentations should be made by more experienced personnel from the DWS or other related institutions. CMA presentations should be made preferably by the Chairpersons of the committees. Separate sessions should be set up where stakeholders provide feedback on the presentations. It is important that all feedback obtained should be recorded.

Important aspects to keep in mind during administrative arrangements for stakeholder engagement sessions are:

- A registration process to ensure that the details of the stakeholders attending are captured;
- Name tags or badges will enable easy identification and interaction;
- Providing the stakeholders with hard copies of the agenda;
- Printing presentations into hand outs and providing them to the stakeholders;
- Capturing the proceedings of the discussions and the interactions; and
- Providing stakeholders with a copy of the proceedings after the stakeholder session.

Once the stakeholder session has been concluded, the GB members should then discuss and strategize the way forward in terms of maintaining and enhancing stakeholder engagement. The following can be addressed:

- Stakeholder database compilation and maintenance
- Responsibilities for updating the database
- Communication strategy stakeholder engagement
- Record keeping
- Future initiatives.

2.5. Seminar 3: Integrated Water Resource Management

2.5.1. Introduction

The core of the business of the CMA centres on Integrated Water Resource Management (IWRM) and without an adequate understanding of this concept, the GB members will not be able to provide the management and guidance required of them. An interactive exercise encouraging members to discuss their understanding of IWRM will start the seminar off on an equal footing since not all members will have an understanding of what it is.

Definition:

"IWRM is an iterative process for the co-ordinated planning and management of water, land and environment resources for their equitable and sustainable use (Uys, 2003). Simply put IWRM is a shift from hard core engineering approach to the holistic, integrated management of rivers and the catchment as ecologically functioning systems" (Uys, 2003).

2.5.2. IWRM presentation

A suitably qualified and experienced official or member, preferably from the DWS, should be available for a presentation on this topic. The presentation should be simple and easy to understand, the presenter should have local knowledge of the applications of IWRM and the actual implementation of national legislation at local levels.

2.5.3. IWRM Inter-related presentation

The application of IWRM principles might differ or be the same for situations in different areas thus it is advisable to have a presentation on the application and implementation of IWRM in another Water Management Area (WMA) as it might prove useful. It would therefore be valuable for a guest speaker from another WMA to present such a topic to the GB.

2.5.4. Governing Board and Integrated Water Resource Management

The most effective means of capitalizing on the information about the IWRM that the GB members have acquired is through inter-active group work to apply the knowledge acquired. GB members should once again be divided into groups (be sure to have an assortment of members in groups each time to encourage interaction).

Each group should be asked to consider the following questions:

- What does IWRM mean to the Board?
- What directives are you going to give the operational staff of the CMA?
- What type of governmental initiatives need proposals to be tabled to the Board?
- Which are the priority areas and projects which need to be addressed by the CMA?
- Who are the key relevant stakeholders within the areas of jurisdiction of the CMA?

A field trip should be organised to an area where there are water resource management issues and where a concerted effort will be required to resolve problems. The area chosen for the trip should have a reasonable expectation of cooperative management. It should be noted that the GB members should not be taken to troubled areas or areas with high tension for this might do more harm than good to all parties concerned. Before the trip the GB members should be handed all relevant information that is available for the area concerned, the GB members should also be asked to prepare a list of questions which may be relevant to the interaction.

Questions such as:

- What are the key issues of concern in the area?
- What is the history of the concerns in the area?

- Have the stakeholders engaged with the authorities previously?
- If yes, what was the outcome of the engagement?
- Have their concerns been addressed in a professional manner?
- Have alternative solutions to the problem been discussed?
- What are the regulatory imperatives which may be applicable?
- What role can the CMA play in the resolution of issues in the future?

2.6. Seminar 4: Planning and Control

2.6.1. Introduction

Seminar 4 will be concerned with the concept of good governance and the link to specific management and regulatory aspects related to organisations operating within the public sector.

Corporate Governance:

*"Refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. It can also refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations."*²



Figure 4: Board of Directors, committees, communication and operations

- **Rights and equitable treatment of shareholders:** Organisations should respect the rights of shareholders and help shareholders to exercise those rights.

² CSR, Sustainability, Ethics & Governance by Samuel O. Idowu and René Schmidpeter. Springer International Publishing Switzerland 2015

- **Interests of other stakeholders:** Organisations should recognize that they have legal and other obligations to all legitimate stakeholders.
- **Role and responsibilities of the Board:** The Board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance.
- **Integrity and ethical behaviour:** Ethical and responsible decision making is not only important for public relations, but it is also a necessary element in risk management and avoiding lawsuits. Organisations should come up with a code of conduct for their employees that promotes ethical and responsible decision making.
- **Disclosure and transparency:** Organizations should clarify and make publicly known the roles and responsibilities of the Board and management to provide shareholders with a level of accountability.

Issues involving corporate governance principles include:

- Internal controls and internal auditors;
- The independence of the entity's external auditors and the quality of their audits;
- Oversight and management of risk;
- Oversight of the preparation of the entity's financial statements;
- Review of the compensation arrangements for the chief executive officer and other senior executives;
- The resources made available to directors in carrying out their duties; and
- The way in which individuals are nominated for positions on the Board.

After a description of corporate governance, the facilitator should then try to generate a discussion amongst GB members. This is done in an effort to ensure that the members have understood and grasped the concept.

2.6.2. Corporate Governance Presentation

The presentation should touch on the following topics and how they relate the CMA:

- Corporate governance in the public sector:
 1. Corporate governance principles
 2. Political and economic context
 3. Corporate governance and democracy
- King II Report:
 1. Standards
 2. Codes of practice
 3. Pillars of good corporate governance
 4. Key pillars of King II
- CMA Board:
 1. Structure and composition

2. Issues and accountability
 3. Duties of Board members
 4. Conflict management
- Governance Framework:
 1. Board charter
 2. Governance framework
 3. Induction and orientation
 4. Board evaluation

2.6.3. Public Finance Management Act (PFMA) Presentation

The CMA and the GB members are governed by the PFMA. Under the PFMA the CMA is a public entity listed in Schedule 3A and the Governing Board is its accounting authority with the powers and duties as reflected in the Board charter.

The National Treasury Regulations apply to the CMA which is a Schedule 3A public entity to the extent as indicated in paragraph 6.1.2 of the Regulations and regulations 16, 16A, 24 to 28 and 30 to 33 which deal with the following:

- 6.1.2. Receipt of transfers appropriated by vote
16. Public-private partnerships
- 16A. Supply chain management
24. General definitions
25. Application and listing
26. Responsibilities of designated accounting officers
27. Internal control and corporate management
28. Annual financial statements and annual reports
30. Strategic planning
31. Cash, banking and investment management
32. Borrowings
33. Financial misconduct

The CMA and GB members should be well versed with the requirements of the PFMA and should be in a position to be able to:

- Grasp the basic concepts and principles necessary for sound financial management;
- Implement the requirements of the PFMA;
- Comply with the treasury regulations;
- Implement effective strategic planning and an effective MTEF process;
- Prepare the budget linked to the strategic plan;
- Develop and measure performance;
- Apply risk and asset management principles;
- Develop skills for effective management of internal control systems;
- Undertake effective financial processes.

It is vital that the presenter of this topic presents the key principles, requirements and responsibilities from the viewpoint of the GB members. The key aspects which must be addressed in the presentation to the Board are depicted in the figure below:

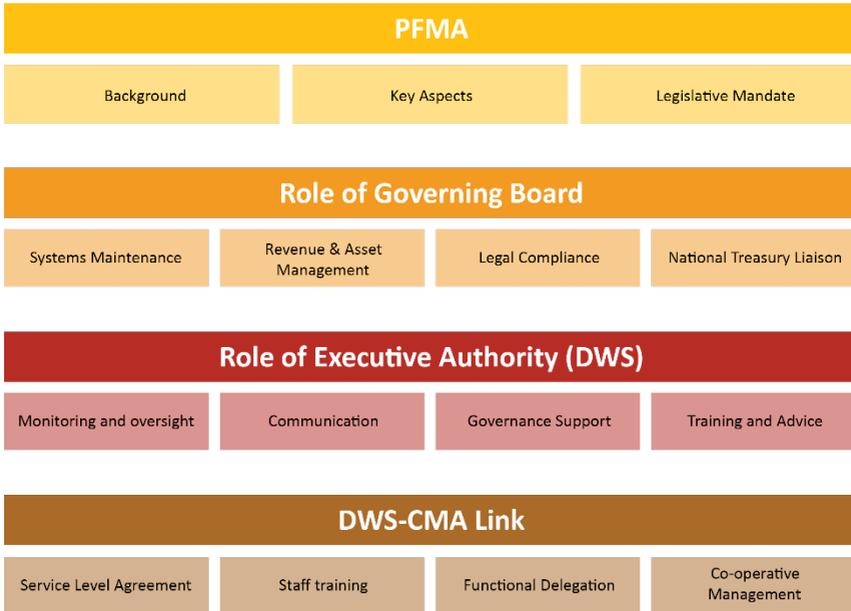


Figure 5: Key principles, requirements and responsibilities from the viewpoint of GB members

2.6.4. Planning and Control Presentation

Planning is the most important part of an organisation and is directly linked to the establishment and operation of the organisation. Strategic planning is linked to all management functions of an organisation. The control cycle is related to the financial management of the organisation and relates to the circulation of funds to achieve goals and find effective solutions. In order to achieve this, the management of resources is critical.

The GB members should be asked to jot down their thoughts on the definition of risk and what their personal impression of risk entails before the session begins. During the presentation reference should be made to internal and external risks. This activity will stimulate discussion, which, in turn, will aid the GB members to understand the topic better.

The figure below depicts the key aspects that should be addressed in the discussion on planning and control.



Figure 6: Key aspects to be addressed in the planning discussion

2.6.5. Corporate governance and monitoring

The best means for ensuring that concepts from the seminars have been understood by the GB members and that they are embedded into management practices is through practical applications. The facilitator should make an attempt to obtain practical examples from existing CMAs which are already in place and which have already generated such reports and proposals. It is important that documents and any other material obtained are fit for public consumption and that there are no violations of organisational confidentiality.

The documents should then be handed to the GB members for examination and discussions in groups.

2.6.6. Financial statements

There are essentially three main financial statements that the GB needs to be made aware of:

- **Balance sheet:** provides detailed information about a company’s assets and liabilities
- **Income statements:** report that shows how much revenue a company earned over a specific time period (usually for a year or some portion of a year). An income statement also shows the costs and expenses associated with earning that revenue. The literal “bottom line” of the statement usually shows the company’s net earnings or losses. This tells you how much the company earned or lost over the period.

- **Cash flow statements:** report a company's inflows and outflows of cash. This is important because a company needs to have enough cash on hand to pay its expenses and purchase assets. While an income statement can tell you whether a company made a profit, a cash flow statement can tell you whether the company generated cash.

2.6.7. Reading financial statements

The GB members should then be taught how to read financial statements. They should look for the following aspects when reading these statements:

- What are the most important aspects to be addressed when reading financial statements?
- How is important information sifted out?
- What are the key conclusions from the statements provided?
- Are there any aspects which are unclear?
- Is there any way to improve the reporting format specifically for the Board?

2.6.8. Water Pricing Strategy

An important aspect of the financial viability of the CMA is based on the successful implementation and execution of the pricing strategy.

2.6.9. Evaluations

The seminars should be concluded by asking the GB members to complete a set of questionnaires which will allow the course facilitator to evaluate the effectiveness of the seminars as well as obtain an indication of areas of improvement.

2.6.10. Board Evaluation

Board members should understand the elements that feature in their performance evaluations as well as reporting criteria. Examples of CMA board evaluations are provided in the board performance document in the Governing the CMA section.

2.6.11. Chairperson Evaluation

This is an exercise that aims to critically assess the leadership style and management techniques of the chairperson. It's a positive discussion that seeks to improve management and processes; it is not a confrontational exercise. A mock chairperson evaluation is provided in Appendix 2.

2.6.12. Seminar Evaluation

This segment is where all the seminars are evaluated in terms of the value gained and areas of importance. By doing this, the course designers can gain information of importance (areas where improvements are needed and milestones reached) that can be used for future seminars. The seminar evaluation can be found in Appendix 5.

2.7. CMA Staff training course

2.7.1. Introduction

This course is geared towards creating awareness among the CMA staff in terms of the functions, roles and responsibilities of the GB and the roles of the staff members as a whole within the organisation.



The course should ideally be conducted over a period of three days. For best results it is advisable to have interaction between two CMAs and a group of not more than 20 people. Attendance by the GB members, the respective CEOs and responsible staff members is paramount.

2.7.2. Day 1

Introduction

The course should take place preferably in the locality of one of the CMAs. An introduction by the chairman of the GB hosting the course should be prepared detailing the objectives and focus of the CMA including the roles and responsibilities of the GB and the CMA.

The facilitator of the course should then brief the participants on the course and all the objectives and activities that will take place in the duration of the course. The main focus of these seminars will be the exchange of skills, information and know-how by learning from each other.

Objective

To strengthen the staff of the CMA's by enhancing their understanding of the role and needs of the Governing Board.



Cooperation is key to an effective organisation

Cooperation between staff and the Governing Board is essential for the above objectives to be met. For an organisation such as a CMA, it is of great importance for GB members and the staff in general to be aware of their roles and responsibilities. It is vital for these groups to also know the roles of their counterparts.

What makes a good staff member?

Members should be asked to select images (provided by the course facilitators) which they think represents their image of a good staff member. The images are then grouped into categories, noted and summarized to be presented to the members at a later stage. This activity can be linked to the previous exercise of the GB, in which they described the characteristics of a good governor. GB members can present these based on the following:

- Summarise the key characteristics of the Governing Board
- Keep the list as short as possible
- Highlight the key features which should be focused on.

Legal responsibilities of a Board member

Board members need to reflect on how they experience the legal responsibilities that have been assigned to them as part of their functions as Board members.

Topics which need to be addressed include:

- Corporate governance
- King II – good corporate governance
- Financial management
- Business risk management
- Pillars of good corporate governance
 - Fairness
 - Accountability
 - Responsibility
 - Transparency
 - Discipline
 - Independence
- Key pillars:
 - Corporate citizenship
 - Stakeholder approach

A brief overview of the Board charter, including the governance framework of the GB, should then be handed out to the staff members.

Public Finance Management Act, 1999 (PFMA)

An overview of the Public Finance and Management Act should be given to staff members so that they could gain an understanding of the principles and applications of financial management in the public sector. The list of topics covered should include, but not be limited to, the following:

- Corporate governance and democracy
- Objectives of the PFMA
- Government social and economic objectives
- Chapter 6, which refers to the operation and management of public entities – of which the CMA is one with the GB as the Accounting Authority (AA)
- Listing: governance framework
- National entity for service delivery
- Relationship between the DWS, the CMA, Treasury and Parliament
- Dealing with conflict of interest
- General responsibilities of the Accounting Authority

Water governance (in accordance to National Water Act, 1998)

It is essential that **all** CMA staff understand that the business of the CMA is founded on the principles and provisions of the National Water Act (NWA). There should be an overview of the

fundamental elements, associated regulations, provisions and requirements that are required by the NWA.

Water governance is perceived in its broadest sense as entailing those social, political and economic organizations and institutions and their relationships that are regarded important for water development and management, based on principles such as:

- Transparency;
- Equity;
- Accountability;
- Coherency;
- Responsiveness;
- An integrative approach; and
- Ethical considerations.

The following key aspects could be covered in a presentation about water governance:

- Chapter 7: Catchment Management Agencies
- WRM functions Chapter 7 of the National Water Act (Act No 36 of 1998):
 - Chapter 2 of the National Water Act (Act No 36 of 1998) states that for there to be efficient management of water resources, the Minister, in cooperation with the society at large, needs to progressively develop a national water resource strategy. This strategy provides for the protection, use, development, conservation, management and control of water resources for the country as a whole. It also provides the framework within which water will be managed at regional or catchment level, in water management areas. The national water resource strategy needs to be formally reviewed regularly and is binding on all authorities and the CMA.
- Corporate functions
- Composition of the GB based on section 81 of the NWA
 - The members of a Governing Board of a CMA must be appointed by the Minister and must be employed with the object of achieving a balance among the interests of water users, local and provincial government and environmental interest groups.
 - Notwithstanding subsections (3) to (9) it is the Minister who determines, from time to time, the extent to which relevant local governments should be represented on the governing board of each CMA.

Before a governing board can be established, the Minister should first establish an advisory committee to recommend the following issues to the Minister:

1. Which organs of the state and bodies representing different sectors and other interests within the water management area of the CMA should be represented or reflected on the Governing Board.
2. The number of persons each of them should be invited to nominate.

The committee must first consult with the relevant organs of state and interest groups before making recommendations.

After receiving recommendations, the Minister must then decide which organs of state and bodies to invite to nominate representatives for appointment to the governing board, and the number of representatives each may nominate.

The invited individuals should then be notified by the Minister and be given the dates of which to hand in their nominations. The Minister must take the necessary steps to obtain the nominations by the said date.

The Minister must appoint the persons nominated in accordance to the invitation, unless:

1. Any such person is not fit and proper to serve on the governing board.
2. Any such organ or state has not followed its own procedures in making the nomination.

If the Minister does not appoint a nominee, the Minister must:

1. inform the relevant parties the reasons for not appointing that nominee; and
2. Invite a further nomination from that organ of state or body.

If one or more of the nominations are still outstanding on the said date, the Minister may appoint members of the board and fill any vacancy later.

After the appointment of members to the Board the Minister may appoint additional members selected by the Minister in order to:

1. Represent or reflect the interests identified by the advisory committee;
2. Achieve sufficient gender representation;
3. Achieve sufficient demographic representation;
4. Achieve representation of the Department;
5. Achieve representation of disadvantaged persons or communities which have been prejudiced by past racial and gender discrimination in relation to access to water; and
6. Obtain the expertise necessary for the efficient exercise of the board's powers and performance of its duties.

A member must be appointed for a specific term of office.

The Minister may extend the term of office of a member.

If the term of office expires before the first meeting of a new Board takes place, the existing member remains in office until the first meeting takes place.

Appointed members are responsible to the relevant bodies that nominated them.

CMA principles or imperatives

Under the National Water Act, 1998 (Act No 36 of 1998), the CMA should strive to; manage, monitor, conserve and protect water resources by:

1. Investigating and advising interested persons on the protection, use, development, conservation, management and control of the water resources in its water management area;
2. Developing a catchment management strategy;
3. Co-ordinating the related activities of water users and of the water management institutions within its water management area;
4. Promoting the co-ordination of its implementation with the implementation of any applicable development plan established in the Water Services Act, 1997 (Act No 108 of 1997); and
5. Promoting community participation in the protection, use, development, conservation, management and control of the water resources in its own water management area.

Personal reflections

At this stage the staff members should be encouraged to express their opinions on the role and responsibility of the Board members. Staff members should be asked to consider the responsibility of the GB. Members should be asked to write down their thoughts in context of their role in the organisation related to the responsibilities of the GB.

The difference between accountability and responsibility should be emphasised; the **Board is accountable** while **staff is responsible**.

A clear distinction must be made between data and information since, in a value driven organisation, the GB must be provided with information and not data in order to facilitate efficient and sound decision making.

Board meeting

It is imperative for staff members to understand how Board meetings are run and managed and the key demands that will be placed on the staff members. The staff members should have an indication of the governance structure, the reporting lines and communication protocols. This presentation can be done by the CEO or Board secretary of one of the CMAs present.

The following are topics that could be covered:

- Legislative provisions
- Structural arrangements for the Governing Board and its committees
- Procedures for compiling inputs
- Agenda specimen for Governing Board meetings
- Types of reports
- Mechanisms for reporting back to staff.

2.7.3. Day 2

This session should start with a recap of the previous day's session with a summary of feedback received from members in terms of the characteristics of a good staff member. Important points (eye openers) that were made in the previous sessions should be summarised and presented to the group.

The day should focus on the roles and task of a governor and the administrative proposal.

Introduction

Flashcards depicting key characteristics which describe individual strengths will be required for the exercise which will follow. The exercise involves members picking up whatever depicted characteristics they think best represent a colleague who is presently at the CMA. Each staff member as well as a Board member must select a card. The facilitators should collect the cards, explain why this exercise was done and then present it to the person for whom the card was selected.

In order for this exercise to be meaningful, individuals from their respective CMAs should choose characteristics of their respective colleagues because they know each other best.

Board meeting

In order to allow staff members the opportunity to experience the roles and responsibilities of the GB, a Board meeting will be simulated.

A file containing the following material should be prepared for staff members to use:

- Agenda (see Board meeting notice in Appendix 3)
- Minutes of previous meeting
- Banking and investment policy
- Quarterly financial report
- Quarterly assessment report

Staff members should be provided with the relevant documents, policy documents and a Board pack so they can be adequately prepared for the meeting.

An alternative programme should be devised for the GB members and CEOs who will be present at the session while staff members are busy preparing for the mock Board meeting. A strategic task based on the mandate and delegation of the GB and the CEOs can be facilitated to generate discussion between the GB members and the CEOs of the two CMAs.

Mock Board meeting

The course/seminar facilitator will chair the meeting and follow the procedures of an official meeting; this session will therefore be based on a role playing format in which the staff members will place themselves in the shoes of the Board members.

After each item:

- Members will assess the quality of the proposals - adequate information, clear framework, risks etc.
- Members will check the sensitivity of the Board members for certain topics.

Meeting procedures

The role-play session should be structured as a formal meeting with formal meeting procedures as described below:

- Welcome all – acknowledge the members and the public gallery
- Apologies
- Approval of agenda
- Minutes of previous meeting
- Missing information in the pack – e.g. minutes of previous meeting must be brought to the attention of the chairperson as a point of order.

Based on the meeting procedures and the discussion of issues on the mock agenda, debate will be generated on the following topics:

- Meeting procedures
- Level of preparedness of members
- Level of understanding of members
- Value adding members of the Board
- Value of educational backgrounds (e.g. literacy, technical knowledge etc.)
- Language barriers at meetings – how would these be dealt with?
- Different skills of individual members complementing each other
- Open communication channels
- Presentation of information to the board members.



Case Study

To note:

- All arguments need to be tabled,
- Members must put themselves in the shoes of all involved stakeholders,
- Use brain writing (the noting of all thoughts) to ensure all arguments are noted.

Background to the Case Study

The municipality of Robertson wants a new development. They say the development will provide housing facilities to the area and will create jobs.

- Developers suggest a posh development in combination with a golf club.
- The new development will destroy a reasonable area of Fynbos. The Fynbos is owned by the farmers in the area who would also like to extend their vineyards.

- The development will also increase the discharge of sewage to the WWTW. The developers are not talking about extending the WWTW and the municipality has no money for investment in the WWTW.
- The CMA is responsible for the quality of water and wants to start a project with the wineries in the area in which the wineries have to treat their own wastewater and re-use the water.
- The golf club needs water for irrigation of the greens.
- Due to the extension the farmers' water rights will be more restricted in future unless they develop projects with the emerging farmers to improve ownership of water by historically disadvantaged groups.

The course facilitator must prepare an A4 feedback sheet for each of the following stakeholder groups:

- Municipality
- Developers
- Nature conservation
- CMA
- Commercial farmers (wineries)
- Emerging farmers

Views of the specific stakeholder group should be indicated at the top of the sheet. It would be best to use a different colour sheet for each stakeholder grouping. Each stakeholder group's arguments will be inventoried individually (brain writing). Once all the inputs have been received from each member for all the stakeholder groups, a specific stakeholder group must be given to two members of the group. The team will then assess the feedback listed on the sheets and prioritise the three most important listed on the sheet.

The team will then have to present the top three views of the stakeholder group as their own and provide appropriate motivation. This exercise encourages the members to place themselves in the shoes of the stakeholder group assigned to them and to argue the case accordingly.

The team dealing with the specific stakeholder view must:

- Pick out the three best arguments;
- Start the discussion about the problem using the best arguments and negotiate to obtain the best possible solution;
- Try to form a coalition; and
- Try to find a solution or alternative solution to tackle the situation.

The main aim of this exercise is to demonstrate and facilitate the process of reaching consensus in six steps:

1. Preparation
2. Determination of point of view – and consultation with stakeholders
3. Explore the roles and views of other participants

4. Discuss and negotiate
5. Form coalitions
6. Find a solution or alternative solutions.

Having allowed sufficient time for the participants to discuss and prepare a point of view in support of the selected stakeholders view, the facilitator will chair a session in which each stakeholder group will present its specific case.



It will be made clear that the views which are expressed for each stakeholder group are biased and focused only on the goals of the specific stakeholder group. The group should be allowed a certain amount of time to form coalitions, negotiate and come up with a solution to the problem at hand.

Once the negotiation session has been completed, the group should be asked, through a selected spokesperson, to provide an indication of the solution which has been reached.

The group must then be split into two groups to produce a proposal for submission to the CMA.

The outcome of the negotiations must be used to write a proposal on a flipchart.



Provide the participants with a template for the development of the proposal. The template should include the following:

- Topic
- Proposal: resolution to be taken
- Summary
- Background

- Definition of the problem
- Policy framework
- Alternatives
- Criteria: consistency (previous resolutions), finances (costs/assets), technical, social impact, environmental impact, personnel, legal compliance.
- Pros and cons of the alternatives: recommendation
- Risks
- Monitoring
- Communication
- Planning

During the discussion, the following question should also be addressed and integrated into the proposal: What is the legal implication of a resolution taken by the Governing Board?

A nominated member of the team will present the proposal which has been developed for presentation to the GB.

The whole purpose of this exercise is to generate awareness among the staff members of what is required in a proposal to the GB. The type of information that the Board requires must be precise, brief and to the point. The Board must be provided with sufficient information to make a decision without having to wade through reams of paper to find the relevant information required for good and informed decision making. The Board does not require to see or examine detailed information and data but needs to be provided with pertinent information to facilitate the decision-making process.

2.7.4. Day 3

A summary of Day 2 based on feedback received from the members during the eye opener session at the end of the previous day's session should be provided at the start of the session.

Governing styles

Initiate an interactive discussion by selecting two prominent leaders in SA and compare their personalities and governing styles. Ask members to voice their opinions on the types of governors and styles of governing, for example Thabo Mbeki and Jacob Zuma. Participants should be provided with a questionnaire (see Appendix 5) to assist them in determining their personal governing styles.

Governing styles can be categorized as depicted in Figure 9.



Figure 7: Good Governance

After the questionnaire has been completed, there should be an interactive session where groups of 3-4 staff members exchange experiences on their governing style:

- Do you recognize yourself in your two dominant governing styles?
- Do you recognise the dominant governing styles of your own Board members?
- Which attributes is in your opinion important for a Board member to have?



Exercise on Integrity

Split the participants into groups of three and provide all groups with possible scenarios which may have ethical and integrity implications. The scenarios must be discussed and a possible answer and reaction must be sought by each group. The groups will then come back together to discuss their views and opinions for each scenario.

Table 1: Exercise on Integrity

1.	The neighbour	You are an employee working in the enforcement department. The week before Christmas one of the Board members, a successful fruit farmer, gave you and your colleagues a bucket of dried fruit “for a job well done during the year”. The bucket was worth about R600. A few months later the neighbour of this Board member, whose daughters are close friends, is evidently violating the permit on discharging waste water. What will be your approach?
2.	The tender	You have a very close friend who studied with you at university and your friendship is public knowledge. The drafting of the catchment management strategy is sent out for tender. Amongst the companies that have submitted a proposal is your friend’s company. The recommendation to the CEO from the selection committee (which you are a member of) is your friend’s company which evidently had the best offer. The selection procedure was accurately and ethically followed. The local newspaper reports that you influenced the recommendation to get your friend the tender? How would you deal with this situation?

3.	The business trip	One of the regular service providers who has obtained a lot of contracts from your agency offers you in your capacity as CEO the exclusive opportunity of attending a highly dedicated and specialized three-day seminar in Windhoek, Namibia. The seminar will be attended by CEOs of other governmental agencies. Travel and hotel expenses will be taken care of. What will you do?
4.	The new firm	After a considerable effort two brothers that you know well have started a new business in a nearby town. Financing this new enterprise has been extremely difficult and the market for their products is declining. You are in charge of the monitoring and control of the wastewater discharge of private enterprises. You find that the brothers' company is violating the conditions of their discharge license. You also know that solving this problem will cost a considerable amount of money which might mean the end of the company. How would you deal with this situation?
7.	The choir	You are a member of a well-known choir of about 40 people. In a few weeks, the choir will give a concert in the local town hall which will be well attended. You receive a phone call from the choir manager with the message that the copier has broken down meaning that the music could not be copied for the choir members. He asks you to take over this task and to make the copies in your office. What will you do?

Appendix 1: Training Needs Analysis

Introduction

The purpose of this tool is to help you identify your key learning and development needs for the next year. Identifying the training needs at both an individual and group level is a first step in building and managing a training delivery plan for your organisation. By addressing the key training gaps in the organisation we will build the skills we need to achieve our vision.

It is important that you work with your fellow Board members to identify your own skill gaps and discuss what training you might need. Make sure you consider what skills will be critical for you to address different issues in the upcoming year. You should allow approximately 30 minutes to complete the review.

To aid the trainers in the development of the training plan, and to meet your needs, make sure that where a need is identified you back this up with SMART learning objectives. To keep this process as simple as possible, please consider each area of this training needs analysis in the context of your current role.

Most of this Analysis is tick-box based. Where training is required, please state your SMART objective for the learning.

S - Specific

M - Measurable/ Motivating

A - Achievable/ Appropriate

R - Relevant/ Realistic

T - Time Bound

Where no objectives are stated it will be impossible to source or develop solutions for you, and you may not get the training you need. If you are not sure what section to put a particular need in, do not worry as long as your training needs are captured somewhere. Where you have a preference for the achievement of the learning - on the job training, short courses etc. - you can also include that information.

Personal Information

First Name

Last Name

ID Number

Date of Birth

Sub Section 1: Board Training Manual

Occupation/ Job Title

Sector represented

Business Information

Primary Employer

Employer's Address

Phone

Fax

Cell phone

Email Address

Educational Background

Highest Standard Passed

Tertiary Qualification

Interpersonal Communication Skills

One of the factors that make us successful in what we do is our ability to relate to others. This section looks at interpersonal communication skills.

Mark the option most relevant to you in your CURRENT situation using the following criteria:

1. Suitable for current role
2. Longer term need
3. Urgent need
4. Not Applicable

	1	2	3	4	Comments
Presentation Skills					
Report Writing Skills					
Negotiation Skills					

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Team Skills							

Interpersonal Communication Training Needs

Please list the objectives for any of the training requirements you listed above. Note: if no objectives are stated it will be impossible to develop suitable solutions for you.

Communication Need 1: _____

Communication Need 2: _____

Communication Need 3: _____

Communication Need 4: _____

Management Skills

As an organisation develops, so does the need to have more refined processes. It is therefore critical to understand how to manage ourselves and others within a performance culture.

Mark the option most relevant to you in your CURRENT situation using the following criteria:

1. Suitable for current role
2. Longer term need
3. Urgent need
4. Not Applicable

Conducting Interviews	1	2	3	4
Conducting appraisals				
Setting Goals and Objectives				
Giving and receiving Feedback				
HR policy Awareness				
Labour Law Awareness				

Human Resource Management Training Needs

Where you indicated that training on the above is required please list your training objectives in the SMART format below. If no objectives are stated it will be impossible to develop solutions suitable for you as an individual.

HR Need 1: _____

HR Need 2: _____

HR Need 3: _____

HR Need 4: _____

Core Business Competencies

A number of core competencies that are critical to achieving the vision of the Catchment Management Agency have been identified and articulated. This part of the TNA asks you to think about the development you may need to be able to demonstrate these competencies more effectively.

Please indicate where training is required and the extent of the training you need based on the following criteria:

1. Suitable for current role
2. Longer term need
3. Urgent need
4. Not Applicable

Where you have identified that training is required, please state your training objective in the SMART format.

If you have a preference for a method of achieving this learning you can also include it here.

	1	2	3	4	Comments
Planning Work					
Managing resources - People					
Managing resources - Time					
Managing resources - Finances					
Business and People Process					
Managing Change					
Negotiation Skills					

Desktop Software

Good IT skills are essential in the modern working environment. Acquiring a range of IT skills will enable the CMA Board to achieve its strategic objectives and to work more efficiently.

Please indicate where training is required and the extent of the training you need based on the following criteria:

1. Suitable for current role
2. Longer term need
3. Urgent need
4. Not Applicable

Where you have identified that training is required, please state your training objective in the SMART format.

If you have a preference for a method of achieving this learning you can also include it here.

	1	2	3	4	Comments
Windows Environment					
Windows Explorer					
MS Word					
MS Excel					
Power Point					
Access					
Internet Explorer					
Outlook – Diary					
Outlook – Email					

Technical Skills

While it is understood that the Governing Board will not necessarily be involved in day-to-day Water Resource Management (WRM) activities, it is essential that all members are aware of and understand the basic concepts of WRM.

Please indicate where training is required and the extent of the training you need based on the following criteria:

1. Good Understanding
2. Adequate Understanding
3. No exposure to concepts
4. Not Applicable

Where you have identified that training is required, please state your training objective in the SMART format.

If you have a preference for a method of achieving this learning you can also include it here.

	1	2	3	4	Comments
Catchment Management					
Resource Monitoring					
Water Use					
Licensing					
Integrated WRM					
Pollution					
Pollution Prevention					
Precautionary Principle					
Co-operative Governance					

General Training Needs

If there are any training needs you have which may have been missed, please include them here. (Remember to write your training needs in the SMART format). If you have a preference for a method of achieving this training please include it here.

General Training Need 1:

General Training Need 2:

General Training Need 3:

General Training Need 4:

General Training Need 5:

Managing Expectations

While this process will aid you and the Department of Water and Sanitation to identify your current training needs, it is up to you and the Department to identify the most appropriate vehicle(s) to support your learning.

Delivery mechanisms may include coaching, on the job training, e-learning, courses, guided reading etc.

Factors such as time, cost, availability, relevance and personal learning preferences will all be taken into account when identifying the most appropriate delivery solution. Please do not assume that because a need has been identified that a course will be provided.

Next steps:

This plan will be collated by the DWS into a bridging phase training programme to ensure that the Board Members are able to provide constructive participation at all meetings and strategic workshops.

Thank you for completing this Training Needs Analysis.

Appendix 2: Chairperson Evaluation Form

Please indicate the extent to which you agree with the statements below by circling a score from 1 to 5, where 1= strongly disagree and 5 = strongly agree

Chairperson evaluation questionnaire		
	1 – 2 – 3 – 4 – 5	Comments
Strategy		
1. The chairperson leads Board discussions with a focus on the long term strategy of the CMA.	1 – 2 – 3 – 4 – 5	
2. He/She ensures that the CMA's plans and policies are rigorously debated.	1 – 2 – 3 – 4 – 5	
Execution		
3. He/She demonstrates a thorough understanding of CMA's business and the matters before the meeting.	1 – 2 – 3 – 4 – 5	
4. Sufficient attention is given to the monitoring and evaluation of strategy implementation.	1 – 2 – 3 – 4 – 5	
Attitudes		
5. The chairperson leads by example in demonstrating the values espoused by the CMA.	1 – 2 – 3 – 4 – 5	
Safeguards		
6. He/She leads shows commitment to strong corporate governance by words and actions.	1 – 2 – 3 – 4 – 5	

Meeting management		
7. The chairperson takes the lead in ensuring that the meeting achieves its objectives.	1 – 2 – 3 – 4 – 5	
8. He/She ensures that the meeting is conducted efficiently and effectively.	1 – 2 – 3 – 4 – 5	
9. He/She shows good facilitation skills in ensuring a balanced contribution from members.	1 – 2 – 3 – 4 – 5	

Appendix 3: Board Meeting Notice

TO: Chairperson and Members

**XYZ CATHMENT MANAGEMENT AGENCY
GOVERNING BOARD MEETING**

Notice is hereby given of an ordinary meeting of the XXXX CMA Governing Board to be held on Thursday, **DATE** at **TIME** in the **VENUE** to discuss the agenda below.

CHIEF EXECUTIVE OFFICER

DATE:

AGENDA

1. Opening
2. Leave of absence
3. Confirmation of the agenda
4. Minutes of the previous meeting/s
5. Announcements by the chairperson
6. Announcements by other members of the Governing Board
7. Declaration of interest
8. Matters arising from previous minutes
9. Reports
 - 9.1. Terms of reference of the executive committee
 - 9.2. Water use charges
 - 9.3. Banking and investment policy
 - 9.4. Second quarter financial report
 - 9.5. Performance report
10. Matters for the next Governing Board meeting
11. Closure

Appendix 4: Governing Styles

Know your own governing style

Aim:

- To make the Board aware of the fact that every governor has a different governing style.
- To show the governors that the Board might have a dominant governing style.
- To show the governors the interest of the input of less dominant governing styles in the Board meeting.

Introduction

As a governor you may prefer a specific style of governing. However one style is not always better than the other. Often times you may prefer a combination of styles, of which 1 is dominant. It is important that the board has a variation of styles as the different styles can add value to each other.

Test governing style³

1.
 - a. As a governor, because of the thorough knowledge you have of certain subjects, you act more like a sector manager than a governor.
 - b. As a governor, you have a clear vision of what you want to achieve in the Board.
2.
 - a. As a governor, you often stress that meetings can be much more concise.
 - b. As a governor, you believe it is necessary to attend meetings because you think it is important to maintain and use your network.
3.
 - a. As a governor, you believe it is better to have a sound basis for proposals than getting your ideas across.
 - b. As a governor, the atmosphere in the Board is of minor interest compared to reaching your own goal.
4.
 - a. As a governor, the search for a broad consensus is second nature.
 - b. As a governor, you feel that the importance of building on the image of the CMA is often underestimated.
5.
 - a. As a governor, you believe that low visibility to your stakeholders is a minor problem as long as you are doing your job well.
 - b. As a governor, you will give the organisation a human face.
6.
 - a. As a governor, if you can stay out of the political involvement of the board you would.
 - b. As a governor, you like to be involved in all subject matters that are of interest to you in your organisation.

³ (Gerard Schouw and Pieter Tops - Stijlen van besturen, 1998)

7.
 - a. As a governor, you behave more as a sector manager than as a governor due to your thorough knowledge of certain subjects.
 - b. As a governor, the search for a broad consensus is second nature.
8.
 - a. As a governor, you have a clear vision of what you want to achieve in the Board.
 - b. In your opinion you feel that the importance of building on the image of the CMA is often underestimated.
9.
 - a. As a governor, you feel that good execution of existing policy on water items is just as important as developing new policy/topics.
 - b. As a governor, you have excellent knowledge on the area and subject matter.
10.
 - a. As a governor, you like to be involved in all subject matters that are of interest to you in your organisation.
 - b. As a governor, you think it is necessary to attend meetings because you think it is important to maintain and use your network.
11.
 - a. As a governor, you pay much attention to having a good atmosphere in the Board and in meetings.
 - b. Good execution of existing policy on water items is for you just as important as developing new policy/topics.
12.
 - a. As a governor, you have excellent knowledge on the area and subject matter.
 - b. For you, as a governor, the atmosphere in the Board is of minor interest compared to reaching your own goal.
13.
 - a. As a governor, you give the organisation a human face.
 - b. As a governor, because of the thorough knowledge you have of certain subjects, you act more like a sector manager than a governor.
14.
 - a. As a governor, you think that low visibility to your stakeholder is a minor problem as long as you are doing your job well.
 - b. As a governor, the search for a broad consensus is second nature.
15.
 - a. As a governor, you believe it is better to have a sound basis for proposals than getting your ideas across.
 - b. As a governor, you think it is necessary to attend meetings because you think it is important to maintain and use your network.
16.
 - a. As a governor, you like to be involved in all subject matters that are of interest to you in your organisation.
 - b. As a governor you pay much attention to having a good atmosphere in the Board and in meetings.
17.
 - a. Good execution of existing policy on water items is for you just as important as developing new policy/topics.
 - b. As a governor, you often stress that meetings can be much more concise.
18.
 - a. As a governor, you have a clear vision on what you want to achieve in the board.

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- b. As a governor, you think that less visibility to your stakeholder is a minor problem as long as you are doing your job well.
- 19.
- a. As a governor, if you can stay out of the political involvement of the Board you would.
- b. In your opinion as a governor, you feel that the importance of building on the image of the CMA is often underestimated.
- 20.
- a. As a governor, you often stress that meetings can be much more concise.
- b. As a governor, you believe it is better to have a sound basis for proposals than getting your ideas across.

Scoring

- For each statement, mark the letter of your choice in the score form
- Count the number of marked letters for each style
- Each style can have maximum score of 8

Score form					
	Leader	Manager	Mediator	Ambassador	Administrator
1	b	a			
2		a		b	
3	b		a		
4			a	b	
5				b	a
6	b				a
7		a	b		
8	a			b	
9		b			a
10	a			b	
11			a		b
12	b	a			
13		b		a	
14			b		a

15			a	b	
16	a		b		
17		b			a
18	a				b
19				b	a
20		a	b		
Total marked					

Governing Styles

Characteristics of a Leader

- Clear vision
- Is often stubborn
- Knows how to convince others
- Has political powers
- Knows how to defend the policy
- Is an excellent negotiator

Characteristics of a Manager

- Is close to the administration
- Has knowledge of water management him/her self
- Tries to make rational decisions as much as possible
- Ensures coordination and alignment
- Encourages officials to work hard

Characteristics of a Mediator

- Searches for common objectives and goals
- Is not very visible
- Tries to know what other members want
- Is patient to find solutions to problems
- Is able to find a compromise
- Has no relation conflicts in the board

Characteristics of an Ambassador

- Pays a lot of attention to the public role
- Often in the news paper
- Is friendly
- Has an informal and diplomatic attitude
- Has no content knowledge of water management
- Officials will inform him/her

Characteristics of an Administrator

- Follows the informal rules and codes
- Hates the political game
- Searches for the collective
- Is very reliable
- Doesn't like surprises

What can the organisation expect from you as a:

Leader

- Consistent vision
- Clear priorities
- Pick selective information, so risks have to be clear
- Dares to take risks
- Clear arguments, concise and to the point
- Open and honest
- Confirm leadership

Manager

- A specialist in the field
- Prepares proposals and meetings well
- Reliable information
- Rational solutions
- Good partner for discussions with staff members
- Politically sensitive as a way of thinking
- Pays attention to the border between organisation and the Board
- Give a concise presentation of arguments

Mediator

- Looking for common objectives and goals in society as well as in the Board
- Add common objectives and goals in reports
- Goes for consensus and will not always choose the best –rational- resolution
- Good process coordinator and goes for interactive decision making
- Listens to the player who is most powerful and has most influence

Ambassador

- A real representative of the public
- A real representative of the Board, and he is very accessible
- Creates common objectives and goals
- Build credits for the decisions made from the point of view of the society
- Loves to be seen
- Cares about political achievements
- Less vision
- Needs a lot of support from the staff
- Not focussed on the content

Administrator

- Focus on procedures, follows rules
- Chooses for certainty, takes no risks
- Honest and objective
- Likes harmonious group processes
- Does not governs on the content
- Gives space for the policy brought in by the staff
- Dislikes the political process
- Stable and predictable

Appendix 5: Seminar Evaluation Form

Seminar series:

Date:

Explanation:

5: Excellent

4: Good

3: Could be better

2: Bad

1: Very bad

Contents	Score
1. What is your opinion of the content of the seminar series?	5 4 3 2 1
2. How good were the linkages between the various topics of the seminar?	5 4 3 2 1
3. What is your opinion of the depth and details of the seminar series?	5 4 3 2 1
4. What is your opinion of the length of the seminar series?	5 4 3 2 1

Structure	Score
5. How well did the seminar series cover all the topics?	5 4 3 2 1
6. How well does knowledge gained from the seminar series contribute to your membership as a Board member of the ...CMA?	5 4 3 2 1
7. How well does the skill gained from the seminar series contribute to your Board membership of the ...CMA?	5 4 3 2 1
8. How well did the topics relate to current affairs (up to date)?	5 4 3 2 1
9. What is your opinion of the trainers?	5 4 3 2 1

The 4 Seminars	Score		
	Content	Interaction	Presentations
10. What is your opinion of the seminars? Seminar 1: Board member and the GB Seminar 2: Stakeholders	5 4 3 2 1 5 4 3 2 1	5 4 3 2 1 5 4 3 2 1	5 4 3 2 1 5 4 3 2 1

Seminar 3&4: IWRM	5 4 3 2 1	5 4 3 2 1	5 4 3 2 1
Seminar 3&4: Planning and control	5 4 3 2 1	5 4 3 2 1	5 4 3 2 1

In General	Score
11. What is your opinion of the seminar series as a whole?	5 4 3 2 1

12. What in your opinion are the best points of the seminar?

13. Did you think some topics were not covered? If yes, which ones?

14. Do you have any suggestions for improvement?

15. Do you have other wishes, remarks or suggestions?

The evaluation is anonymous; you are free to add your name if you like to receive personal feedback.

Name:

Email Address

Thank you very much for your response.

Your remarks will be used to improve our trainings and seminars!

Section 2.2

Board Charter

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1. Purpose of The Board Charter

- 1.1. The purpose of this Board Charter is to:
 - 1.1.1. Ensure that all Board members are aware of their individual and collective duties and responsibilities;
 - 1.1.2. Ensure that Board members are aware of the various legislation, regulations, policies affecting their conduct; and
 - 1.1.3. Ensure that the principles of corporate governance are applied in their dealings in respect of, and on behalf of their respective CMAs.
- 1.2. The CMA complies with the Protocol on Corporate Governance in the Public Sector, the Framework on Corporate Governance of Public Entities and all the governing instruments.
- 1.3. The members of the CMA Board regard corporate governance as vitally important to the success of the business and are unreservedly committed to applying the principles necessary to ensure that good governance is practised, and that the agency remains a sustainable and viable business, of global stature. It is a result of this commitment that;
 - 1.3.1. All Board members are expected to act in a professional manner, thereby upholding the core values of integrity, excellence, customer satisfaction and innovation with due regard to their fiduciary duties and responsibilities; and
 - 1.3.2. All Board members are responsible for the agency achieving the highest level of business conduct.
- 1.4. The Board is the focal point of the agency's corporate governance system. It is ultimately accountable and responsible for the performance of the CMA.

2. Mission of the Board

- 2.1. The mission of the Board is to fulfil the mandate of the CMA in accordance with the strategic objectives of the Government whilst also achieving its delegated responsibilities.
- 2.2. The Board is ultimately accountable and responsible to the Minister of Water and Sanitation for the performance and affairs of the CMA. The Board must therefore retain full and effective control over the CMA and must give strategic direction to the CMA's executive management. The Board is also responsible for ensuring that the CMA complies with all relevant laws, regulations and codes of business practice.
- 2.3. In addition, the Board has a responsibility to the broader stakeholders which include the present and potential beneficiaries of water resources management within the Water Management Area (WMA).

3. Fiduciary Responsibility

- 3.1. The individual members, both executive and non-executive, and the Board as a whole of the CMA carry full fiduciary responsibility in terms of the National Water Act (Act No 36 of 1998) and the Public Finance Management Act (Act No.1 of 1999).
- 3.2. In accordance with the Public Finance Management Act, the Governing Board must:
 - 3.2.1. exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;
 - 3.2.2. act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity;
 - 3.2.3. on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in my way may influence the decisions or actions of the executive authority or that legislature; and
 - 3.2.4. seek, within the sphere of influence of the Governing Board, to prevent any prejudice to the financial interests of the state.
- 3.3. A member of the Board may not—
 - 3.3.1. act in a way that is inconsistent with the responsibilities assigned to an accounting authority in terms of the Public Finance Management Act, or
 - 3.3.2. use the position or privileges of, or confidential information obtained as a member of the Governing Board for personal gain or to improperly benefit another person.
- 3.4. A member of the Governing Board must:
 - 3.4.1. disclose to the accounting authority any direct or indirect personal or private business interest that that member or any spouse, partner or close family member may have in any matter before the accounting authority; and
 - 3.4.2. withdraw from the proceedings of the Governing Board when that matter is considered, unless the accounting authority decides that the member's direct or indirect interest in the matter is trivial or irrelevant.

4. Composition of the Board

- 4.1. There are 7 to 12 positions for non-executive members of the Board appointed by the Minister to reflect the interests in the WMA.
- 4.2. Section 81 of the National Water Act, describes the appointment of members of the Governing Board of a catchment management agency. It also indicates that the Governing Board of a catchment management agency should be appointed in such a way that 'interests of the various stakeholders are represented or reflected in a balanced manner and the necessary expertise to operate effectively'.

5. Role of Chairperson

- 5.1. The Chairperson of the Board will be appointed by the Minister and may not be the Chief Executive Officer.
- 5.2. The chair's role is to lead and manage the Board and ensure that it discharges its responsibility.
- 5.3. The chair's responsibilities include:
 - 5.3.1. Ensuring that all the Board members are fully involved and informed of any business issue on which a decision has to be taken;
 - 5.3.2. Ensuring that the non-executive members monitor the business and contribute to the business decisions of the CMA;
 - 5.3.3. Exercising independent judgment, acting objectively and ensuring that all relevant matters are placed on the agenda and prioritized properly;
 - 5.3.4. Ensuring that all newly appointed members receive the appropriate induction;
 - 5.3.5. Ensuring that the Minister is fully informed of any material matter affecting the CMA's business, with openness and substance over form.
 - 5.3.6. Working closely with the Board Secretary in ensuring that at all times all the Board members fully understand the nature and extent of their responsibilities as members in order to ensure the effective governance of the CMA.
 - 5.3.7. Approval of all leave of the Chief Executive Officer.
 - 5.3.8. Approval of all subsistence and travelling of the Chairperson, Governing Board members and the Chief Executive Officer.
- 5.4. The role of the Deputy Chairperson is to perform all the functions and duties of the Chairperson when the Chairperson is absent or cannot be present to perform such functions and duties.

6. Powers and Duties of Board and Members Specifically

- 6.1. The Board shall produce an Annual Budget and Business Plan which shall be submitted to the Director-General as accounting officer for DWS, as required by the National Water Act (NWA) before the start of the new financial year which is 1 April of every year. This must align with the DWS strategic planning process and setting of water use charges process, including the submission of the following by not later than 30 September every year:
 - 6.1.1. A proposed budget plan in the prescribed format covering projection of revenue, expenditure and borrowings for three years including that financial year; and
 - 6.1.2. A proposed strategic plan in the prescribed format covering the affairs of the CMA for the following three financial years.

- 6.2. Without derogating from any duty imposed by law, the Board shall: -
 - 6.2.1. ensure that the executive management implements the CMA's catchment management strategy as established under Section 8 of the NWA;
 - 6.2.2. ensure that the CMA has effective, efficient and transparent systems of operational, risk management and financial internal controls;
 - 6.2.3. monitor the activities of the executive management;
 - 6.2.4. provide information on the activities of the CMA to those entitled to it;
 - 6.2.5. ensure the succession, and approve the appointment, of senior executives;
 - 6.2.6. ensure that the CMA operates ethically;
 - 6.2.7. address the adequacy of retirement and health care benefits of its employees and the funding thereof;
 - 6.2.8. ensure that the CMA has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PMFA;
 - 6.2.9. ensure that the CMA has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective; and
 - 6.2.10. ensure that all applicable black economic empowerment legislative frameworks and requirements are complied with.
- 6.3. The Board must take effective and appropriate steps to:
 - 6.3.1. collect all revenue due to the CMA;
 - 6.3.2. prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the CMA; and
 - 6.3.3. manage available working capital efficiently and economically.
- 6.4. The Board is responsible for the management, including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the CMA.
- 6.5. The Board must comply with any tax, levy, duty, pension and audit commitments as required by the Statutes.
- 6.6. The Board must take effective and appropriate disciplinary steps against any employee of the CMA who-
 - 6.6.1. contravenes or fails to comply with a provision of the PMFA;
 - 6.6.2. commits an act which undermines the financial management and internal control system of the CMA; or
 - 6.6.3. makes or permits an irregular expenditure or a fruitless and wasteful expenditure.

- 6.7. The Board is responsible for the submission by the CMA of all reports, returns, notices and other information to Parliament, the Minister, and to the Treasury, as may be required by the Statutes.
- 6.8. The Board must ensure that the CMA has an Affirmative Action Plan in place to advance members of historically discriminated groups, including on the grounds of race, colour, origin, gender and disability.
- 6.9. The Board must comply, and ensure compliance by the CMA, with the provisions of the Statutes.
- 6.10. The members shall, in the exercise of their powers, use their best endeavours to achieve the objectives of the CMA as set out in the Service Level Agreement between the CMA and the Minister of DWS.
- 6.11. If the Board is unable to comply with any of the responsibilities determined for it in the PMFA, it must promptly report the inability, together with reasons, to the Minister and Treasury.

7. Induction of New Members

- 7.1. Every newly appointed member should complete an orientation programme to ensure that such incoming member is familiar with the purpose and business, management structures and processes, operations, as well as the various governance practices. In addition, where appropriate, every newly appointed member should undertake appropriate learning regarding the role and responsibilities of the Board, their role and responsibilities as a member, and how to discharge those duties.
- 7.2. A formal induction program should be devised. Such a program should take place over a period of time that is sufficient to allow members to adequately consider and absorb the information.
- 7.3. The induction program should as a minimum cover:
 - 7.3.1. the strategic objectives of the government to be advanced by the CMA;
 - 7.3.2. the functions of the CMA;
 - 7.3.3. the environment within which the CMA operates; the management structures and processes;
 - 7.3.4. the regulatory framework that the CMA is subject to; and Principles of Corporate Governance as well as Members' roles, duties and responsibilities; and
 - 7.3.5. all governance instruments applicable and such other legislation that may be applicable to the CMA.

- 7.4. The member induction programme will be in the format of a facilitated workshop symposium involving all Board members.
- 7.5. In addition to the above, the induction programme must include training in the basics of financial management and the contents of the annual financial statements.
- 7.6. While the initial induction should take place at the beginning of the Board's term, it is important that members should receive on-going training in developments that affect the business of the CMA.
- 7.7. The members must receive further relevant and ongoing training, particularly on relevant new laws, regulations and changing commercial risks, technical matters, corporate governance trends, and other relevant developments from time to time.

8. Conflict of Interests

- 8.1. The Board must establish appropriate mechanisms to ensure that members and employees act with integrity and honesty, and are not influenced by prejudice, bias, or conflicts of interest.
- 8.2. The Board must adopt a written code of conduct that sets out explicit expectations for ethical decision making and personal behaviour. It should also include other areas of Board member conduct such as diligence and good faith. In addition to the requirement of Schedule 4 of the NWA, the code of conduct should include guidance on:
 - 8.2.1. conflicts of interest, including any circumstances where a member may participate in Board discussion and voting on matters in which they have a personal interest.
 - 8.2.2. proper use of the CMA's property or information including safeguards against improper use of information
 - 8.2.3. fair dealing with the water users (as customers), employees, suppliers, competitors, and other stakeholders
 - 8.2.4. giving and receiving gifts, facilitation payments
 - 8.2.5. compliance with laws and regulations; and
 - 8.2.6. reporting of unethical decision making or behaviour.
- 8.3. The financial and non-financial interests of all members must be disclosed. Interests that should be disclosed relate to financial, professional or personal aspects, in order to identify possible conflicts of interest, and to manage conflicts appropriately. A register of such declarations must be maintained.
- 8.4. All relevant guidelines issued from time to time by DWS on and other departments relating to members and public agencies code of conduct should be adhered to.

- 8.5. A formal disciplinary process should be established to deal with non-compliance with the code of conduct.
- 8.6. The Board's code of conduct must be disclosed in the annual report.
- 8.7. The CEO must distinguish between his/her role as Board member and that of manager. Should he/she at any time be unable to reconcile the two roles he/she should withdraw from any discussion and voting.
- 8.8. The Chairperson may for good reason request the CEO to leave the Board room for any part of the Board meeting. This is especially so during deliberations relating to executive performance or remuneration.
- 8.9. The Board must further adopt a code of ethics for the CMA and its employees.

9. Committees

- 9.1. The Board will form committees consisting of non-executive members in the majority, to assist the Board to discharge its duties. The committees must have their responsibilities set out in a formal charter or terms of reference. The Board of the CMA will have the following committees, as a minimum:
 - Audit Committee as required in terms of sections 76(4) and 77 of the PFMA;
 - Executive Committee; and
 - Water Committee.
- 9.2. All committees should be chaired by a non-executive member. The Executive Committee will be chaired by the Board Chairperson. Transformation and ethics should underpin the objectives of all the committees. Such committees as may be formed may take independent professional advice at the CMA's cost as and when necessary. These committees should report regularly to the Board on their activities. The committee structure, membership and mandates should be reviewed regularly.
- 9.3. The Board may also establish other committees.
- 9.4. The Chairperson, giving consideration to the desires and expertise of individual members, should propose the assignment of members to various committees.
- 9.5. Committees should have due regard to the fact that they do not have independent decision making powers. They make recommendations to the Board except in situations where the Board authorises the committee to take decisions and implement them. Thus, in undertaking its duties, each committee should have due regard to its role as an advisory body to the Board, unless specifically mandated by the Board to make decisions.

10. Evaluation of Board Members

General

- 10.1. The Chairperson of the Board must annually report to the Minister on the performance of each member and of the Board collectively.
- 10.2. The Board must on an annual basis appraise the performance of the Chairperson of the Board and the Board as a whole and individual members, with a view to measuring the extent of the achievement by the Board as a whole, the individual members and through the leadership of the Chairperson of the objectives of the CMA together with the strategic objectives of the government to be advanced. The appraisal should include a review of the mix of skills, expertise, experience and the size of the Board, based on an independent audit of the Board as part of the annual audit of the CMA.
- 10.3. The Board should establish an evaluation criteria for the Board for which standards of conduct can be set in order to provide guidelines of good practice for Board members. These criteria should cover clarification of Board and management responsibilities; Board composition and organisation; planning and managing Board meetings; how Board's resources are allocated; information required by Board; better direction and decision making; and supervision and accountability.
- 10.4. The personal qualities of individual members evaluated should include seven groups relating to specific aspects of CMA direction: -
- Strategic perception and decision making;
 - Leadership qualities;
 - Analytic understanding;
 - Communication;
 - Interaction with others;
 - Board management; and
 - Achievement of results.

Formal evaluation of the CEO

- 10.5. The Executive Committee, comprising of only non-executive members, should make a formal evaluation of the CEO annually. The evaluation should be based on objective criteria agreed to beforehand between the Board and the CEO including, but not limited to, performance of the business, accomplishment of strategic objectives of the CMA, development of management, and leadership qualities. For this purpose the CEO may be called to an interview.
- 10.6. The committee should provide a report for deliberation to the full Board sitting without executive members and may modify its findings based on such deliberations.

10.7. The evaluation must be used by the committee in the course of its deliberations when considering the compensation of the CEO.

Formal evaluation of Board committees

10.8. The Board should evaluate the performance and effectiveness of the committees on an annual basis, to determine areas in which the functioning of the committees needs to be improved

11. Roles and Responsibilities of the CEO and Management

11.1. The roles and responsibilities of management shall include:

- 11.1.1. ensuring that the Service Level Agreements and annual Business Plan of the CMA fully addresses the mandate and strategic objectives set by legislation and the Executive Authority;
- 11.1.2. timeously providing the Board with relevant, appropriate information to enable the Board to take decisions on corrective measures to still achieve strategic objectives;
- 11.1.3. managing the business of the CMA in accordance with legislation and directives from the Board and the Executive Authority.

11.2. The role and responsibilities of the CEO shall include:

- 11.2.1. ensuring the operational performance of the CMA;
- 11.2.2. ensuring the development of the annual business plans and budgets in support of the strategic objectives of the CMA;
- 11.2.3. ensuring that the strategic objectives of the CMA are included in all the operations of the CMA, the strategic plan, business plan and KPAs and generally;
- 11.2.4. ensuring that the day to day business affairs are properly monitored and managed;
- 11.2.5. ensuring continuous improvement in the quality and value of the CMAs service delivery;
- 11.2.6. ensuring an effective management team;
- 11.2.7. ensuring compliance with all legislation and policies;
- 11.2.8. ensuring compilation of financial reports on a monthly basis and provide such financial reports to the Board on a quarterly basis that include income statements, balance sheets, budget variation reports and cash flow reports;
- 11.2.9. promoting employment equity and an organisational culture which ensures retention and development of staff;
- 11.2.10. formulating and overseeing the implementation of major corporate policies;
- 11.2.11. ensuring that all Board policies and strategies are fully implemented;
- 11.2.12. acting as chief spokesperson for the CMA;

- 11.2.13. fostering a corporate culture which promotes ethical practices and individual integrity, and fulfils a social responsibility objective;
- 11.2.14. reporting to the Board on all matters material and on all of the above; and
- 11.2.15. most importantly, ensuring that the Board Secretary is provided with information required for the reports and documentation to the Board timeously in order to ensure that notice of meetings, agendas and reports are received by Board members at least seven days prior to any meeting.

12. Board's Relationship to Staff and External Advisers

Attendance of non-members at Board meetings

12.1. The Chairperson may permit members of the CMA's staff and outside parties to attend all or part of Board meetings at specific or regular times. The purpose for such attendance is to provide the Board with expert insights to their deliberations or as capacity building for potential members. The CEO should propose such attendance and should consult the Board before reaching a decision.

Board access to senior staff and the books and records

12.2. All members should have access to management and may even meet separately with management, without the attendance of the CEO. This should, however, be agreed collectively by the Board usually facilitated by the Chairperson.

12.3. All members must at all times have access to all information in the enterprise subject to following a procedure agreed on by the Board.

12.4. The Board may during a duly constituted Board meeting go into committee to deliberate without the attendance of the CEO and or staff members in instances where the CEO and or staff members have a conflict of interest or allegations against them are considered.

13. Succession and Emergency Planning

13.1. The Board should on an ongoing basis perform a skill identification process and communicate with DWS as parent department of the CMA in regard thereto.

13.2. The Board should further institute procedures for selecting, monitoring, evaluating and replacing the CEO and other senior executives. The screening process may be delegated to the Executive Committee.

13.3. Similarly, there should be acting arrangements instituted for when the CEO is away or indisposed. Should the CEO be indisposed for an extended period or indefinitely, the

Chairperson should consult with the Board on acting arrangements, before an acting CEO is appointed.

- 13.4. The CEO must report annually to the Board on senior management succession planning, also providing details of the CMA's programme for management development.

14. Board Meetings

- 14.1. The provisions of Schedule 4 of the National Water Act govern meetings and proceedings of the committees so far as they are applicable and are not superseded by the specific conditions elaborated in these terms of reference.
- 14.2. The Board should meet regularly, at least once a quarter if not more frequently as circumstances require, and should disclose in the annual report the number of Board and committee meetings held in the year and the details of attendance of each member. The Chairperson may call further meetings in consultation with the CEO.
- 14.3. The Board should institute efficient and timely methods for informing and briefing Board members prior to meetings while each Board member is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.
- 14.4. Board members shall use their best endeavours to attend Board meetings and to prepare thoroughly for them. Board members must participate fully, frankly and constructively in Board discussions and other activities to bring the benefit of their particular knowledge, skills and experience to the Board.
- 14.5. Board members who are unable to attend a meeting should advise the chairperson at the earliest possible date and confirm this in writing to the Board Secretary.
- 14.6. The Chairperson, with the assistance of the responsible official (e.g. Board Secretary), shall establish the agenda for each Board meeting and in doing so may consult with the CEO and other members. The agenda for each meeting shall provide an opportunity for the Chairperson of the Board and the sub-committees to report orally on any matters of importance. The Chairperson should also place on the agenda any item that is proposed in writing by a member. The Board Secretary must circulate the agenda and other relevant documents to Board members at least seven (7) days in advance.
- 14.7. The CEO shall, with the assistance of the responsible official, (e.g. Board Secretary), cause information and data that is important to the Board's understanding of the business to be distributed in writing at least seven (7) days before the Board meets. This material should be as brief as possible while still providing the essential information.

- 14.8. Presentations should wherever possible be sent to the Board members in advance so that the Board's meeting time can be conserved, and the discussion time focused on questions that the Board has about the material distributed. On those occasions when the subject matter may in the opinion of the Chairperson be too sensitive to record, the presentation will be discussed at the meeting.
- 14.9. Minutes of all Board meetings shall record the decisions taken. The Board Secretary will circulate minutes of Board meetings to all Board members with the agenda of the next ordinary meeting.
- 14.10. The Board and its committees may, subject to this being sanctioned by the Chairperson in the case of the Board and by the respective committee's Chairperson in the case of the committees, take decisions on urgent and non-contentious issues, by means of the round robin resolution method. The approval of the round robin resolution must be in accordance with item 17 of Schedule 4 of the National Water Act.

15. Board Secretarial Role

- 15.1. The CMA should appoint a "fit and proper" Board Secretary to assist each member and the Board to ensure that they carry out their duties and functions effectively and to assist the CMA to comply with its statutory duties. The Board Secretary should be appointed by the Board. His/her appointment should be subject to the same "fit and proper" test to which a new member's appointment is subject. The Board Secretary's duties are the following:
- 15.1.1. ensure that the Board functions effectively;
 - 15.1.2. to develop mechanisms for continuous education and training for all Board members in order to improve and maintain the effectiveness of the entire Board, induction of new and inexperienced Board members;
 - 15.1.3. to provide guidance on good governance and business ethics;
 - 15.1.4. to determine annual Board plan and other strategic issues of an administrative nature together with the Chairperson and Chief Executive Officer. Broadly speaking, the Board Secretary guides the members;
 - 15.1.5. to provide the entire Board and individual members with detailed guidance as to the nature and extent of their duties and responsibilities and, more importantly, how such duties and responsibilities should be properly discharged in the best interest of the CMA and DWS the parent department.
 - 15.1.6. to maintain the statutory books in accordance with the legal requirements.
- 15.2. The Board must ensure that the Board Secretary is sufficiently empowered and equipped to carry out his/her duties.
- 15.3. The Board Secretary must be accessible to all members.
- 15.4. The Board Secretary or deputy shall attend all Board meetings.

16. Reservation of Powers

- 16.1. The Board has unfettered powers to direct and control the business of the CMA, and may delegate the day to day management to the executive management, but must at all times retain full and effective control over the direction and performance of the CMA.
- 16.2. The Board should delegate, in a clear and transparent manner, such powers as are necessary for the management to run the business of the CMA, while retaining sufficient powers to itself to control the management and strategic direction of the CMA. The Board may in instances of crises of the organisations revoke any powers granted to management in order to stabilize the organisation.
- 16.3. The Board should develop clear definitions of the level of materiality or sensitivity in order to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself. Delegated authority must be in writing and evaluated on a regular basis.
- 16.4. The following matters, with recommendations from committees, as may be appropriate, shall be reserved for decision by the Board:
- 16.5. Financial
- 16.5.1. the adoption of any significant change or departure in the accounting policies and practices of the CMA and its subsidiaries;
 - 16.5.2. any restructuring of the CMA;
 - 16.5.3. the raising of incremental borrowing facilities;
 - 16.5.4. the approval of the strategy, business plans and annual budgets and of any subsequent changes in strategic direction or deviations in business plans;
 - 16.5.5. the approval of annual financial statements and the approval of interim reports excluding the standard quarterly reports to be submitted to the parent department, DWS.
- 16.6. Statutory and Administrative
- 16.6.1. the appointment, removal or replacement of the external auditor of the CMA;
 - 16.6.2. the frequency of meetings of the Board;
 - 16.6.3. the determination policies in relation to employment related legislation;
 - 16.6.4. the prosecution, defence or settlement of legal or arbitration proceedings where material, except in the ordinary course of business;
 - 16.6.5. the appointment of persons to strategic positions other than senior executives, within the CMA;
 - 16.6.6. the appointment of responsible persons as may be required in terms of any statute in South Africa or elsewhere in respect of the CMA;
 - 16.6.7. the approval of the rules and amendments to the enterprise's pension and provident funds having a material effect on the actuarial liabilities of those funds;

- 16.6.8. the granting of signing authorities pursuant to the requirements in terms of law;
- 16.6.9. the appointment, removal or replacement of the Board Secretary;
- 16.6.10. the appointment, removal or replacement of the Internal Auditor; and
- 16.6.11. the formulation and amendment of the Code of Conduct.

16.7. Human Resources

- 16.7.1. the appointment of, terms of reference and changes in the composition of the committees of the Board as are established from time to time;
- 16.7.2. any determination of Board members' remuneration in terms of paragraph 2(2) of Schedule 4 of the National Water Act
- 16.7.3. the approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended by the Executive Committee, if applicable; and
- 16.7.4. the making of policies in relation to equal opportunity employment, Black economic empowerment, human capital development, environment, health and safety.

17. Risk Management and Internal Control

17.1. The Board is responsible for setting appropriate policies and confirming that necessary processes are implemented to ensure the integrity of the internal controls and risk management of the CMA. Specifically, the Board must ensure that a formal risk assessment is undertaken annually to identify and evaluate key risk areas. The Board must also ensure that it continually reviews and forms its own opinion on the effectiveness of the risk management process.

17.2. The Board's risk management policy should be clearly communicated to employees to ensure that the risk strategy of the Board is incorporated into the language and culture of the CMA.

17.3. A Board committee may assist the Board in reviewing the risk management process and the significant risks facing the CMA.

18. Monitoring of Operational Performance

18.1. The Board should ensure that procedures are in place for monitoring and evaluating the implementation of its strategies, policies and business plans, as a measure of operational performance and the CMA's management.

18.2. The Board has the responsibility to ensure that the Parent Department's performance objectives contained in the Service Level Agreement are achieved and such achievement is

reflected in the performance of the CMA. The Key Performance Objectives of the CEO and senior management must include the achievement of the Strategic Objectives.

19. Public Communications

- 19.1. Regular structured communication should take place between the Parent Department and the CMA to ensure adequate oversight by the Parent Department as well as accountability.
- 19.2. Communication means and procedures between the Parent Department and the CMA should be clearly set out in a compact.
- 19.3. The Parent Department and the Chairperson of the Board should meet at least four (4) times a year. The Parent Department and the entire Board should meet at least twice a year. At such meetings, issues such as the Minister's expectations of the CMA, problems in the management of the CMA as well as the strategic objectives of government should be discussed.
- 19.4. Public communications on the affairs of the CMA insofar as they relate to operational matters should normally be dealt with by management. The Chairperson of the Board shall communicate with the public on the policies of the CMA.
- 19.5. An individual Member however has fiduciary responsibility to a wide range of stakeholders. Where such Member is compromised by a serious matter of conscience and feels compelled to make a public communication, he or she should first discuss the matter with the Chairperson and on the Chairperson's advice, with the stakeholder.

20. Integrated Sustainability Reporting

The Board should identify, monitor and report at least annually, on the nature and extent of its social, transformation, economic empowerment, ethical, safety, health and environmental management policies and practices. The disclosure of this information should be governed by the principles of reliability, relevance, clarity, comparability, timeliness and verifiability.

21. Code of Ethics

The Board should establish the values of the CMA in support of its mission, and establish principles and standards of ethical business practice in support of such values. These principles and standards should be communicated to all staff and affected stakeholders in a codified form, and the Board should assume responsibility and accountability to stakeholders for compliance with these.

22. Integrated Sustainability Reporting

The Governing Board determines the remuneration of the Members from time to time subject to any directives by the Minister in terms of paragraph 2(2) of Schedule 4 of the National Water Act and for this purpose the Governing Board should in the absence of any directive of the Minister determine the remuneration per event day that an event or events in respect of the official business of the CMA is attended by members. This determination should not be higher than the highest category in respect of the determination of the remuneration levels in respect of service benefit packages for office bearers of certain statutory and other institutions in the absence of any directive by the Minister in this regard.

APPROVED BY THE GOVERNING BOARD UNDER ITEM 9.4.3 ON of..... 20....

CHAIRPERSON:

Annexure: Governing Board Code of Conduct

CATCHMENT MANAGEMENT AGENCY GOVERNING BOARD CODE OF CONDUCT

Preamble

Whereas the Governing Board must in terms of paragraph 8.2 of the Governing Board Charter adopt a written Code of Conduct that sets out explicit expectations for ethical decision making and personal behaviour;

Whereas the Code of Conduct should also include other areas of Governing Board member conduct such as diligence and good faith;

Whereas in addition to Schedule 4 of the National Water Act 36 of 1998, the Code of Conduct should include guidance on:

- Conflicts of interest, including any circumstances where a member may participate in Board discussion and voting on matters in which they have a personal interest;
- Proper use of the CMA's property or information including safeguards against improper use of information;
- Fair dealing with the water users (as customers), employees, suppliers, competitors and other stakeholders;
- Giving and receiving gifts, facilitation payments;
- Compliance with laws and regulations; and
- Reporting of unethical decision making or behaviour;

Whereas the in terms of paragraph 8.6 of the Governing Board Charter the Code of Conduct must be disclosed in the annual report;

Whereas the Governing Board should in terms of paragraph 21 of the Governing Board Charter establish the values of the CMA in support of its mission and establish principles and standards of ethical business practice in support of such values; and

Whereas these principles and standards should be communicated to all staff and affected stakeholders in a codified form and the Governing Board should assume responsibility and accountability to stakeholders for compliance with these;

The Governing Board determines this Code of Conduct that includes Ethics for the CMA Governing Board and its members.

1. Vision and mission

- 1.1. The Governing Board and its members shall at all times strive towards fulfilment of the CMA's vision of *INSERT CMA'S VISION*.

1.2. The Governing Board and its members shall at all times maintain the vision of the CMA. The mission of the CMA is the following:

We will in the [*name of CMA to be inserted*] Water Management Area:

- **Manage the water resources according to the National Water Act**
 - We will achieve this through the development and implementation of a Catchment Management Strategy with all stakeholders, balancing the utilization, development and protection of the water resource.
- **Manage all water uses to promote equity and efficiency**
 - We will achieve this through appropriate authorisation, pricing, control and enforcement of water use together with programmes to promote water conservation and pollution control.
- **Protect the water resources to support biodiversity and local use by communities**
 - We will achieve this through setting objectives through a consensus seeking process that balances the need to protect and sustain, with the need to develop and use the water resource.
- **Involve stakeholders in water resources decision making**
 - We will achieve this through mobilizing, empowering and consulting water users and stakeholders, focusing on expanding participation by communities, women and the rural poor.
- **Facilitate co-operation between water related institutions to promote political credibility within the *SPECIFIC CMA* Water Management Area**
 - We will achieve this through building strong relationships, advising, supporting and monitoring the water related activities of private and public sector bodies.
- **Contribute towards social and economic development in the Water Management Area**
 - We will achieve this through allocation of water and creative initiatives in support of government objectives and strategies.
- **Support the co-operative management of the *SPECIFIC CMA* basin as an internationally shared watercourse**
 - We will achieve this by supporting the Department of Water and Sanitation (DWS) to implement international agreements.

2. Values

The CMA's values are in essence the principles used to evaluate the consequences of actions (or inaction), to propose and choose between alternative options and decisions:

- 2.1. Our understanding and management of the CMA reflect the social imperatives (e.g. transformation, equity, efficiency, empowerment, development) of an emerging African democracy.
- 2.2. We practice problem solving leadership that embraces:
 - Ethics of Ubuntu (my humanity is defined by how others experience my behaviour), Simunye (we are one) and Batho Pele (people first)
 - Consensus driven stakeholder participation.
- 2.3. Decisions within our mandate are made and are justified on the basis of the best available social, technical, economic, environmental and governance knowledge.
- 2.4. We objectively balance, within our mandate, the reform and distribution of the costs and benefits of water resource use to ensure sustainable quality of human life, and social, environmental and economic justice.

3. Conflicts of interests

- 3.1. No Governing Board member may participate in any discussions, debate and decision making in respect of any matter submitted to the Governing Board or any of its committees for consideration in which the member has any form of interest other than that of being a member of the Governing Board.
- 3.2. If a Governing Board member has any interest in any matter on the agenda of the Governing Board or any committee of the Governing Board, such member must declare such interest prior to discussion of such matter.
- 3.3. If a Governing Board member is aware that he or she has any interest in any matter to be discussed at a meeting of the Governing Board or a committee of the Governing Board and such member intends not to attend such meeting, such member must inform the Chairperson of the Governing Board of such interest prior to the Governing Board meeting and the Chairperson of the relevant committee prior to such committee meeting. The relevant Chairperson shall report such interest to the Governing Board or relevant committee prior to discussion of the matter concerned.
- 3.4. A Governing Board member nor any partnership or legal person in which a Governing Board member has employment, financial interest or shareholding may not enter into any contract as service provider or supplier with the CMA and may not use any information obtained from the CMA in his or her capacity as Governing Board member for his or her private benefit.
- 3.5. A Governing Board member may not use any asset of the CMA for his or her private personal benefit or gain. Such assets may be used by a Governing Board member only for authorized official business of the CMA.

- 3.6. A Governing Board member may not receive any gifts or incentives to influence any decision making by the Governing Board or by any decision maker within the CMA structures and administration.
- 3.7. If a Governing Board member becomes aware of any contract to be awarded by the CMA to a close family member of him or her, such Governing Board member must disclose it immediately in writing to the Chairperson of the CMA who must submit such reported interest to the Governing Board at the next meeting of the Governing Board.
- 3.8. All Governing Board members must disclose their financial and non-financial interests that should be disclosed relate to financial, professional or personal aspects, in order to identify possible conflicts of interest and to manage conflicts appropriately.
- 3.9. All guidelines issued from time to time by the Minister of Water and Sanitation and other departments relating to members and public agencies/entities code of conduct should be adhered to.
- 3.10. No member may influence the Governing Board, any committee of the Governing Board or any staff member of the CMA to take a decision or to do anything in contravention of any law, legislation or policy.
- 3.11. All Governing Board members shall at all times adhere to the provisions of item 7 of Schedule 4 of the National Water Act.

4. Duties of Governing Board members

- 4.1. A Board member must at all times act honestly in performing the functions of his or her office.
- 4.2. A Board member must at all times exercise a reasonable degree of care and diligence in performing a member's functions, and in furtherance of this duty without limiting its scope, must--
 - 4.2.1. take reasonable steps to inform himself or herself about the institution, its business and activities and the circumstances in which it operates;
 - 4.2.2. take reasonable steps, through the processes of the Board, to obtain sufficient information and advice about all matters to be decided by the Board to enable him or her to make conscientious and informed decisions; and
 - 4.2.3. exercise an active discretion with respect to all matters to be decided by the Board.
- 4.3. A Board member need not give continuous attention to the affairs of the Board, but is required to exercise reasonable diligence in relation to--
 - 4.3.1. the business of; and

- 4.3.2. preparation for and attendance at meetings of, the Board and any committee to which the Board member is appointed.
- 4.4. In determining the degree of care and diligence required to be exercised by a Board member, regard must be had to the skills, knowledge or insight possessed by that member, and to the degree of risk involved in any particular circumstances.
- 4.5. A Board member, or former Board member, must not make improper use of his or her position as a member, or of information acquired by virtue of his or her position as a member to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to prejudice the institution.
- 4.6. This item must be interpreted as adding to, and not deviating from, any law relating to the criminal or civil liability of a member of a governing body of a corporate body, and it does not prevent any criminal or civil proceedings being instituted in respect of such a liability.
- 4.7. The above duties are all in terms of item 6 of Schedule 4 of the National Water Act and all members shall comply with these duties.

5. Recovery of improper profits

If a person contravenes item 7 of Schedule 4 of the National Water Act, the institution, or the Minister in the name of the institution, may recover from the person as a debt due to the institution, through a competent court, either or both of the following—

- 5.1. if that person, or any other person, made a profit as a result of the contravention, an amount equal to that profit; and
- 5.2. if the institution has suffered loss or damage as a result of the contravention, an amount equal to that loss or damage.

6. General

- 6.1. Regarding the convening of meetings, quorums at meetings, adjournment of meetings, voting at meetings and the person presiding at meetings the Governing Board and its members shall at all times comply with Part 3 of Schedule 4 of the National Water Act.
- 6.2. Any contravention of this Code of Conduct should be reported by the Chairperson to the Minister of Water and Sanitation and if the Chairperson is involved, by the Deputy Chairperson and if both the Chairperson and Deputy Chairperson are involved by the Chief Executive Officer.

ADOPTED BY THE GOVERNING BOARD ON of..... 20....

CHAIRPERSON:

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Section 2.3

Shareholder Compact



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

[Name of CMA to be inserted]

Catchment Management Agency

SHAREHOLDER COMPACT

Entered into by and between

[Name of CMA to be inserted] CATCHMENT MANAGEMENT AGENCY,
HEREIN REPRESENTED BY THE CHAIRPERSON OF THE GOVERNING BOARD,
CO-SIGNED BY ONE GOVERNING BOARD MEMBER (Item 18 of Schedule 4 of
the National Water Act 36 of 1998)

And

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA, HEREIN
REPRESENTED BY THE MINISTER OF WATER AND SANITATION

1. Introduction

- 1.1. It is a policy requirement for a Catchment Management Agency (CMA) to annually conclude a Shareholder Compact with its Shareholder.
- 1.2. The Shareholder Compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the accounting authority and the executive authority.
- 1.3. The required Shareholder Compact in the context of [name of CMA to be inserted] and the Executive Authority representing the Shareholder comprises of:
 - 1.3.1. The agreed principles, and;
 - 1.3.2. The key performance objectives, measures and indicators.

2. Interpretation

In this Shareholder Compact, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them as follows:

“The Board” means the Governing Board of *[name of CMA to be inserted]* as appointed by the Minister;

“Executive Authority” or “Minister” means the Honourable Minister of Water and Sanitation in her capacity as such, or any other Minister of State made responsible for *[name of CMA to be inserted]*;

“*[Name of CMA to be inserted]*” means the CMA deemed to continue in accordance with the National Water Act, having its principal place of business at ___physical address

“Party” means either the shareholder or [name of CMA to be inserted] and “parties” mean both the shareholder and *[name of CMA to be inserted]*;

“Shareholder” means the Government of the Republic of South Africa, represented by the Minister.

“Shareholder Compact” means this performance agreement between *[name of CMA to be inserted]* and Shareholder together with all appendices attached hereto, as defined in the PFMA.

“NWA” means the National Water Act, 1998 (Act No 36 of 1998);

“PFMA” means the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended) and regulations issued in terms of this Act.

3. Agreed Principles

- 3.1. The Shareholder Compact is designed solely to regulate the relationship between the Shareholder, on the one hand, and the Board and management on the other.
- 3.2. The Shareholder Compact is not intended to create rights and expectations that third parties may rely upon, it is being specifically recorded that this Shareholder Compact does not create, confer or afford any third party any rights or expectations in terms hereof.

4. Period

- 4.1. The Shareholder Compact will be concluded on an annual basis.
- 4.2. This Shareholder Compact is effective for the period (day and month to be inserted) 20xx to 20xx
- 4.3. It is hereby recorded that the agreed objectives, although subject to review annually, set out matters that are applicable beyond a period of a year. In the event that they are amended, the parties shall take into account initiatives already commenced on the basis of such objectives.

5. Mandate, Vision and Mission of *[name of CMA to be inserted]*

- 5.1. The mandate of *[name of CMA to be inserted]* is set out in Chapter 7 and Schedule 4 of the NWA.
- 5.2. In addition to its mandate, the Shareholder acknowledges that *[name of CMA to be inserted]* has a strategic developmental role that may require decisions that are not always optimal from a commercial perspective, but contribute to National Government's broader objectives and the growth and development in South Africa and Africa.
- 5.3. The Strategic Intent/Vision of *[name of CMA to be inserted]* is: quality water for all in the -----
----- water management area.
- 5.4. The Mission of *[name of CMA to be inserted]* is: *[name of CMA to be inserted]* mission.....

6. Strategic Objectives

- 6.1. E 6.1 In order to attain its strategic intent, [name of CMA to be inserted] has set the following strategic objectives, which will focus and direct the business activities of the organisation over the planning period....

- 6.1.1. (i) (CMA specific)
- 6.2. The [name of CMA to be inserted] strategic objectives have been specifically aligned to the strategic Goals of the Department of Water and Sanitation as set out in the Department's Strategic Plan and Annual Performance Plan
- 6.3. Each of the [name of CMA to be inserted] strategic objectives, as set out in 6.1 above, are underpinned by specific goals, defined key activities and targets. These are broadly categorized as follows:
 - 6.3.1. (CMA specific)

7. *[Name of CMS to be Inserted]* Development Role

- 7.1. Initiatives in support of [name of CMA to be inserted] developmental role can be classified into the following categories:
 - 7.1.1. Social development initiatives such as shareholder projects, BBBEE promotion, water conservation/awareness programmes, donations and social investment.
 - 7.1.2. Developmental projects that have a significant developmental impact will be regularly identified by [name of CMA to be inserted].
- 7.2. The shareholder hereby confirms that the Board is empowered to develop such high impact projects. As regards any major developmental projects, it is necessary that [name of CMA to be inserted] developmental role be fulfilled in a manner that is effective and sustainable.
- 7.3. In the event that the Executive Authority issues a directive that [name of CMA to be inserted] undertakes shareholder projects, such a directive will be issued in accordance with section 59 and or 74 of the NWA as well as item 28 of Schedule 4 of the NWA.

8. Roles and Responsibilities

- 8.1. The Shareholder:
 - 8.1.1. Is hereby empowered and hereby reserves the right to determine initiatives, projects or activities that [name of CMA to be inserted] shall undertake or become involved in, in the national interest.
 - 8.1.2. May adjust the key performance measures for [name of CMA to be inserted] to take into account [name of CMA to be inserted] developmental role.
 - 8.1.3. Shall agree on a funding allocation and plan for the [name of CMA to be inserted] functions as per the approved APP and transfer funds by 01 April annually.
 - 8.1.4. Shall agree with the Board on an amount to be set aside annually for developmental projects referred to in clause 7.
 - 8.1.5. Shall promote water resource management at the local level.
- 8.2. The Board:

- 8.2.1. Is hereby mandated to oversee and contribute to the development of the strategic intent and furthermore to oversee the management of the business in accordance with such strategic intent, annual performance plan and any applicable legislation;
- 8.2.2. Shall ensure that the CMA Annual Performance Plan (APP), incorporating its financial plan shall be submitted to the Executive Authority in terms of Schedule 4 of the NWA and Section 53 of the PFMA.
- 8.2.3. Shall ensure that its APP and its objectives, goals and targets are aligned with the strategic intent, which will inform the business focus and direction for [name of CMA to be inserted] into the future.
- 8.2.4. The strategic business targets, as set out in 'Appendix 1' hereto, will be the measure for control and monitoring of the performance of [name of CMA to be inserted] by the Executive Authority.
- 8.2.5. And its members shall exercise their skill and fiduciary duties to ensure that management pursue the objectives and targets as set out in the annual performance plan;
- 8.2.6. Commits itself to the achievement of the strategic Intent, strategic objectives and goals of [name of CMA to be inserted], and always to act within its powers and the best interests of [name of CMA to be inserted], the shareholder and customers;
- 8.2.7. Accepts responsibility to direct and guide the business in a proper manner in keeping with good governance practices, the NWA, the PFMA, this Shareholder Compact, including the annual performance plan,
- 8.2.8. Recognises the importance of speedy decision-making, and will use its best endeavours to prevent undue delays with regard to critical decisions;
- 8.2.9. Will ensure that [name of CMA to be inserted] shall, subject to relevant legislation, comply with the policies of the Shareholder, and that they adhere to acceptable governance practices in terms of reporting and accountability.

9. Undertakings by Shareholders

The Shareholder undertakes for the duration of the agreement:

- 9.1. Not to introduce new or additional requirements during the validity of this Compact other than through a process of consultation with the Board;
- 9.2. To provide reasonable notice before the introduction of any new or additional requirements;
- 9.3. That, if new or additional requirements are introduced, the parties shall amend the key performance indicators and targets;

9.4. On the specific request of the Board, to provide appropriate strategic leadership, support and direction to [name of CMA to be inserted], where necessary, to enable the Board to fulfil its fiduciary responsibilities;

10. Key Performance Measures and Indicators

The corporate strategic Key Performance Indicators for *[name of CMA to be inserted]*, as contemplated in the NWA and the PFMA, are attached hereto as "Appendix 1". It is hereby recorded that they have been accepted by the Shareholder.

Dated at.....on this the..... day of.....20____.

.....

(Chairperson)

.....

(Member of the Board)

AS WITNESSES:

1.....

2.....

Dated at.....on this the.....day of.....20____.

.....

(Minister for Water and Sanitation)

Shareholder Representative for and on behalf of the Republic of South Africa).

AS WITNESSES:

1.....

2.....

Annexure: Governing Board Code of Conduct

CATCHMENT MANAGEMENT AGENCY GOVERNING BOARD CODE OF CONDUCT

Preamble

Whereas the Governing Board must in terms of paragraph 8.2 of the Governing Board Charter adopt a written Code of Conduct that sets out explicit expectations for ethical decision making and personal behaviour;

Whereas the Code of Conduct should also include other areas of Governing Board member conduct such as diligence and good faith;

Whereas in addition to Schedule 4 of the National Water Act 36 of 1998, the Code of Conduct should include guidance on:

- Conflicts of interest, including any circumstances where a member may participate in board discussion and voting on matters in which they have a personal interest;
- Proper use of the CMA's property or information including safeguards against improper use of information;
- Fair dealing with the water users (as customers), employees, suppliers, competitors and other stakeholders;
- Giving and receiving gifts, facilitation payments;
- Compliance with laws and regulations; and
- Reporting of unethical decision making or behaviour;

Whereas the in terms of paragraph 8.6 of the Governing Board Charter the Code of Conduct must be disclosed in the annual report;

Whereas the Governing Board should in terms of paragraph 21 of the Governing Board Charter establish the values of the CMA in support of its mission and establish principles and standards of ethical business practice in support of such values; and

Whereas these principles and standards should be communicated to all staff and affected stakeholders in a codified form and the Governing Board should assume responsibility and accountability to stakeholders for compliance with these;

The Governing Board determines this Code of Conduct that includes Ethics for the CMA Governing Board and its members.

1. Vision and mission

- 1.1. The Governing Board and its members shall at all times strive towards fulfilment of the CMA's vision of *INSERT CMA'S VISION*.
- 1.2. The Governing Board and its members shall at all times maintain the vision of the CMA. The mission of the CMA is the following:

We will in the [*name of CMA to be inserted*] Water Management Area:

- **Manage the water resources according to the National Water Act**
 - We will achieve this through the development and implementation of a Catchment Management Strategy with all stakeholders, balancing the utilization, development and protection of the water resource.
- **Manage all water uses to promote equity and efficiency**
 - We will achieve this through appropriate authorisation, pricing, control and enforcement of water use together with programmes to promote water conservation and pollution control.
- **Protect the water resources to support biodiversity and local use by communities**
 - We will achieve this through setting objectives through a consensus seeking process that balances the need to protect and sustain, with the need to develop and use the water resource.
- **Involve stakeholders in water resources decision making**
 - We will achieve this through mobilizing, empowering and consulting water users and stakeholders, focusing on expanding participation by communities, women and the rural poor.
- **Facilitate co-operation between water related institutions to promote political credibility within the *SPECIFIC CMA* Water Management Area**
 - We will achieve this through building strong relationships, advising, supporting and monitoring the water related activities of private and public sector bodies.
- **Contribute towards social and economic development in the Water Management Area**
 - We will achieve this through allocation of water and creative initiatives in support of government objectives and strategies.
- **Support the co-operative management of the *SPECIFIC CMA* basin as an internationally shared watercourse**
 - We will achieve this by supporting the Department of Water and Sanitation (DWS) to implement international agreements.

2. Values

The CMA's values are in essence the principles used to evaluate the consequences of actions (or inaction), to propose and choose between alternative options and decisions:

- 2.1. Our understanding and management of the CMA reflect the social imperatives (e.g. transformation, equity, efficiency, empowerment, development) of an emerging African democracy.
- 2.2. We practice problem solving leadership that embraces:
 - Ethics of Ubuntu (my humanity is defined by how others experience my behaviour), Simunye (we are one) and Batho Pele (people first)
 - Consensus driven stakeholder participation.
- 2.3. Decisions within our mandate are made and are justified on the basis of the best available social, technical, economic, environmental and governance knowledge.
- 2.4. We objectively balance, within our mandate, the reform and distribution of the costs and benefits of water resource use to ensure sustainable quality of human life, and social, environmental and economic justice.

3. Conflicts of interests

- 3.1. No Governing Board member may participate in any discussions, debate and decision making in respect of any matter submitted to the Governing Board or any of its committees for consideration in which the member has any form of interest other than that of being a member of the Governing Board.
- 3.2. If a Governing Board member has any interest in any matter on the agenda of the Governing Board or any committee of the Governing Board, such member must declare such interest prior to discussion of such matter.
- 3.3. If a Governing Board member is aware that he or she has any interest in any matter to be discussed at a meeting of the Governing Board or a committee of the Governing Board and such member intends not to attend such meeting, such member must inform the Chairperson of the Governing Board of such interest prior to the Governing Board meeting and the Chairperson of the relevant committee prior to such committee meeting. The relevant Chairperson shall report such interest to the Governing Board or relevant committee prior to discussion of the matter concerned.
- 3.4. A Governing Board member nor any partnership or legal person in which a Governing Board member has employment, financial interest or shareholding may not enter into any contract as service provider or supplier with the CMA and may not use any information

obtained from the CMA in his or her capacity as Governing Board member for his or her private benefit.

- 3.5. A Governing Board member may not use any asset of the CMA for his or her private personal benefit or gain. Such assets may be used by a Governing Board member only for authorized official business of the CMA.
- 3.6. A Governing Board member may not receive any gifts or incentives to influence any decision making by the Governing Board or by any decision maker within the CMA structures and administration.
- 3.7. If a Governing Board member becomes aware of any contract to be awarded by the CMA to a close family member of him or her, such Governing Board member must disclose it immediately in writing to the Chairperson of the CMA who must submit such reported interest to the Governing Board at the next meeting of the Governing Board.
- 3.8. All Governing Board members must disclose their financial and non-financial interests that should be disclosed relate to financial, professional or personal aspects, in order to identify possible conflicts of interest and to manage conflicts appropriately.
- 3.9. All guidelines issued from time to time by the Minister of Water and Sanitation and other departments relating to members and public agencies/entities code of conduct should be adhered to.
- 3.10. No member may influence the Governing Board, any committee of the Governing Board or any staff member of the CMA to take a decision or to do anything in contravention of any law, legislation or policy.
- 3.11. All Governing Board members shall at all times adhere to the provisions of item 7 of Schedule 4 of the National Water Act.

4. Duties of Governing Board members

- 4.1. A Board member must at all times act honestly in performing the functions of his or her office.
- 4.2. A Board member must at all times exercise a reasonable degree of care and diligence in performing a member's functions, and in furtherance of this duty without limiting its scope, must--
 - 4.2.1. take reasonable steps to inform himself or herself about the institution, its business and activities and the circumstances in which it operates;

- 4.2.2. take reasonable steps, through the processes of the Board, to obtain sufficient information and advice about all matters to be decided by the Board to enable him or her to make conscientious and informed decisions; and
 - 4.2.3. exercise an active discretion with respect to all matters to be decided by the Board.
- 4.3. A Board member need not give continuous attention to the affairs of the Board, but is required to exercise reasonable diligence in relation to--
- 4.3.1. the business of; and
 - 4.3.2. preparation for and attendance at meetings of, the Board and any committee to which the Board member is appointed.
- 4.4. In determining the degree of care and diligence required to be exercised by a Board member, regard must be had to the skills, knowledge or insight possessed by that member, and to the degree of risk involved in any particular circumstances.
- 4.5. A Board member, or former Board member, must not make improper use of his or her position as a member, or of information acquired by virtue of his or her position as a member to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to prejudice the institution.
- 4.6. This item must be interpreted as adding to, and not deviating from, any law relating to the criminal or civil liability of a member of a governing body of a corporate body, and it does not prevent any criminal or civil proceedings being instituted in respect of such a liability.
- 4.7. The above duties are all in terms of item 6 of Schedule 4 of the National Water Act and all members shall comply with these duties.

5. Recovery of improper profits

If a person contravenes item 7 of Schedule 4 of the National Water Act, the institution, or the Minister in the name of the institution, may recover from the person as a debt due to the institution, through a competent court, either or both of the following—

- 5.1. if that person, or any other person, made a profit as a result of the contravention, an amount equal to that profit; and
- 5.2. if the institution has suffered loss or damage as a result of the contravention, an amount equal to that loss or damage.

6. General

- 6.1. Regarding the convening of meetings, quorums at meetings, adjournment of meetings, voting at meetings and the person presiding at meetings the Governing Board and its members shall at all times comply with Part 3 of Schedule 4 of the National Water Act.

- 6.2. Any contravention of this Code of Conduct should be reported by the Chairperson to the Minister of Water and Sanitation and if the Chairperson is involved, by the Deputy Chairperson and if both the Chairperson and Deputy Chairperson are involved by the Chief Executive Officer.

ADOPTED BY THE GOVERNING BOARD ON of..... 20....

CHAIRPERSON:

Appendix 1 to Annual Shareholder Compact



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Appendix 1 to Annual Shareholder Compact

[Name of CMA to be inserted]: Period *(day and month to be inserted)*
20xx to 20xx

Introduction

The performance indicators and targets in Appendix 1 of the Shareholder Compact are aligned with the relevant Ministerial Outcomes and the strategic plan of the Department of Water and Sanitation, as set out below:

Table 1: Ministerial Outcomes and Strategic plan

NO	STRATEGIC ORIENTED OUTCOME GOALS	GOVERNMENT OUTCOMES AND OTHER INITIATIVES	DEPARTMENT OF WATER SANITATION STRATEGIC OBJECTIVES	<i>[name of CMA to be inserted]</i> PROGRAMMES
1.	An efficient, effective and development-oriented sector leader	Outcome 12 (Public service) Outcome 4 (Employment) Chapter 13 of the National Development Plan (NDP)	1.1. Building skills pool and competencies	
			1.2. Effective and efficient internal control environment	
			1.3. Implement programmes that create job opportunities	
2.	Equitable and sustainable water and sanitation services	Outcome 6 (Infrastructure) Chapter 4 of the National Development Plan (NDP)	2.1. Increased sustainability in water provision	
			2.2. Enhanced provision of basic sanitation	
			2.3. Equitable water allocation	
			2.4. Improved water use efficiency	

3	Protection of water across the value chain	Outcome 9 (Local government)	3.1 Strategies for water and sanitation management	
		Chapter 13 of the National Development Plan (NDP)	3.2 Enhanced regulatory compliance	
		Outcome 10 (Environment)	3.3 Increased water ecosystem health	
		Chapter 5 of the National Development Plan (NDP)	3.4 Management of water and sanitation information	

Key Performance Indicators and Targets

Table 2: Key Performance Indicators and Targets

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS strategic objectives	CMA strategic objectives					
1. Water resource protection				Enhance and maintain water quality	Number of points sampled for water quality			
					% of Pollution incidents dealt with in accordance with the SOP			
					% of notices issued to non-complaints users			
					% of directives issues to non-complaint users			
2. Water use management				Ensure legal water use	% of water use registration completed (certificates issued)			
					% number of licences issued			
					%of General Authorisations confirmed			
					% of temporary transfers of Agricultural water use (section 25.1)			

Sub Section 3: Shareholder Compact

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS strategic objectives	CMA strategic objectives					
					Number of authorised water use Audit reports completed			
3. Integrated water resource planning				Effective IWRM	% of comments submitted to planning and development plans and applications			
4. Stakeholder interactions and empowerment				Empowered stakeholders	Number of planned stakeholder empowerment initiatives completed			
					Number of planned stakeholder interactions completed			
5. International co-operation				Skills and capacity building	Number of planned International co-operation interactions undertaken			
6. Information systems				Effective information management	Primary IT platforms available 24/7 for 95% of the time			
7. Governance				Improved performance of fiduciary	% overall Board Member Attendance			
					Number of BM performance appraisals completed			

Sub Section 3: Shareholder Compact

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS strategic objectives	CMA strategic objectives					
				duties/governance				
8. Achieve Statutory Reporting Compliance				Reporting compliance achieved	% Statutory compliance			
9. Financial Performance				Financially viable and sustainable institution	<u>Budget</u>			
					Water use charges			
					Grants and subsidies			
					Surplus			
					Donor funds			
					Other income			
					<u>Total budget</u>			
					Total expenditure			
10. Effective internal controls and risk management				Effective internal controls	Number of repeat findings			
					Number of unresolved findings			

Sub Section 3: Shareholder Compact

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS strategic objectives	CMA strategic objectives					
11. Jobs created				Permanent and contract (direct)	Total Number			
				Temporary (indirect)	Total Number			
12. Corporate Social Responsibility Initiatives				Good corporate citizenship	Number of planned initiatives implemented			
13. Training and Skills Development				Skills and capacity building	Number personnel trained			
14. Stable staffing levels				Optimal staff retention	% staff retained			
15. Increase BBBEE spend				Spend increased	% of spend increased			

Sub Section 3: Shareholder Compact

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS strategic objectives	CMA strategic objectives					
				Increased new entrants awarded contracts in financial year	Number of increase in new entrants awarded contracts			
16. Other (unique) CMA KPIs – Profiling CMA				Increased CMA visibility	Number of profiling engagements			
17. Other (unique) CMA KPIs								

Section 2.4

Committee Structure

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1. Introduction

A Catchment Management Agency can establish committees which may include an executive committee and consultative bodies to perform any of its general functions and/or to advise it, within a particular area. Committees are established within a CMA to assist both the governing board and CEO in their performance in respect to the functional areas of governance (Item 1 of schedule 4 of National Water Act). Committees are ultimately a tool at the disposal of Governing Boards and their CEOs that aids in the effective running and execution of practices in CMAs.

2. Committee Types

CMAs have several committees that serve different purposes and functions, some of these are:

- 2.1. **The Audit Committee:** All financial and legal matters are the responsibility of the Audit Committee; it ensures that a CMA is in compliance of the legal and audit matters required by law.
- 2.2. **The Executive Committee (Exco) also known as Administrative Committee:** This committee deals with the administrative and financial matters concerned with running a CMA. Corporate governance is the focus of this committee, all administrative and financial matters should contribute to an effectively governed CMA.
- 2.3. **The Water Committee also known as Technical Committee:** These committees provide assistance in the area of water management which includes effective use of water resources, activities to help with joint participation in water and activities for the benefit of maintaining sustainable water resources.
- 2.4. **Remuneration Committee:** In the initial years, linked to the inception phase of CMA development, a Human Resources/ Remuneration committee can be most useful to support and guide the structuring of the CMA together with the associated salary scales and personnel benefits.

3. Legislation

All committees take their mandate from the; National Water Act (Act No 36 of 1998) and Public Finance Management Act (Act No 1 of 1999).

3.1. The National Water Act (No 36 of 1998)

As stated in schedule 4 (19. (1)) of the National Water Act (1998)

1. The Board may, from time to time:
 - 1.1. Appoint such temporary or standing committees as it sees fit from among its members;
 - 1.2. Appoint persons other than board members to a committee;
 - 1.3. Remove any person appointed to a committee from such committee; and
 - 1.4. Determine the terms of reference of any committee, which may include -
 - 1.4.1. Full decision making powers on particular matters; or
 - 1.4.2. A requirement to refer decisions back to the board for ratification.
2. Items 7, 11, 12, 14, 15, 16, 17, 18(1) and 20 apply to a committee as if it were the Board.
3. Part 2 also applies to any member of a committee who is not a Board member.
4. A committee must report to the Board at the times and in the manner determined by the Board.

3.2. The Public Finance Management Act (Act No 1 of 1999)

The Public Finance Management Act also prescribes the establishment of an audit committee. It states under section 77 that an audit committee must:

1. Consist of at least three persons of whom, in the case of a department
 - 1.1. One must be from outside the public service;
 - 1.2. The majority may not be persons in the employ of the department, except with the approval of the relevant treasury; and
 - 1.3. The chairperson may not be in the employ of the department;
2. Meet at least twice a year; and
3. May be established for two or more departments or institutions if the relevant treasury considers it to be more economical.

4. Recommended Structures for Committees in CMAs

- 4.1. **Committee Structure of Catchment Management Agencies:** As mentioned before, there are four recommended committees in Catchment Management Agencies and these include the Audit committee, EXCO, Water committee and Remuneration committee. These committees all have specific functions and mandates handed down by the Governing Board and meet at least four times an annum. The committees are also made up of at least 5 members of the board.



Example 1: Audit Committee

Audit Committee Charter

The mandate of the Audit Committee Charter is taken from section 51 (1) (a) of the Public Finance Management Act (Act No. 1 of 1999).

This section states that an accounting authority for a public entity must ensure that that public entity has and maintains:

1. Effective, efficient and transparent systems of financial and risk management and internal control;
2. A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77;
3. An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective; and
4. A system for properly evaluating all major capital projects prior to a final decision on the project.

Mention is also made of the Code of Corporate Practices and Conduct published in the King report. This code requires management to publicly confirm that they have reviewed the effectiveness of the internal control of their organisation. The implementation of control and information systems is essential to the effective discharge of the management's responsibilities.

The establishment of the Audit Committee by the Governing Board is done in an effort to address internal control with the objective of fulfilling the Board's plans and obligations to demonstrate greater accountability and ensuring higher quality of service.

The charter is used to set out specific responsibilities delegated by the Board to the Audit Committee and details the manner in which the Audit Committee will operate in order to bring effective internal control. It also details the authority, functions and structure of the Audit Committee.

Functions of the Audit Committee

- Consider the efficacy of the internal audit function during its term;
- Review the scope of work of the internal audit service provider prior to the commencement of the audit assignment;
- Approve the Internal Audit Charter by the Board;
- Recommend the appointment and removal of the internal audit service providers;

- Review the activities, and qualifications of staff of the internal and external audit service providers;
- Approve the annual and the three-year Internal Audit Plans on budget;
- Ensure that internal and external auditors effectively perform their responsibilities and duties;
- Review quality assurance reviews performed on the internal audit function;
- Ensure internal audit complies with the relevant rules and regulations;
- Review external auditors strategic plan and approve the related fees;
- Review External Auditors and Internal Audit Provider's fee arrangements and ensure that these are in line with the Auditor-General's rates;
- Review the Annual report before its release and consider whether the financial information is appropriate, reasonable, accurate, adequate and consistent with the Committee's knowledge of the CMA and its operations;
- Report on the effectiveness of the internal controls in the Annual Report of the CMA;
- Review, sign, and submit to the Board, after the end of each quarter, a report in respect of the operations, including the income and expenditure, of the CMA in respect of the preceding quarter;
- Evaluate whether management demonstrates and supports the necessary respect for the internal control structures;
- Review and report on the CMA's compliance to legal and regulatory requirements.
- Review the adequacy and effectiveness of the CMA internal controls and make recommendations to the Board;
- Review the CMA's Strategic and Operational risks and make recommendations to the Board; and
- Review the adequacy and effectiveness of the CMA's fraud prevention and detection plans.

Responsibilities of the Audit Committee

Responsibility related to the management of a CMA:

- Financial, performance management and other reporting practices.
- Internal controls and management of risks.
- Compliance with laws, regulations and ethics.

Structure of the Audit Committee

Membership and size of the Committee

The Audit Committee comprises of at least 5 members with majority of the members appointed from the board. The following officials of a CMA shall attend all Audit Committee meetings:

- The Chief Executive Officer;
- The Executive Manager Corporate and Finance (Chief Financial Officer);
- The Board Secretary;
- The Head of Internal Audit.



Example 2: Executive Committee

Executive Committee

The Executive Committee (Exco), also known as the Administrative Committee was established by the *[name of CMA to be inserted]* Catchment Management Agency Governing Board for the purposes of assisting both the Governing Board and Chief Executive Officer to efficiently execute their roles and responsibilities with respect to the areas of governance, the office of the CEO and Corporate and Finance Department. Corporate governance is an area of great importance and the Executive Committee is used as a tool in which the Governing Board and mentioned administration units are operating at their optimal levels.

Constitution

The Exco is constituted based on the following principles:

- It is the governance and corporate committee of the Governing Board and it is directly accountable to the Governing Board.
- It is constituted in accordance with the requirements of good corporate governance.
- Powers and functions may be delegated to the Exco by the Governing Board.
- The Exco deliberates on governance and corporate issues in respect of the functional areas of Governance, office of the Chief Executive Officer and the Corporate & Finance Department and finalise the matters delegated to it and submit reports and recommendations to the Governing Board in respect of the matters not delegated to it.

Functions of the Committee

The Committee will consider reports and take resolutions on matters delegated to it and make recommendations to the Governing Board on matters not delegated to it.

General

The Exco may in the course of its duties obtain, within the limits of the CMA's budget and supply chain management policy, outside or other professional advice as it considers necessary to perform its duties.



Example 3: Water Committee

Water Committee/ Technical

The Water Committee was established by the *[name of CMA to be inserted]* Catchment Management Agency Governing Board for the purposes of assisting both the Governing Board and Chief Executive Officer in the performance of their various functions in respect of the functional areas of Water Use, Water Resource Planning & Programmes and Institutions & Participation. The primary objective is to provide an enabling environment for the Governing Board and mentioned administration units efficiently and effectively perform their functions with the emphasis on corporate governance.

Constitution

The Water Committee is constituted based on the following principles:

- It is the governance and corporate committee of the Governing Board and it is directly accountable to the Governing Board.
- It is constituted in accordance with the requirements of good corporate governance.
- Maximum powers and functions Powers and functions may be delegated to the Water Committee by the Governing Board.
- The Water Committee deliberates on governance and corporate issues in respect of the functional areas of Governance, office of the Chief Executive Officer and the Corporate & Finance Department and finalise the matters delegated to it and submit reports and recommendations to the Governing Board in respect of the matters not delegated to it.

Functions of the Committee

The Committee will consider reports and take resolutions on matters delegated to it and make recommendations to the Governing Board on matters not delegated to it.

General

The Water Committee may in the course of its duties obtain, within the limits of the CMA's budget and supply chain management policy, outside or other professional advice as it considers necessary to perform its duties.

Section 2.5

Delegations of the Board

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1. Authority to Delegate Powers and Functions

Item 1 of Schedule 4 of the National Water Act 36 of 1998 (NWA) reads as follows:

1.

(1) The Board-

- (a) is responsible for the management of the affairs of the water management institution; and
- (b) may exercise the powers of the institution.

(2) Without limiting sub item (1), it is the role of the Board-

- (a) *to decide the strategies and policies to be followed by the institution; and*
- (b) *to ensure that the institution exercises its powers or performs its duties in a proper, efficient, economical and sustainable manner.*

(3) The Board must carry out its functions as efficiently as possible, consistent with prudent commercial practice.

(4) In the absence of the chairperson, the deputy chairperson performs all the functions of the chairperson.

From item 1(1) above it is clear that the Governing Board must take all the decisions of the CMA subject to the delegation of powers done by the Governing Board.

Section 86 of the NWA reads as follows:

86.

(1) Subject to subsections (2) and (3), a Catchment Management Agency may delegate any power to-

- (a) *a member of its Governing Board;*
- (b) *an employee of any water management institution (including itself), by name, or to the holder of an office in that institution; or*
- (c) *any committee established by the Catchment Management Agency which consists only of members of the governing board or employees of the catchment management agency; and*
- (d) *any other person or body only with the written consent of the Minister.*

(2) A Catchment Management Agency may not delegate-

- (a) *the power of delegation; or*
- (b) *any power to make water use charges.*

(3) A Catchment Management Agency may only delegate a power to authorise the use of water, if this power is delegated to a committee consisting of three or more members of its Governing Board.

From section 86 and item 1 of Schedule 4 of the NWA it is clear that the Governing Board may delegate powers and functions.

2. Reservation of powers by the Governing Board

Paragraph 16 of the Governing Board Charter is quoted below reflecting the powers reserved by the Governing Board not to be delegated that must be exercised by the Governing Board at all times as is the case with the matters stipulated in section 86(2) of the NWA quoted above:

16. RESERVATION OF POWERS

- 16.1 The Board has unfettered powers to direct and control the business of the CMA, and may delegate the day to day management to the executive management, but must at all times retain full and effective control over the direction and performance of the CMA.
- 16.2 The Board should delegate in a clear and transparent manner, such powers as are necessary for the management to run the business of the CMA, while retaining sufficient powers to itself to control the management and strategic direction of the CMA. The Board may in instances of crises of the organisations revoke any powers granted to management in order to stabilise the organisation.
- 16.3 The Board should develop clear definitions of the level of materiality or sensitivity in order to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself. Delegated authority must be in writing and evaluated on a regular basis.
- 16.4 The following matters, with recommendations from committees, as may be appropriate, shall be reserved for decision by the Board:
 - 16.5 Financial
 - 16.5.1 the adoption of any significant change or departure in the accounting policies and practices of the CMA and its subsidiaries;
 - 16.5.2 any restructuring of the CMA
 - 16.5.3 the raising of incremental borrowing facilities;
 - 16.5.4 the approval of the strategy, business plans and annual budgets and of any subsequent changes in strategic direction or deviations in business plans;
 - 16.5.5 the approval of annual financial statements and the approval of interim reports excluding the standard quarterly reports to be submitted to the parent department, DWA.
 - 16.6 Statutory and Administrative
 - 16.6.1 the appointment, removal or replacement of the external auditor of the CMA;

- 16.6.2 the frequency of meetings of the Board;
- 16.6.3 the determination policies in relation to employment related legislation;
- 16.6.4 the prosecution, defence or settlement of legal or arbitration proceedings where material, except in the ordinary course of business;
- 16.6.5 the appointment of responsible persons as may be required in terms of any statute in South Africa or elsewhere in respect of the CMA;
- 16.6.6 the approval of the rules and amendments to the enterprise's pension and provident funds having a material effect on the actuarial liabilities of those funds;
- 16.6.7 the granting of signing authorities pursuant to the requirements in terms of law;
- 16.6.8 The appointment, removal or replacement of the Chief Executive Officer, Chief Operations Officer and Executive Corporate Services
- 16.6.9 the appointment of persons to strategic positions other than senior executives, within the CMA;
- 16.6.10 the appointment, removal or replacement of the Board Secretary;
- 16.6.11 the appointment, removal or replacement of the Internal Auditor; and
- 16.6.12 the formulation and amendment of the Code of Conduct.

16.7 Human Resources

- 16.7.1 the appointment of, terms of reference and changes in the composition of the committees of the Board as are established from time to time;
- 16.7.2 any determination of Board members' remuneration in terms of paragraph 2(2) of Schedule 4 of the National Water Act
- 16.7.3 the approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended by the Executive Committee, if applicable; and
- 16.7.4 the making of policies in relation to equal opportunity employment, Black economic empowerment, human capital development, environment, health and safety.

3. Delegations to the Executive Committee

The following powers and functions are delegated to the Executive Committee:

- Comments on draft legislation that is within the terms of reference of the Executive Committee.
- Delegation of Executive Committee members to represent the Governing Board and/or CMA at any CMA official event or business related to the functions of the Executive Committee within the limits of the budget.

4. Delegations to the Water Committee

- Comments on draft legislation that is within the terms of reference of the Water Committee.
- Delegation of Water Committee members to represent the Governing Board and/or CMA at any CMA official event or business related to the functions of the Water Committee within the limits of the budget.

5. Delegations to the Audit Committee

- Submission of quarterly reports to the Minister.
- Delegation of Audit Committee members to represent the Governing Board and/or CMA at any CMA official event or business related to the functions of the Audit Committee within the limits of the Budget.

6. Delegations to the Remuneration Committee

- Moderation of the performance results and determination of the performance bonuses and increases within the limits of the provisions in the budget in respect of the Chief Executive Officer, Executive Managers and Board Secretary.
- Final decision on the dismissal and demotion of staff excluding the CEO, Board Secretary and Executive Managers.
- Delegation of Remuneration Committee members to represent the Governing Board and/or CMA at any CMA official event or business related to the functions of the Remuneration Committee within the limits of the budget.

7. Delegations to the Chairperson

7.1. Representation of the Governing Board and CMA

Approval of delegations to represent the Governing Board and CMA at official events within the RSA when it is not practical or possible to submit such matter to the Governing Board for consideration and approval. This subject to the provision that such an approval of the delegation to represent the Governing Board and CMA must be reported to the next Governing Board meeting. Such delegations must be in accordance with the approved business plan and budget of the CMA.

7.2. Human Resources

Approval of all kinds of leave of the Chief Executive Officer within the available days in respect of the kinds of leave.

8. Delegations to the Chief Executive Officer

8.1. Human Resources

- Appointment of personnel of the CMA, in consultation with the relevant executive manager, excluding the Board Secretary and Executive Managers (Executive managers are the Chief Operations Officer and Executive: Corporate Services).
- Appointment of personnel to act in more senior positions in the absence of such more senior staff member, including the appointment of the acting Chief Executive Officer in the absence of the Chief Executive Officer.

- Approval of all kinds of leave of the Board Secretary and Executive Managers and in the absence of the Board Secretary and Executive Managers of the staff reporting to them.
- Delegation of staff including the Chief Executive Officer, to attend workshops, meetings, training and other official events of the CMA within the RSA and SADC countries as well as in terms of board-approved twinning agreements within the approved business plan and budget, provided that such workshops, meetings, training and other official events of the CMA within the RSA and SADC countries as well as in terms of board-approved business twinning agreements within the approved business plan and budget contribute to the key objectives and priorities of the CMA and are within the cash flow.
- Approval on recommendation of the relevant executive manager or senior manager, of the working of overtime and the payment of overtime claims (Senior manager includes the Board Secretary, Manager: Water Resource Protection & Waste, Manager: Water Utilisation, Specialist Manager: Water Resource Planning & Co-ordination, Specialist Manager: River Systems Operations, Manager: Institutions & Participation and Manager: Finance).
- Implementation of disciplinary enquiries and measures in respect of all staff except for the Board Secretary and Executive Managers.
- Entering into performance agreements with Executive Managers and where appropriate with their subordinates.

8.2. Finance

- Procurement including, the appointment of consultants and service providers following the supply chain management legislation and CMA policy.
- Appointment of Bid Evaluation and Bid Adjudication committees to evaluate and adjudicate bids, in accordance with the supply chain management framework.
- Final authorisations of all electronic bank transfers and other payments concurrently with the Executive Corporate Services subject to the condition that another authorised person shall prepare the electronic bank transfer or other payment.
- Opening of bank account.
- Invitation for suppliers and service providers to be registered on the database of the CMA and the maintenance of this database of suppliers and service providers.
- Approval of claims submitted by Governing Board and committee members in respect of pre-approved official business and activities of the CMA.
- Approval of claims submitted by the staff members in respect official business and activities of the CMA.
- Comments on the setting of water user charges in terms of the National Water Act by the Minister of Water & Sanitation (DWS)

8.3. General

- Powers and functions of the CMA in terms of section 19 of the NWA in respect of the prevention and remedying effects of pollution.
- Powers and functions of the CMA in terms of section 20 of the NWA in respect of control of emergency incidents.
- Powers and functions in Schedule 3 of the National Water Act delegated to the CMA by the Minister of Water and Environmental Affairs on 17 December 2013.

- Powers and functions of the CMA as water management institution in terms of section 25(1) of the NWA which is the temporary authorisation of alternative use of authorised agriculture water use.
- Comments on applications for water allocations.
- Comments on any environmental impact assessments related to development and or water resource management.
- Comments on all planning documents of government departments and municipalities as may be applicable regarding water resource management.
- All powers and functions delegated to Executive Managers, Board Secretary, Senior Managers and any other employees in their absence.

9. Delegations to the Executive Managers

9.1. Human Resources

- Approval of all kinds of leave of the managers reporting directly to them.
- Delegation of staff reporting within the division of the Executive Manager to attend workshops, meetings, training and other official events of the CMA within the RSA within the approved business plan and budget, provided that such workshops, meetings, training and other official events of the CMA within the RSA contribute to the key objectives and priorities of the CMA and are within the cash flow.
- Entering into performance agreements with his/her Senior Managers and where appropriate with his/her subordinates.

9.2. Finance

- Procurement related to the operations of his or her department including the appointment of service providers and consultants up to the procurement/contract value of R200 000 (VAT Incl.) following the supply chain management legislation and CMA policy.
- Approval of trip authorities and claims submitted by their respective subordinates in respect of official business and activities of the CMA within the RSA.

9.3. General

- All powers and function delegated to the senior managers reporting to the executive manager, in the absence of a senior manager reporting to the relevant executive manager.

10. Delegations to the Chief Operations Officer

10.1. Human Resources

None in addition to those in Item 9.

10.2. Finance

None in addition to those under Item 9

11. Delegations to the Executive Corporate Services

11.1. Human Resources

None in addition to those in Item 9.

11.2. Finance

- Approval of subsistence and travelling claims submitted by the Chief Executive Officer in respect of pre-approved attendance of official business of the CMA.
- Final authorisation of electronic bank transfers and other payments concurrently with the Chief Executive Officer subject to the condition that another authorised person shall prepare the electronic bank transfer or other payment.

12. Senior Managers and Manager: HR

Senior Managers include the Board Secretary, Manager: Water Resource Protection & Waste, Manager: Water Utilisation, Specialist Manager: Water Resource Planning & Co-ordination, Specialist Manager: River Systems Operations, Manager: Institutions & Participation and Manager: Finance.

12.1. Human Resources

- Approval of all kinds of leave of his or her subordinates.
- Delegation of staff reporting within the department/section of the Senior Manager or Manager: Human Resources as the case may be, to attend workshops, meetings, training and other official events of the CMA within the RSA within the approved business plan and budget, provided that such workshops, meetings, training and other official events of the CMA within the RSA contribute to the key objectives and priorities of the CMA and are within the cash flow.
- Entering into performance agreements with their subordinates.

12.2. Finance

- Procurement related to the operations of his or her section including the appointment of service providers and consultants up to the procurement/contract value of R50 000 (VAT Incl.) following the supply chain management legislation and CMA policy.
- Approval of trip authorities and claims submitted by their respective subordinates in respect of official business and activities of the CMA within the RSA.

ADOPTED BY THE GOVERNING BOARD UNDER ITEM ... ON

CHAIRPERSON

Section 2.6

Board Performance System

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1. Introduction

In accordance to the Catchment Management Agency's (CMA) board charter, "the chairperson of the board must annually report to the Minister on the performance of each member and of the board collectively". This appraisal is conducted to measure the extent to which the individual members and the board as a whole have, under the leadership of the chairperson, achieved the objectives of the CMA and the strategic objectives of the government.

A board evaluation allows for the board to reflect and assess its level of compliance to legislation particularly the National Water Act (Act No 36 of 1998), Public Finance Management Act (Act No.1 of 1999) as well as the roles and responsibilities described in the board charter. The evaluation is conducted annually and involves the evaluation of the board as a whole, evaluation of the CEO and evaluation of the board committees. The evaluation also includes a review of the mix of skills, expertise, experiences and size of the board.

In accordance to the board charter, the board should establish criteria for which standards of conduct can be set in order to provide guidelines of good practice for board members. These criteria should take into account the clarification of board and management responsibilities; board composition and organisation; planning and managing board meetings; how board's resources are allocated; information required by board; supervision, accountability and better direction and decision making.

2. Approaches to Board Assessment

The two existing CMAs; Breede-Gouritz (BGCMA) and Inkomati-Usuthu (IUCMA) took different approaches to conduct their board assessments. BGCMA contracted an independent contractor to assist with the evaluation process where the board as well as the subcommittees were/are evaluated.

IUCMA developed a board assessment questionnaire based on the King Report on Corporate Governance. IUCMA's board, the board secretary as well as the subcommittees are/were also evaluated.

Below are examples of the different approaches that were followed by BGCMA and IUCMA in conducting their board assessments.

3. Breede-Gouritz Catchment Management Agency example



Example 1: Breede-Gouritz CMA Board and Subcommittee evaluation

The BGCMA contracted PwC as an independent contractor to assist with the evaluation process including the drafting of the evaluation forms and the writing of a report on the process.

Board Evaluation

The questions are guided by the National Water Act, Public Finance Management Act and the board charter. The board members are asked to rate the boards effectiveness.

National Water Act

1. How effectively did the board decide on strategies and policies to be followed by the institution?
2. How effectively did the board ensure that the institution exercises its powers and performs its duties in a proper, efficient, economical and sustainable manner?
3. How effectively did the board prepare an annual business plan that meets the requirements prescribed by the Act, including:
 - 3.1. Setting out objectives of the institution;
 - 3.2. Outlined overall strategies and policies to achieve these objectives;
 - 3.3. Statement of services, and standards against which those services will be provided;
 - 3.4. Financial and performance indicators, and targets considered by the board;
 - 3.5. Financial targets, including strategies to achieve those targets;
 - 3.6. Forecast of revenue and expenditure, (including capital expenditure);
 - 3.7. Capacity building of board members and officials.
4. If relevant, did the board notify the Minister of matters that might materially impact on the institute's ability to meet the targets contained in the business plan?
5. How effectively did the board ensure that all money spent was properly spent and properly authorised?
6. How effectively did the board ensure that proper records and accounts of the activities, transactions and affairs of the institution and board were kept?
7. How effectively did the board ensure that there was adequate control over assets?

8. How effectively did the board ensure that all liabilities incurred were properly authorised?
9. How effectively did the board ensure efficiency and economy of operation and avoidance of waste and extravagance?
10. How effectively did the board develop the budgeting and financial system, as well as financial control system?
11. How effectively did the board discharge its oversight responsibility without becoming operationally involved?
12. How effectively did the board engage and build long term relationships with the Ministry of Water and Sanitation?

PMFA Guidelines

1. Did the board ensure that the CMA had:
 - 1.1. Effective, efficient and transparent systems of financial and risk management and internal control
 - 1.2. A system of internal audit under control and direction of the audit committee
 - 1.3. An appropriate procurement and provisioning system which is fair, equitable and transparent, competitive and cost-effective
2. The board took effective and appropriate steps to:
 - 2.1. Collect all seed funding due to the BGCMA
 - 2.2. Prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the BGCMA.
 - 2.3. The board ensured compliance with all tax, levy, duty, pension and audit commitments as required by legislation.
 - 2.4. The board took effective and appropriate disciplinary steps against employees who:
 - Contravened or failed to comply with any provisions of the PFMA;
 - Committed an act which undermined the financial management and internal control systems of the BGCMA; or
 - Made or permitted an irregular expenditure, or a wasteful expenditure.
3. The board ensured compliance by the BGCMA with all the provisions of the PFMA and all other legislation applicable to the BGCMA.
4. The board submitted a strategic plan for the BGCMA in line with the Treasury Regulations requirements to the Minister.
5. The board ensured that risk assessments were conducted regularly.
6. The board ensured that all reporting requirements as set out in the Treasury Regulations have been met.

Board Charter Requirements

1. How effectively did the Board ensure that management implemented the catchment management strategy and monitored the activities of management?
2. How effectively did the Board ensure the succession planning of senior executives?
3. How effectively did the Board ensure the appointment of senior executives?
4. How effectively did the Board review the adequacy of retirement and health care benefits of its employees and the funding thereof?

Subcommittees Evaluation

1. Audit and Finance Committee

The Audit and Finance Committee has effectively discharged its responsibilities in respect of the following:

- 1.1. Ensuring that the CMA complies with the PFMA requirements regarding disclosure, financial reporting, internal controls and conflicts of interest / ethics.
 - 1.2. Established procedures for anonymous and confidential whistle blowing.
 - 1.3. Ensuring that the procurement policy has clearly defined targets and monitors the implementation to ensure that black economic empowerment objectives are achieved.
 - 1.4. Overseeing the annual reporting process and providing commentary on the financial statements, accounting practices and the effectiveness of internal financial controls.
 - 1.5. Overseeing the implementation of a combined assurance model to provide a coordinated approach to assurance activities.
 - 1.6. Reviewing the expertise, resources and experience of the finance function and disclosing the results in the annual report. Evaluating the independence and effectiveness of the external auditors and consider non-audit services rendered by such auditors and the potential impact on independence.
 - 1.7. Reviewing prior to the commencement of external audit, the engagement letter, terms of reference and scope, procedure and engagement, audit fee, etc.
 - 1.8. Identifying key matters arising in the auditors' management letter, satisfying itself that these are being properly followed up.
 - 1.9. Monitoring and supervising the effectiveness of the internal audit function.
 - 1.10. Overseeing the risk management process with specific focus on financial reporting risks, internal financial controls, and fraud and IT risks relating to financial reporting.
 - 1.11. Monitoring the ethical conduct of the CMA, its executives and senior officials.
 - 1.12. Monitoring compliance to legislative and regulatory requirements.
-
2. Human Resources and Remuneration Committee

The Audit and Finance Committee has effectively discharged its responsibilities in respect of the following:

- 2.1. Ensuring that appropriate HR policies have been developed and implemented.
- 2.2. Developed a general policy on remuneration for senior and executive management.
- 2.3. Determined specific remuneration packages for executive management.
- 2.4. Recommend remuneration for board members to the Minister for approval.
- 2.5. Determined performance evaluation criteria for executive management.
- 2.6. Reviewed the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- 2.7. Co-ordinated its activities with the chairperson of the board and the chief executive as well as consult them in formulating the Committee's remuneration policy and when specific remuneration packages were determined.
- 2.8. Liaised with the board in relation to the preparation of the Committee's report to the Minister as required and considered whether the circumstances are such that the annual general meeting of the CMA should be invited to approve the remuneration policy set out in the Committee's report.

3. Technical Committee

The Technical Committee has effectively discharged its responsibilities in respect of the following:

- 3.1. Initiating and supporting the development of the catchment management strategy.
- 3.2. Guiding the transformation process to achieve CMA and national priorities
- 3.3. Developing institutional arrangements for stakeholder participation and empowerment for decision-making at the lowest level.
- 3.4. Playing an oversight role over the establishment and functioning of the catchment management committees and other water management institutions.

4. Inkomati-Usuthu Catchment Management Agency example



Governing Board Evaluation Checklist: Year Ended 31 March 20XX

Table 1: Governing Board Evaluation Checklist

		Yes	No	N/A	Comments/Response /Action Necessary
1.	Applicability of King Report on Corporate Governance				
	If your entity is: <ul style="list-style-type: none"> • Listed on the JSE Securities Exchange • A bank, financial institution or insurance entity as defined in South African financial services legislation • A public enterprise/entity qualifying under the Public Finance Management Act or the Local Government Municipal Finance Management Act Then the Code of Corporate Practices and Conduct applies to your entity.	X			
2.	The Board and Board Composition				
2.1	Does the IUCMA have a unitary board with a mixture of executive and non-executive members?		X		Members are appointed by Minister
2.2	Does the board have full and effective control over the IUCMA, monitoring management and ensuring the implementation of the board's plans and strategies, as well as ensuring succession is planned?				
2.3	Does the board communicate with its Executive Authority and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form?				
2.4	Is the IUCMA complying with all the relevant laws, regulations and codes of business practice?				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
2.5	Has the board defined its levels of materiality, reserving specific powers to itself?				
2.6	Has the board defined and regularly monitored its information needs and does the board have full and unrestricted access to all IUCMA information, records, documents and property?				
2.7	Does the size of the board make it effective?				
2.8	Has the board identified key risk areas and key performance indicators of the business enterprise?				
2.9	Has the board identified, and does it monitor, the non-financial aspects relevant to the business of the IUCMA?				
2.10	Are the facts and assumptions that the board relies on to conclude that the business will continue as a going concern in the financial year ahead, or why it will not do so, recorded?				
2.11	Is the board ensuring effective communication between its internal and external stakeholders?				
2.12	Has the board found the balance between conforming with governance constraints and performance?				
2.13	Is there an appropriate balance of power and authority on the board such that no one individual or block of individuals can dominate the board's decision taking?				
2.14	Does the board have a rotation programme in place to ensure continuity?			X	Members are appointed by Minister
2.15	Does the board ensure that each item of special business included in the notice of its meetings are accompanied by full explanations of the effects of any proposed resolutions?				
2.16	Does the board encourage attendance at its meetings of its members?				
2.17	Does the board disclose its charter in the annual report, confirming the board's responsibility for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
	integrity of the company's risk management and internal controls, communications policy, and director selection, orientation and evaluations.				
2.18	Are the Governing Board's Chairperson and the IUCMA Chief Executives' roles and duties segregated and defined?				
2.19	Does the board appraise the performance of both the Chairperson and the Chief Executive Officer at least annually?				
2.20	Do you have a formal orientation programme to familiarise incoming members with the IUCMA's operations, and to induct them in their fiduciary duties and responsibilities?				
2.21	Does the board receive regular briefings on relevant new laws and regulations and changing operational risks?				
2.22	Are the members individuals of calibre and credibility, and have the necessary skill and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resources and standards of conduct, and evaluation of performance?				
2.23	Does the board encourage executive members to hold other non-executive memberships to the extent that these do not interfere with their immediate management responsibilities?				
Board Meetings					
2.24	Are the board meetings held regularly to review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at high levels at all times?				
2.25	Does the annual report disclose the attendance of each member?				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
2.26	Is the board receiving relevant non-financial information that goes beyond assessing the financial and quantitative performance of the IUCMA, looking at performance factors of a qualitative nature, taking into account broader stakeholder measures?				
2.27	Are there arrangements in place to allow non-executive directors to have access to management and even meet separately with them, without the attendance of executive members?				
Board Committees					
2.28	Has the board formally delegated certain functions to committees to discharge its duties and responsibilities and to effectively fulfil its decision making process?				
2.29	Does the board have formally determined terms of reference for its committees, with agreed reporting procedures and written mandates?				
2.30	Does the board have as a minimum an Audit Committee?				
2.31	Are the composition of committees and other related information disclosed in the annual report?				
2.32	Are the board committees regularly evaluated as to their performance and effectiveness?				
2.33	Are there any other committees in existence and do they have specific mandates?				
2.34	Do non-executive members play an important role in board committees?				
2.35	Are all board committees chaired by independent non-executive members?				
2.36	Are the board committees free to take independent outside professional advice as and when necessary?				
Board and Member Evaluation					
2.37	Does the board regularly review its mix of skills and experience and other qualities to ensure effectiveness of the board as a whole, its committees and the contribution of each individual member?		X		Appointment of Members done by Minister
2.38	Are those evaluations conducted at least annually?				
Board Secretary					

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
2.39	Does the Board Secretary play a pivotal role in ensuring sound corporate governance of the IUCMA, and support the Chairperson in ensuring the effective functioning of the board?				
2.40	Does the Board Secretary provide the board and members individually and collectively with guidance on the proper discharging of their responsibilities?				
2.44	Does the Board Secretary play an important role in the induction of new or inexperienced members?				
2.45	Is the Board Secretary providing a central source of guidance and advice to the board on matters of business ethics and corporate governance?				
3.	Risk Management – Responsibility				
3.1	Does the board take responsibility for the Risk Management process and its effectiveness? Is management fully cognisant of its accountability to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the IUCMA?				
3.2	Does the board set risk policy and strategy with senior management, which is communicated to all employees and incorporated into the culture of the IUCMA? Has the board defined the IUCMA's appetite or tolerance for risk?				
3.3	Does the board make use of generally recognised risk management and internal control frameworks in order to maintain a sound system of risk management and internal control that provides reasonable assurance regarding the achievement of organisational objectives with respect to:				
	- Effectiveness and efficiency of operations?				
	- Safeguarding of the IUCMA's assets, including information?				
	- Compliance with applicable laws, regulations and supervisory requirements?				
	- Supporting business sustainability under normal as well as adverse trading conditions?				
	- Reliability of reporting? And				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
	- Behaving responsibly towards all stakeholders?				
3.4	Does the board ensure that a formal risk assessment is undertaken annually to support its public statement on risk management?				
3.5	Has the board appointed either a specific committee or one of its other sub-committees, to assist in reviewing the risk management process and the significant risks facing the IUCMA?				
3.6	Are the risk management and internal control activities of the IUCMA known and practised by all?				
Risk Management – Application and Reporting					
3.7	Has the board established a comprehensive system of control to ensure that risks are mitigated, and that the IUCMA’s objectives are attained? Does the control environment set the tone of the IUCMA and cover ethical values, management’s philosophy and the competence of employees?				
3.8	Are the IUCMA’s key risks being managed in a way that enhances DWA’s and relevant stakeholders’ interests?				
3.9	Is the process of risk management and the system of internal control communicated throughout the IUCMA?				
3.10	Is there an adequate system of internal control in place to mitigate the significant risks faced by the IUCMA to an acceptable level?				
3.11	Can the IUCMA continue business in the event of a disastrous incident that can have an impact on its activities?				
3.12	Is the board comfortable with the minimum disclosure it needs to make in relation to risk management?				
4. Internal Audit – Status and Role					
4.1	Does the IUCMA have an effective Internal Audit function that has the respect and co-operation of the board and management?				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
4.2	If not, does the board provide in the IUCMA's annual report the full reasons, and also explain how assurances regarding effective internal processes and systems will be obtained?				
4.3	Are the purpose, authority and responsibility of the internal auditing activity formally defined in a charter and consistent with the Institute of Internal Auditors (IIA) definition of internal auditing?				
4.4	Does the internal audit function report at a level within the IUCMA that allows it accomplish its responsibilities fully? Does the head of internal audit have ready and regular access to the chairperson of the Governing Board and the chairperson of the audit committee?				
4.5	Does internal audit report at all audit committee meetings?				
4.6	Where the external and internal audit functions are being carried out by the same accounting firm, does the board and the audit committee satisfy itself with the independence of the functions ("Chinese Wall")?				
4.7	Is the IUCMA's internal audit plan based on continuous risk assessment?				
	<i>Internal Audit – Scope of Internal Audit</i>				
4.8	Does the IUCMA's internal audit function operate in accordance with the IIA's definition of internal audit?				
4.9	Does the Audit Committee approve the internal audit work plan?				
4.10	Does the internal audit function co-operate with other internal and external providers of assurance to ensure proper coverage of financial, operational and compliance controls and to minimise duplication of effort?				
5.	Sustainability Reporting				
5.1	Does the IUCMA have policies and procedures and systems in place for the management of its commitment to social, ethical, safety, health and environmental				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
	practices, and does the board decide whether these are appropriately disclosed to the Minister and stakeholders?				
5.2	Is the board disclosing procurement practices relating to Black Economic Empowerment, including procurement practices and investment strategies?				
5.3	Is the board addressing Safety, Health and Environment related incidents?				
5.4	Is the board familiar with the criteria used by investment managers in regard to socially responsible investment?				
5.5	Does the IUCMA have criteria by which human capital development is measured?				
5.6	Does the IUCMA's business practices reflect human capital development requirements with a focus on demographics, gender, and people with disabilities, age, corporate training initiatives, employee development and financial investment committed?				
Organisational Integrity / Competencies					
5.7	Has the IUCMA engaged its stakeholders in determining the IUCMA's standards of ethical behaviour? Has the IUCMA demonstrated its commitment to organisational integrity by codifying its standards in a Code of Ethics?				
5.8	Does the IUCMA demonstrate its commitment to its Code of Ethics through a structured process and appropriate measurements?				
5.9	Does the IUCMA disclose the extent of its compliance with its Code of Ethics, and the steps and time-frame within which the desired end-state will be achieved?				
5.10	Does the IUCMA take action when dealing with individuals or entities not demonstrating the same level of commitment to organisational integrity?				
6. Auditing Non-Audit Services					
6.1	Has the Audit Committee drawn up a recommendation to the board for the appointment of the external auditors?				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
6.2	Do the auditors observe the highest levels of business and professional ethics, and independence?				
6.3	Does the IUCMA and its management encourage co-ordination and consultation between external and internal auditors, to ensure an efficient audit process?				
6.4	Have principles been determined for using external auditors for non-audit services? Is separate disclosure made of the amount paid for non-audit services and the nature thereof?				
Reporting of Financial and Non-Financial Information					
6.5	Does the Audit Committee determine whether or not the interim report should be subject to an independent review by the auditors?				
6.6	If so, is the Audit Committee's report commenting on the interim report and the auditors' review, tabled at a scheduled board meeting to adopt the interim report?				
6.7	If not, does the Audit Committee table the reasons why no such review was performed?				
6.8	Does the board minute the facts and assumptions used in its assessment of the going concern status of the IUCMA at the year-end?				
Audit Committees					
6.9	Does the audit committee comprise a majority of governing board members, and are the majority of the members financially literate?				
6.10	Is the Chairperson of the Audit Committee an independent non-member of the board?				
6.11	Does the Audit Committee have written terms of reference, which deal adequately with its membership, authority and duties?				
6.12	Has the audit committee satisfied its responsibilities in compliance with its terms of reference and is disclosure made in the annual report?				
6.13	Is the chairperson of the Audit Committee available at the board meetings to answer questions about its work?				

Sub Section 6: Board Performance System

		Yes	No	N/A	Comments/Response /Action Necessary
7.	Communication				
7.1	Is the board presenting a balanced and understandable assessment of the IUCMA's position in reporting to stakeholders?				
7.2	Are the IUCMA's reports and communications transparent?				
7.3	Is disclosure made by members, external auditors, management and internal auditors on the state of disclosure and internal controls in the annual report?				
7.4	Is the IUCMA taking accountability for non-financial matters?				
8.	Code of Ethics				
8.1	Has the IUCMA implemented a Code of Ethics as part of its Corporate Governance?				



Governing Board Committee Evaluation Questionnaire: Executive Committee

INKOMATI-USUTHU CATCHMENT MANAGEMENT AGENCY

GOVERNING BOARD

COMMITTEE EVALUATION QUESTIONNAIRE: YEAR ENDED 31 MARCH XXXX

COMMITTEE: EXECUTIVE COMMITTEE

Table 2: Governing Board Committee Evaluation Questionnaire: Executive Committee

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
1.	Appointment				
1.1	Is the committee appointed by the Governing Board?				
2.	Composition				
2.1	Does the Committee comprise of Governing Board members?				
2.2	Is the Chairperson appointed in accordance with the terms of reference?				
2.3	Is the Chairperson of the Committee knowledgeable of the position?				
2.4	Has the chairperson the requisite business, financial and leadership skills?				
3.	Functions and duties				
3.1	Does the Committee have a written terms of reference or charter?				
3.2	Has the Committee complied with its terms of reference?				
3.3	Has the Committee complied with its disclosure in the annual report?				
3.4	Is the chairperson of the Committee available at Governing Board meetings to respond to questions about the Committee’s work?				

Sub Section 6: Board Performance System

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
3.5	Does the Committee consider performance reports within its terms of reference from the administration?				
3.6	Does the Committee consider quarter compliance and financial reports?				
3.7	Does the Committee ensure that the risks areas of the IUCMA's operations are covered in its scope of operation?				
3.8	Does the Committee ensure compliance with legal and regulatory provisions?				
3.9	Has the committee full access to required information for recommendations and decisions?				
3.10	Does the Committee report and make recommendations to the Governing Board?				
4.	Meetings				
4.1	Does the Committee meet at least twice a year?	X			
4.2	Is the attendance of Committee meetings by members satisfactory?	X			
4.3	Is the participation of members at Committee meetings satisfactory?	X			



Governing Board Committee Evaluation Checklist: Water Committee

INKOMATI-USUTHU CATCHMENT MANAGEMENT AGENCY

GOVERNING BOARD

EVALUATION CHECKLIST: WATER COMMITTEE: YEAR ENDED 31 MARCH 20XX

Table 3: Governing Board Committee Evaluation Checklist: Water Committee

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
1.	Appointment				
1.1	Is the committee appointed by the Governing Board?				
2.	Composition				
2.1	Does the Committee comprise of Governing Board members?				
2.2	Is the Chairperson appointed in accordance with the terms of reference?				
2.3	Is the Chairperson of the Committee knowledgeable of the position?				
2.4	Has the chairperson the requisite business, financial and leadership skills?				
3.	Functions and duties				
3.1	Does the Committee have a written terms of reference or charter?				
3.2	Has the Committee complied with its terms of reference?				
3.3	Has the Committee complied with its disclosure in the annual report?				
3.4	Is the chairperson of the Committee available at Governing Board meetings to respond to questions about the Committee's work?				
3.5	Does the Committee consider performance reports within its terms of reference from the administration?				
3.6	Does the Committee consider quarter compliance and financial reports?				

Sub Section 6: Board Performance System

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
3.7	Does the Committee ensure that the risks areas of the IUCMA's operations are covered in its scope of operation?				
3.8	Does the Committee ensure compliance with legal and regulatory provisions?				
3.9	Has the committee full access to required information for recommendations and decisions?				
3.10	Does the Committee report and make recommendations to the Governing Board?				
4.	Meetings				
4.1	Does the Committee meet at least twice a year?	X			
4.2	Is the attendance of Committee meetings by members satisfactory?	X			
4.3	Is the participation of members at Committee meetings satisfactory?	X			



Evaluation Checklist Audit Committee

INKOMATI-USUTHU CATCMNT MANAGEMENT AGENCY

EVALUATION CHECKLIST: AUDIT COMMITTEE: YEAR ENDED 31 MARCH 20XX

Table 4: Evaluation Checklist Audit Committee

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
1.	Appointment				
1.1	Is the committee appointed by the Governing Board?				
1.2	Did the external members of the committee sign appointment agreements?				
2.	Composition				
2.1	Does the Committee comprise a majority of Governing Board members?				
2.2	Are the majority members of the Committee financially literate?				
2.3	Is the chairperson of the Committee an independent non-member of the Governing Board?				
2.4	Is the chairperson of the Committee knowledgeable of the position?				
2.5	Has the chairperson the requisite business, financial and leadership skills?				
3.	Functions and duties				
3.1	Does the Committee have a written terms of reference or charter?				
3.2	Has the Committee complied with its terms of reference?				
3.3	Has the Committee complied with its disclosure in the annual report?				
3.4	Is the chairperson of the Committee available at Governing Board meetings to respond to questions about the Committee's work?				
3.5	Does the Committee consider the annual financial statements?				
3.6	Does the Committee consider performance reports from the administration?				

Sub Section 6: Board Performance System

No	EVALUATION ITEMS	Yes	No	N/A	Comments/Actions
3.7	Does the Committee consider quarter compliance and financial reports?				
3.8	Is the internal audit plan approved by the Committee?				
3.9	Does the Committee consider all the internal audit reports?				
3.10	Does the Committee review the risks areas of the IUCMA's operations to be covered in the scope of internal and external audits?				
3.11	Does the Committee review the IUCMA's compliance with legal and regulatory provisions?				
3.12	Does the Committee review where relevant the independence and objectivity of the external auditors?				
3.13	Does the Committee review the effectiveness of internal control systems?				
3.14	Does the Committee review the effectiveness of internal audit?				
3.15	Does the Committee have explicit authority to investigate matters within its powers as identified within terms of reference?				
3.16	Is the Committee provided with the resources it needs to investigate matters referred to in 3.15?				
3.17	Has the committee full access to required information for investigations?				
3.18	Does the Committee report and make recommendations to the Governing Board?				
3.19	Does the Committee report on the effectiveness of the internal controls of the IUCMA in the annual report?				
3.20	Does the Committee comment on its evaluation of the financial statements in the annual report?				
3.21	Does the Committee meet at least annually with the Auditor General or the external auditor, whichever applicable, to ensure that there are no unresolved issues of concern?				
4.	Meetings				
4.1	Does the Committee meet at least twice a year?				
4.2	Is the attendance of Committee meetings by members satisfactory?				
4.3	Is the participation of members at Committee meetings satisfactory?				



Evaluation of Chairperson and Individual and Individual Board Members

INKOMATI-USUTHU CATCMNT MANAGEMENT AGENCY

Scoring:

- 1 – Not acceptable
- 2 – Room for improvement
- 3 – Good (Expected standard or level)
- 4 – Distinguishable from expected standard or level
- 5 – Exceptional distinguishable from expected standard or level

Table 5: Evaluation of Chairperson and Individual and Individual Board Members

NO	ASPECT	SCORES				
		Name of board member	xx	xx	xx	xx
1.	Strategic perception and decision making					
1.1	Contributions made that lead to decisions					
1.2	Relevancy of contributions made for decision making					
2.	Leadership qualities					
2.1	Serving the interest of the stakeholders					
2.2	Serving the interest of the institution					
2.3	Avoiding own interest					
3.	Analytical understanding					
3.1	Understanding of the mandate of the institution					
3.2	Understanding of the role of the Governing Board					
3.3	Understanding of the reports considered by the Governing Board					
3.4	Understanding of the responsibilities as member of the Board					

Sub Section 6: Board Performance System

NO	ASPECT	SCORES					
4.	Communication						
4.1	Directing of enquiries to the correct person in the institution						
4.2	Submission of apologies for meetings in time						
4.3	Responding on communication from the administration						
5.	Interaction with others						
5.1	Relations with other Board members						
5.2	Relations with staff members						
5.3	Relations with stakeholders						
6.	Board management						
6.1	Preparations for meetings						
6.2	Adherence to board resolutions and policies						
6.3	Discipline at meetings						
7.	Achievement of results						
7.1	Participation in board activities						
7.2	Attendance of board and committee meetings						
7.3	Quality of contributions and participation at meetings						
	SCORE TOTALS						

Section 3

Structuring the CMA

Section 3.1

CMA Structures and Salary Scales

Section 3.2

Remuneration policy for CEOs

Section 3.3

Draft CEO Contract

Indicative CEO Contract

CONTRACT OF EMPLOYMENT

Entered into between

The [*Full name of CMA to be inserted*] Catchment Management Agency

(The Employer)

Mr/Mrs [*Full name of CEO to be inserted*]

(The Employee)

Parties

1. The [*name of CMA to be inserted*] Catchment Management Agency ([*acronym of CMA to be inserted*]) established in terms of the National Water Act Number 36 of 1998, conducting its business at [*street address to be inserted*], herein represented by the Chairperson of the [*acronym of CMA to be inserted*] Board acting on behalf of the [*acronym of CMA to be inserted*] (hereinafter referred to as the Employer); and Mr/Mrs [*name of CEO to be inserted*] (hereinafter referred to as the Employee) and jointly referred to as the parties.

Details of the appointment

2. The Employer employs Mr/Mrs [*name of CEO to be inserted*], on a five-year fixed term performance contract, in the position of Chief Executive Officer (CEO), of the [*acronym of CMA to be inserted*] in the [*place to be inserted*] office.
 - 2.1 The probation period for this appointment will last for [*time to be inserted in words, for example, six (6)*] months.
 - 2.2 The performance of the CEO shall be subject to an annual review in line with the Performance Management and Development Systems' Policy of the Agency.

Confirmation of Application Information

3. [*Acronym of CMA to be inserted*] is entering into this employment agreement with the Employee based on the information that has been provided relating, *inter alia*, to the skills, abilities, qualifications and job-related personal details of the Employee. Should such information prove to be materially incorrect, [*acronym of CMA to be inserted*] reserves the right to withdraw from this agreement and the services of the Employee may be summarily terminated.

Duties

4. The duties and services required of the Employee's position relate to his qualifications, job level and/or service line and will be explained to the Employee by the Governing Board to which he reports.

Commencement

5. The Employee's employment with the Agency will commence on [*date to be inserted*].

Employment Salary Details

6. The Employee will be paid a total cost to the employer package of [*amount to be inserted in numbers and words*] per annum, payable in twelve (12) equal amounts monthly in arrears on or before the 25th day of each month, as from the commencement of employment.

Medical Aid

7. It is a condition of employment that all Employees (contract and permanent) of the [acronym of CMA to be inserted] should exercise the flexibility to belong to any medical aid scheme of their choice. Proof of membership with the hospital plan or Medical Aid Scheme must be supplied by the relevant medical aid scheme. Employees are required to have, at a minimum, a hospital plan to ensure proper care in case of an emergency or sudden illness. The Employee shall be responsible for 100% of contributions.
8. The firm offers no post-retirement medical aid benefit.

Pension Fund

9. As this is a contract appointment, the Employee does not qualify to participate in or belong to membership of the [acronym of CMA to be inserted] pension fund.

Group Life Cover

10. As this is a contract appointment, the Employee does not qualify to participate in or belong to membership of the [acronym of CMA to be inserted] group life cover.

Annual Leave

11. The Employee shall be entitled to twenty-two (22) working days' annual leave. Such leave shall be taken depending on the operational needs of the Employer's business, and only with the Employer's prior approval, and in accordance with the leave policy of [acronym of CMA to be inserted].
12. [Acronym of CMA to be inserted] recognises all official public holidays. All other leave entitlements, such as religious and family responsibility leave, are dealt with in accordance with the organization's leave policy.

Sick Leave

13. The organization grants thirty-six (36) days' sick leave at full pay during an unbroken three (3) year period of employment. Any days exceeding this limit are granted without pay. Employees will be required to produce a valid medical certificate for more than two (2) consecutive days of absence, two (2) occasions of sick absence in an eight (8) week period, any pattern of absences, or excessive absences. [acronym of CMA to be inserted] may choose to require proof of sickness should sickness fall in between the working days and non-working days.

Maternity Leave

14. All female Employees are entitled to four (4) months paid maternity leave in accordance with the provisions of the Basic Conditions of Employment Act and [*acronym of CMA to be inserted*] policy.

Family Responsibility Leave

15. All Employees are entitled to three (3) days' paid family responsibility leave per year, on request, when the Employee's child is born or sick, or in the event of the death of the Employee's spouse or life partner, or the Employee's parent, adoptive parent, grandparent, child, adopted child, grandchild or sibling.

Package and Performance Review

16. Annual cost of living increases in total package is in line with the Department of Public Service and Administration (DPSA) as is normally adjusted in January for Senior Management Service (SMS). The post of the CEO in the [*name of CMA to be inserted*] is an SMS post equivalent to a level [*insert the as agreed with the Minister*] post in the Public Service (Government).

Confidentiality and conflict interests

17. The [*acronym of CMA to be inserted*] has, *inter alia*, policies on confidentiality and conflict of interests ("the policies"). The policies form part of the Employees' terms and conditions of employment.
18. The policy on confidentiality requires that Employees keep confidential, indefinitely, certain information that he/she will have access to during the course of their employment. Employees will be required to sign a separate confidentiality agreement as part of the conditions of their employment.
19. In terms of the policy on conflict of interests and the CMA Code of Ethics, Employees may not engage in conduct that is in conflict with the [*acronym of CMA to be inserted*] interests, including undertaking outside work without the required written permission.
20. Employees are required to be aware of the content of the policies at all relevant times.
21. Employees are required to declare their interests.

Data Protection of Personal Information

22. The [acronym of CMA to be inserted] collects, processes, transfers, stores and uses Employees' personal information for legitimate, regulatory, client and service purposes, and for the purpose of managing the human resources, payroll, and business management process and related matters. The consent of Employees is hereby obtained for such collection, processing, transfer, storage and use of his/her personal information by the [acronym of CMA to be inserted] for the purposes stipulated and in accordance with the [acronym of CMA to be inserted] policies. Should Employees wish to withhold this consent he/she must inform [acronym of CMA to be inserted] of this fact in writing.

Office Hours

23. The [acronym of CMA to be inserted] works an eight (8) hour day commencing at 08:00, not inclusive of a half an hour for lunch. There is a five (5) day week, from Monday to Friday.
24. The nature and role of the CEO expects that he be available beyond normal office hours. It is, however, recorded that the CEO will be required to work such hours and days in accordance with the operational needs and requirements of the Agency at any particular time, which should not be less than forty (40) hours per week, five (5) days a week, from Monday to Friday on a flexible basis between 07:00 and 17:00.

Out-of-Office Assignments

25. Employees may occasionally be required to work on out-of-town assignments should the need arise.

Notice Period

26. Should the Employee intend to leave [acronym of CMA to be inserted] during the first four (4) weeks of his/her employment, he/she is required to give one (1) week's notice. After the first four (4) weeks of employment, whether during the probation period or after this period has expired, the Employee must give at least one (1) calendar month's notice.
27. Annual leave may not be taken during the notice period.

Telephone and Internet Usage

28. The use of the Employer's telephone, fax and internet facilities by the Employee shall be in accordance with the [acronym of CMA to be inserted] policies on telephone and internet usage.

Employee Assistance Programme

29. The [*acronym of CMA to be inserted*] will do all that it can to help Employees enjoy a productive life, with a healthy balance between your professional and personal goals. Employee Assistance will be provided in terms of the applicable [*acronym of CMA to be inserted*] policy in this regard.

Conditions of Service

30. Besides the terms contained in this letter, the applicable terms of the [*acronym of CMA to be inserted*] Human Resources policies apply. The [*acronym of CMA to be inserted*] also subscribes to a Code of Conduct setting out its core values and professional standards expected of staff. The Employee will be required to familiarise his/herself with its contents and any amendments to it, in so far as they relate to his/her work.

Good Faith

31. In the implementation of this Contract, the parties undertake to observe the utmost good faith and they warrant in their dealings with each other that they will neither do anything nor refrain from doing anything that might prejudice or detract from the rights, assets or interests of each other.

Interpretation of Agreement

32. The interpretation of this Contract shall be governed by the laws and legal principles of the Republic of South Africa.

Dispute Resolution

33. The parties consent firstly to the jurisdiction of the Commission for Conciliation Mediation and Arbitration (CCMA), and if the CCMA is not able to adjudicate the dispute, the Courts of the Republic of South Africa with regard to any claim resulting or arising from this contract.

Domicilium Citandi Et Executandi

34. The parties chose as their *domicilia citandi et executandi* for all purposes of this contract the addresses as set out in clause 1.

Notices

35. All notices given by either party to the other in terms of this contract shall be valid if given by pre-paid post and facsimile or delivered by hand.

Signed at on this day of, 20.....

AS WITNESSES:

1. _____
_____ EMPLOYEE

2. _____

Signed at on this day of, 20.....

AS WITNESSES:

1. _____
_____ EMPLOYER

2. _____

ADDENDUM A: RESPONSIBILITIES OF THE CEO

To carry out the functions of the CEO in terms of the Public Finance Management Act, the National Water Act, Act 36 of 1998 and as agreed upon in the annual performance agreement. In that regard, the CEO will be responsible for:

- Overall management of the Agency. In this regard, the CEO will be the Head of Administration of the Agency;
- Appointment, management and dismissal of staff in accordance with the staffing policies of the Agency. In this regard, it will be the sole responsibility of the CEO to be the overall administrator of the operational matters of the Agency;
- Assisting members of the Governing Board with respect to its powers, functions, duties, own policies and other affairs;
- Fulfilling its fiduciary responsibilities as laid out in section 50 of the PFMA (Act 1 of 1999);
- Serving as an Ex-Officio member of the Board in terms of the National Water Act No. 36 of 1998;
- Attending meetings of other relevant committees as and when possible or if required by the Board;
- Ensuring that the decisions/ resolutions of the Board are implemented;
- Negotiating and liaising with the Department of Water and Sanitation (DWS), relevant and associate entities involved in water resource management, provincial governments, local governments and other departments and institutions, the media, and international bodies and organizations in the water sector. In conducting any negotiations, the CEO will always act in the best interest of the Agency;
- Initiating, managing and overseeing annual and other planning activities of the Agency;
- Reporting;
- Representing the Agency on activities and matters of the water sector;
- In collaboration with the Governing Board, the CEO may be required to raise funds for the activities of the Agency; and
- Representing the Agency and its Board on social and other relevant occasions.

ADDENDUM B: OVERALL SUPERVISION OF OPERATIONS

- The overall supervision of the operations of the Agency will be the sole responsibility of the CEO;
- The operations shall be subject to the regulatory functions of DWS;

- Ensure that the Job Descriptions and Profiles of the Agency staff are reasonably developed; in this regard, the CEO will facilitate the drafting of the Job Descriptions and Profiles of the Agency staff;
- Implement the approved Performance Management Development System (PMDS);
- Ensure effective communication with staff;
- Deal with work place related inquiries from subordinates relating to amongst other things, Labour Relations issues and Conditions of Service;
- Subject to the policies and procedures of the Agency, consider and where appropriate approve applications for leave, claims for substance and travel and other areas for which the CEO's approval is needed;
- Make recommendations and implement the skills development needs of the Agency staff; and
- Implement the Disciplinary Procedures of the Agency as and when necessary.

ADDENDUM C: GENERAL DUTIES

It will be the duty of the CEO to ensure any policy formulation and development exercises of the Agency:

- To approve all formal work procedures;
- To participate in the skills development programme of the Agency as required;
- To foster a good corporate culture in the Agency; and
- To sign Annual Performance Agreements that makes a firm commitment to goals, tasks and project for the year.

ADDENDUM D: REPORTING RESPONSIBILITIES

- The CEO will report to the Board on regular basis; alternatively, on terms that are negotiated and agreed to between the CEO and the Board, taking into account the requirements of the National Water Act, Act 36 of 1998 and Public Finance Management Act.

Section 4

Human Resource Management

Section 5

Operational Evolution of the CMA

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List of Acronyms

CD	Chief Directorate
CMA	Catchment Management Agency
CME	Compliance, Monitoring and Enforcement (CME) Unit
CMS	Catchment Management Strategy
DMP	Disaster Management Plan
DWS	Department of Water and Sanitation
GA	General Authorisation
GB	Governing Board
GIS	Geographic Information System
HO	Head office
HR	Human Resources
HS	Hydrological Services
HYDSTRA	Surface Hydrology Information System
ICM	Integrated Catchment Management
IDP	Integrated Development Plan
IO	Institutional Oversight
IS	Information Systems
ISP	Internal Strategic Perspectives
IT	Information Technology
LETSEMA	Ministerial Project for Eradication of licence backlog
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NGIS	National Groundwater Information System
NWA	National Water Act (Act 36 of 1998)
NWRS	National Water Resources Strategy (Act 1 of 1999)
OCIO	Office of the Chief Information Officer
PFMA	Public Finance Management Act
RDM	Resource Directed Measures
RO	Regional Office
RQO	Resources Quality Objectives
RRU	Rapid Response Unit
SAP	Systems, Applications and Products (business software package)
SITA	South African State Information Technology Agency
SLA	Service Level Agreement
SLIM	Spatial and Land Information Management
TR	Treasury Regulations
VPN	Virtual Private Network
WA	Water Authorisations
WARMS	Water Use Authorization and Registration Management System
WC	Water Conservation
WDM	Water Demand Management

WMA	Water Management Area
WMI	Water Management Institution
WR	Water Resource
WRC	Water Research Commission
WRIM	Water Resource Information Management
WRM	Water Resource Management
WSDP	Water Services Development plan
WTE	Water Trading Entity
WUA	Water User Association
WULATS	Water Use Licence Authorisation Tracking System

1. Introduction

This document outlines the expected organisational development process and requirements within the various phases of setting up the Catchment Management Agencies (CMAs). The document deals with functions, delegations, systems, budget and staff recruitment within each of the phases of the CMA's evolution. The final section of the document considers the evolution of funding for the CMAs.

2. Institutional Setup Process

2.1. Process Overview

Once a CMA has been legally established and the CMA Governing Board (GB) has been appointed, the GB will need to embark on a process of organisational development so that the CMA can take on its functions.

Figure 1 presents a diagrammatic overview of the process of setting up a CMA over about the first two years of its existence; this reflects a general chronology from the gazetting of the CMA (at the top of the diagram), through to performing its initial functions and developing a catchment management strategy (CMS) (at the bottom of the diagram). The blue text indicates policies and guidelines that are required for each of these steps to be smoothly implemented.

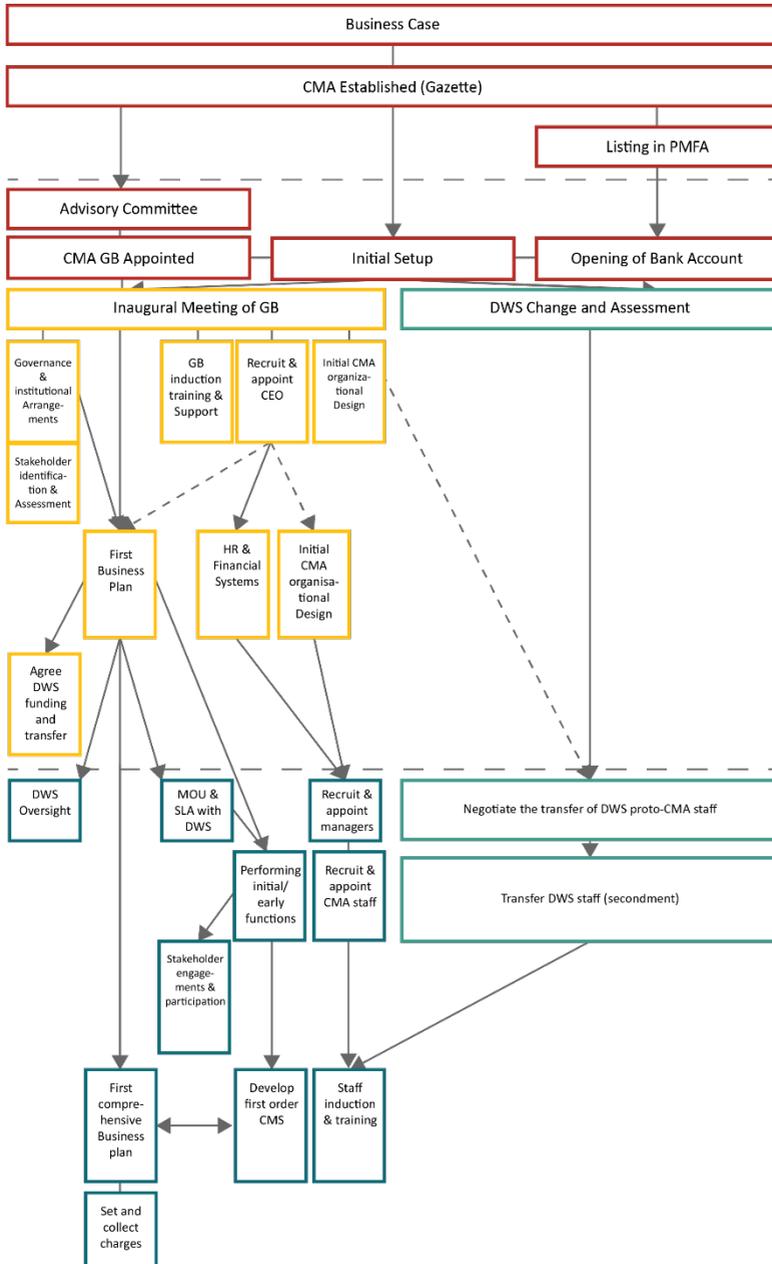


Figure 1: Diagrammatic overview of the process of setting up a CMA

3. Overview of Functions

It is envisaged that CMAs will evolve in functionality over a period of about five years. The evolution can be captured in four key functional development steps:

- Inception: Initiating the functional development of the CMA
- Phase 1: Developing relationships and legitimacy
- Phase 2: Building capacity and consolidating
- Phase 3: Attain full functionality and responsible authority

In order to perform its various functions, certain inherent powers are vested in the CMA by virtue of its establishment:

- the powers of a natural person of full capacity (Section 79(1));
- a range of powers related to planning and conducting the routine administrative and organisational business of the CMA (Schedule 4); and
- powers to make and recover charges in terms of the Minister’s pricing strategy for water use charges to cover their costs in executing (at least) the *initial functions* (Section 84(1)).

The transitional period between the establishment of the CMA (and appointment of the GB) and a fully functioning CMA poses significant management challenges, particularly for the DWS Regional Office (which will be performing those functions that have not yet been delegated). Maintaining morale and clear lines of responsibility and accountability is difficult in a perpetually changing environment. In response to this, DWS has a policy that the transfer of functions to a CMA should be accelerated as much as possible (given capacity and resource constraints), with a target of about five years for full functionality after a CMA’s establishment. This will require intensive support by DWS in many water management areas (WMAs).

Section 73(4) of the NWA indicates that the “Minister must promote the management of water resources at the catchment management level by assigning powers and duties to catchment management agencies when it is desirable to do so”. It may be desirable to delegate or assign from a national (DWS) or a CMA perspective.¹

Proposals around the functional evolution of the CMA will be the responsibility of the CMA Governing Board in consultation with DWS. This evolution should consider the following criteria:²

- establish the legitimacy of the CMA as the key WMI in the WMA;
- reflect the WRM priorities in the relevant WMA (as identified by the stakeholders);
- initially focus on those functions that are not necessarily receiving adequate attention by DWS;
- include ongoing WRM activities by local bodies;
- promote integrated, participatory and developmental WRM;

¹ DWS urgently needs to develop criteria indicating the interpretation of “desirable” in this context.

² The Guidelines on the Viability Study for the Establishment of a CMA provide more detail on the considerations for evolution of a CMA.

- consider the likely availability of resources and capacity of the CMA;³ and
- follow a coherent and phased evolutionary process.

Delegation or assignment of functions to a CMA will be based on negotiations between DWS and the CMA. These are likely to be conditional delegations or assignments, related to the way in which the functions must be performed, the transfer of existing DWS staff with the functions and possibly funding arrangements.

The need for a coherent and phased process implies that functions should be delegated and/or assigned as “packages” with operational groups of associated staff. The concept of proto-CMAs within the DWS RO will facilitate these groupings. This should provide for a continuous and coherent development of the CMA within the existing institutional environment, which makes technical and administrative sense, in terms of the institutional evolution of the CMA.

4. Inception

Once the CMA GB has been appointed, the first step is the Inaugural Meeting of the CMA GB. At this meeting, a number of issues need to be covered, including:

- Outlining the role and function of the CMA and GB, including planning of a first Induction and Training Session for GB members;
- Training Starter pack;
- Appointing a chair and deputy-chair;
- The process and considerations for appointing the CMA CEO;
- Outlining a process for preliminary business planning; and
- Setting the GB meeting dates for the next six to 12 months.

4.1. Functions

The primary objective for the Governing Board in the first six months of the CMA’s existence is the establishment of a functioning organisation. Key elements in this process are outlined below, reflecting steps indicated in the figure above.

- DWS must provide direct support to the GB (or ensure that adequate support is contracted), particularly for first three to six months until a CEO is in place.

Important elements of this support are:

- Secretariat and logistical organisation for the Board;
- Managing the CMA finances on behalf of the GB;
- Facilitating and coordinating the organisational design and business planning;

³ The CMA should not be enabled to only select certain functions (i.e. cherry-picking), leaving the less desirable functions for DWS. However, requiring the CMA to perform particular functions (including those where the CMA is acting as an agent for DWS in terms of national strategic purposes) may be associated with the need for DWS to provide financial support for those functions. This policy issue needs to be further elaborated, particularly where the implementation of the Pricing Strategy has not been entirely implemented or effective.

- Assisting with the recruitment of the CEO; and
 - Planning and coordinating CMA GB induction and training session(s).
- The GB should agree on the location of the CMA as soon as possible, to avoid confusion in staff appointments and stakeholders. The CEO together with the CMA appointed Board should determine the location of CMA within the region. The following selection criteria are proposed:
 - Accessibility to all relevant locations within the CMA;
 - Cost effective and able to provide additional space for expansion;
 - Easily accessible to staff who may not have their own transport;
 - Near infrastructure, such as banks, audit/ accounting support, shops, etc.; and
 - Politically acceptable to stakeholders in the WMA.

To ensure standardisation, it may be appropriate for the GB to set a rate range (Rand per square metre) within which the CMA must finalise its rental requirements.

- The GB must recruit and appoint a CEO, which involves developing a job description, conducting a job evaluation (including remuneration), outlining conditions of service, advertising the position, short-listing and interviewing candidates (possibly with some testing), and finally making an appointment. This process will take between three and six months from the Inaugural Meeting until the CEO takes up office.
- The CEO will be primarily responsible for establishing the CMA as an organisation, following the strategic direction, organisational design and business plan provided by the GB. This will include finding office space, accessing the required infrastructure, and setting up the HR, financial and information systems for the CMA.
- The CMA GB should establish, recognise and/or maintain consultative structures, preferably linked to the institutional development process that was part of the CMA establishment process. These may include catchment management committees, catchment forums or other water related bodies.
- The GB will need to conduct a detailed organisational design process within about four months of its inauguration, if it is to appoint any staff within the first six months. This must be linked to the business plan and should include the strategic direction of the CMA, functions to be performed and organisational structure. Procedures and staffing must also be developed, the latter with job descriptions and evaluations (linked to an approved remuneration system) at least for the organisation in the first two years.
- The GB must formulate the preliminary Business Plan (to be completed within six months), focusing on organisational development and a financial plan. The CEO is only likely to be appointed after three months, so this preliminary plan will primarily be developed by the GB, without the CEO (which is different from the first comprehensive plan).
- The CMA GB needs to negotiate with DWS about the take up of initial functions and the transfer of other early functions during at least the first two years. This must include negotiation around the transfer of DWS proto-CMA staff as a coherent “business unit”, together with relevant infrastructure and funding.

- The CMA staff may be recruited and appointed, once the organisational design is complete and the issues around DWS staff transfer are clear. This would begin with the managers reporting to the CEO, followed by other relevant staff members.
- The transfer of DWS staff (with budgets and infrastructure) may occur once the CMA managers have been appointed, pending transfer to the CMA once all the organisation is stable and relevant systems are in place.

4.2. Delegations, Power and Duties

During this inception phase the focus is effectively towards establishing the governance framework of the CMA as well as establishing the basis for the operational development of the CMA. It is important to note that whilst the CMA obtains initial functions by virtue of its establishment, at this juncture it is a number of inherent functions that are most important at this stage. These inherent functions that are key at this juncture are enabled through Section 79(2) and Schedule 4:

Table 1: Inherent Functions of The CMA Under The NWA

INHERENT FUNCTIONS OF THE CMA UNDER THE NWA	
S79:	General powers and duties of CMAs
S82(2):	Recommendation by members of the Governing Board of members to be appointed as chairperson and deputy chairperson
S82(5):	Establishment of committees, including an executive committee and consultative bodies
SCHEDULE 4 OF NWA MANAGEMENT AND PLANNING OF WATER MANAGEMENT INSTITUTIONS	
Part 1: Governing Board	
Schedule 4(1)	Functions and powers of Governing Board
Schedule 4(3)	Appointment of CEO by Board
Schedule 4(3)	Removal of CEO by Board
Schedule 4(9)	Convening meetings of the Board
Schedule 4(10)	Notices of meetings
Schedule 4(15)	Minutes of Board meetings
Schedule 4(16)	Participation in meetings
Schedule 4(17)	Resolutions without meeting
Schedule 4(18):	Execution of documents
Schedule 4(19):	Appointment of committees by the Board
Schedule 4(20):	Power to regulate its own proceedings subject to Part 3 of Schedule 4
Part 4: Institutional Planning	

Schedule 4(21)	Preparation of business plans by the Board
Schedule 4(25):	Submission of business plan to Minister
Schedule 4(25)(3)	Board to consult with Minister and revise business plan according to changes agreed between it and the Minister
Schedule 4(26):	Board to inform Minister of significant events that might prevent or materially affect achievement of the objectives of the institution
Part 6: Records and reporting	
Schedule 4(32):	Board must ensure proper financial records and accountability
Schedule 4(33):	Preparation and submission of annual report to Minister and tabling in Parliament

4.3. Systems

During this inception phase it is therefore important to establish, the administrative, financial and necessary information systems in order to support the requirements of Schedule 4 and to support the organisational development after the appointment of the CEO. Schedule 4, Item 32(3) notes that:

32(3): The Board and the Chief Executive Officer of the institution must each do all things necessary to -

- (a) ensure that all money payable to the institution is properly collected;*
- (b) ensure that all money spent by the institution is properly spent and properly authorised;*
- (c) ensure that there is adequate control over all assets acquired for the purposes of the institution, or managed or controlled by it;*
- (d) ensure that all liabilities incurred on behalf of the institution are properly authorised;*
- (e) ensure efficiency and economy of operations and avoidance of waste and extravagance;*
- (f) develop and maintain an adequate budgeting and accounting system; and*
- (g) develop and maintain an adequate financial control system.*

This implies that the following systems will be needed, noting that not all are necessarily IT-based systems:

- **Administration:** Human resource management, records management, asset management and procurement.
- **Information:** The key system requirement at this juncture would be WARMS so that the CMA can start as early as possible working on its revenue base.

- **Financial:** Financial controls will be needed as soon as possible to ensure the approval by the Auditor General to open a bank account. The Department is intending to provide SAP to the CMAs, but with the systems and capacity requirements to support this, it may be pertinent in the first instance to obtain PASTEL in order to ensure there is a functional financial system as early as possible.

4.4. Staff Recruitment

4.4.1. Appointment of the CEO

The Governing Board will need to fast track the appointment of the CEO as a matter of priority. Ideally, the CEO should be involved in the development of the first business plans as well as play a central role in the organisational design of the CMA. A CEO would be appointed on a three-year contract by the CMA Governing Board. Suggested criteria for appointment:

- Previously disadvantaged population groups as a preference;
- At least five years' managerial experience with a medium size entity, preferably water or public sector related;
- Able to converse in the appropriate languages of the region;
- Has an understanding of financial matters, particularly budgetary control; and
- Able to communicate easily with government, the private sector and stakeholders.

4.4.2. Recruitment of Managers and Staff

The recruitment of CMA managers and staff would be by the CEO, but with approval for managerial appointments by the Governing Board. This would be based on the organisational design, particularly the job descriptions and job evaluations (remuneration). Certainly the CEO would initiate this process during this inception phase which includes the development of job descriptions and obtaining Board approval for these posts. However, this process will only be completed during the next phase.

4.5. Budget

Organisational establishment costs include:

- appointing the Governing Board and initially building its capacity (additional to the cost of the Board operations and administration covered in the CMA expenditure) as well as including change management processes;
- appointing a CEO;
- setting up the CMA business and information management systems to enable its operation, including the first business plan and human resources strategies;
- setting up the CMA in terms of appointing or transferring its initial staff complement and developing the first revised business plan; and
- initial capital expenditure on communications, computers and obtaining/remodelling premises.

The estimated costs would be in the order of R3.75 million for this initial period of six months.

5. Phase 1: Develop Relationships and Legitimacy

Once the CMA has been established as an organisation, the business of performing its water resources management functions should begin.

- The CMA will take up its initial functions as staff are appointed and transferred. This will include the following, and these are elaborated on in more detail below:
 - The initiation and development of a catchment management strategy (CMS) process, involving stakeholder participation;
 - Completely taking over the maintenance of stakeholder participation structures, including further establishment of these structures where they are needed; and
 - Developing institutional mechanisms to support the coordination of water related activities by water users and institutions within the WMA.
- The CMA should take transfer of the early water use functions by the end of the first year. This would also be linked to the transfer of DWS proto-CMA staff (infrastructure and budgets). As the water use functions and staff are closely linked to those associated with the initial functions, take up of these two sets of functions needs to be coordinated.
- The CMA (led by the GB and CEO) should compile its first comprehensive business plan (as required under Schedule 3 of the NWA) for presentation at the end of its first complete year (to coincide with the government MTEF financial planning cycle), once staff have been appointed. The framework for this planning will align with the Department's planning and that of broader government and will include a five-year Strategic Plan and an Annual Performance Plan. This must also link to the DWS timeframes for establishing water use charges (under the Pricing Strategy).
- The CMA should aim to complete and gazette its first order catchment management strategy within about 24 months, and this should guide the implementation of its initial and early functions as well as the development of the CMA's second version of the Strategic Plan and the next Annual Performance Plan.

5.1. Functions

5.1.1. Initial Functions

Section 80 of the NWA defines the initial functions of a CMA:

- to **investigate and advise** interested persons on the protection, use, development, conservation, management and control of the water resources in its water management area;
- to develop a **catchment management strategy**;
- to **co-ordinate the related activities** of water users and of the water management institutions within its water management area;
- to **promote the co-ordination of its implementation** with the implementation of any applicable development plan established in terms of the Water Services Act, 1997 (Act No. 108 of 1997); and

- to promote **community participation** in the protection, use, development, conservation, management and control of the water resources in its water management area.

While these may seem to be relatively straightforward, they entail a great deal of what the DWS regional office WRM components (proto-CMAs) are intended to do (or are currently not doing adequately). The following presents an interpretation of what this may involve:

Investigate and advise

- WR studies and investigation
 - Conduct/ commission studies of water resources
- Planning
 - Advise DWS on WMA issues in NWRS and national processes
 - Advise users/ institutions on implications of CMS/ NWRS for water resource development
- Resource directed measures
 - Advise DWS on classification of water resources (&RQO)
 - Advise DWS on reserve determination
 - Advise users/ institutions on implications of CMS/ RDM
- Information
 - Provide available WR & other information to stakeholders
 - Requires maintenance of information systems (based on those in DWS)
- Authorisation of water use
 - Receive licence applications and advise users (to CMS)
 - Advise users/ institutions on implications of CMS for water use
 - Advise DWS on licence applications or WMA authorisation issues
 - Advise DWS & users/ stakeholders on demand management
 - Advise DWS & users/ stakeholders on compulsory licensing process
 - Advise DWS & users/ stakeholders on restrictions or directives on water use
- Disaster Management
 - Advise DWS & institutions on the management of floods, droughts and pollution incidents

Catchment Management Strategy

- Conduct, commission or participate in investigations/ studies to support management decisions for strategy development
 - Requires maintenance of information systems aligned to DWS
- Develop management strategies
 - WR management/ reconciliation

- Allocation plans and WQ management plans
- Institutional development
- Participation and empowerment
- Information management & WMA monitoring
- Consult strategy with stakeholders
 - Participation structures
 - Formal consultation (gazetting, etc.)

Coordinate CMS implementation with WSDP implementation

- Coordinate/ align CMS and WSDP development
- Cooperative governance with LG water services, in terms of WS-WRM interaction and WSDP implementation

Coordinate water users and institutions

- Coordinate activities of water users in accordance with the CMS
- Foster cooperative governance (particularly local government)
- Coordinate WMI (particularly WUA, water boards in terms of WR management)
- Institutional development of stakeholders

Stakeholder Participation

- Establish and manage structures to enable stakeholder participation
- Consult with stakeholders about WRM decisions
- Promote awareness and empower stakeholders to participate

This is a comprehensive list of activities, many which can be taken up as the relevant DWS staff.

5.1.2. Other Phase 1 Functions

It is important to note that the staff that are currently performing the above types of functions are also the key people involved in water use management functions at the DWS regional office (proto-CMA) level. Attempting to divide the staff associated with these functions is likely to make neither component viable, so it is recommended that the following water use management functions (and staff) be transferred with the initial functions as a coherent business unit:

- Accept and process licence applications;
- Register and validate water use;
- Control of water use;
- Abstraction, SFR, waste discharge & disposal, and instream water use;
- Compliance monitoring; and
- Enforcement of water use authorisation conditions (cooperatively with DWS).

As an inherent function, CMAs should, during this phase, be responsible for determining their water user charges for abstraction uses, based on information provided by DWS in relation to registered water use and allocable water quantity.

The CMA should also be responsible, during this phase, for verifying account information generated by DWS before the distribution of bills, and the managing of customer queries and customer care.

5.2. Delegations, Powers and Duties

During this phase the CMA starts to functionally develop to not only develop the CMS as its blue print for water resource management, but starts to develop a more operational relationship with its stakeholders. This is important as the CMA must start to develop further financial controls within its area of operation to ensure improved revenue collection. Part of the process of improving the revenue base is to simultaneously start providing more hands-on services to its stakeholders.

Appropriate initial and inherent powers and duties at this juncture include:

Table 2: Initial and Inherent functions

Initial and Inherent functions	
Initial functions	
Chapter 2: Water Management Strategies, Part 2:S8	Establishment of catchment management strategy.
NWA, Chapter 7; S 80 (a):	To investigate and advise interested persons on the protection, use, development, conservation, management and control of the water resources in its water management area.
NWA, Chapter 7; S 80 (b):	To develop a catchment management strategy.
NWA, Chapter 7; S 80 (c):	To co-ordinate the related activities of water users and of the water management institutions within its water management area.
NWA, Chapter 7; S 80 (d):	To promote the co-ordination of its implementation with the implementation of any applicable development plan established in terms of the Water Services Act, 1997 (Act No. 108 of 1997).
NWA, Chapter 7; S 80 (e):	To promote community participation in the protection, use, development, conservation, management and control of the water resources in its water management area.
Inherent functions	
S19:	Prevention and remedying effects of pollution.

S20 (4) (d)	The CMA may give verbal or written instructions to a responsible person on measures to be taken regarding an emergency incident. A verbal directive must be confirmed in writing within 14 days.
S20 (6) – (9):	The CMA may take remedial action and claim for the costs of that remedial action.
S57(2):	Application of pricing strategy: making of charges within a specific water management area and payable directly to the CMA.
S84(1):	Funding of CMAs: A CMA may raise any funds required by it for the purpose of exercising any of its powers and carrying out any of its duties in terms of this Act.
S85:	Documents relating to litigation: A CMA must provide to the Director General copies of all pleadings, affidavits and other documents in possession of the CMA relating to any proceedings instituted against the CMA.
S86:	Delegation of powers by CMA.
S124:	Appointment of authorised person.
S135:	Ownership of waterworks on land belonging to another.
S136:	Transfer of personal servitudes.
S145(1):	Duty to make information available to the public.
S155:	Interdict or other order by High Court – CMA may apply to the High Court for an interdict against a person who has contravened the Act.
S159:	Effect of delegation: Delegation of a power does not prevent the exercise of that power by the person who made the delegation; delegation may be made subject to conditions.
SCHEDULE 6: WATER TRIBUNAL	
Part 2: Lodging and hearing of appeals and applications	
Schedule 6(5)(3):	A CMA against whose decision or offer an appeal or application is lodged must within a reasonable time: (a) send the Tribunal all documents relating to the matter, together with the reasons for its decision; and (b) allow the appellant or applicant and every party opposing the appeal or application to make copies of the documents and reasons.

During this phase a number of delegations are required as reflected below.

Table 3: Function of CMA to be assigned or delegated by Minister

Function of CMA to be assigned or delegated by Minister	
Chapter 6: General powers and duties of Minister and Director General	
Part 1: Delegations, directives, expropriation, condonation and additional powers	
S68:	Intervention in litigation
Chapter 8: Water User Associations	
S92:	Procedure for establishment of water use associations <i>Where the WUA does not have government owned infrastructure or government guaranteed loans</i>
S95:	Directives to water user associations <i>Where the WUA does not have government owned infrastructure or government guaranteed loans</i>
S96:	Disestablishment of water user association <i>Where the WUA does not have government owned infrastructure or government guaranteed loans</i>
S97(1)(b); (4) S97:	Winding up affairs of disestablishment water user association <i>Where the WUA does not have government owned infrastructure or government guaranteed loans</i>
Chapter 11: Government Water Works	
S110:	Consultation and environmental impact assessment <i>In relation to government waterworks pertaining to monitoring infrastructure for CMA requirements only</i>
SCHEDULE 3: POWERS WHICH MAY BE EXERCISED AND DUTIES TO BE PERFORMED BY CMAS ON ASSIGNMENT OR DELEGATION (SECTIONS 72, 73 AND 151(1)(L))	
Schedule 3(4)	CMA may require establishment of management systems
Schedule 3(5):	CMA may require alterations to waterworks
Schedule 3(6):	CMA may temporarily control, limit or prohibit use of water during periods of water shortage

5.3. Systems

The first two years of the CMA's existence are seen as being focused on developing administrative systems, developing a catchment management strategy, building relationships and building its profile amongst stakeholders in the WMA. These will include information management system like WARMS, SAP, and HR systems. The Starter Pack will include CMS guidelines, business plan guidelines, pro-forma policies and tools that CMAs can use as the basis for their own policy and systems development.

Given the sub-catchments of the WMAs, the different water availability and requirement needs, the integration of information management systems is crucial. Integration of information and the relevant management system is key to water resource management. Data and information acquisition, management and sharing/dissemination are key to fulfilling the role of the CMA. The information management functional area will focus on providing comprehensive and consistent information at all levels, set-up effective information systems, including establishing strategic interfaces with DWS information systems where necessary to improve access to information by stakeholders. The key aspects of this function are set out below:

- *Monitoring systems:* the CMA must put in place the necessary monitoring of water use and resource status tools that they need to perform their functions, over and above the national monitoring conducted by DWS;
- *Data and information systems:* the CMA must put in place the necessary databases and information systems to capture the relevant data to be provided by DWS from the national information system and from their own monitoring systems. These must cover water use (registration and authorisation), and resource status (water quality and quantity). These systems must interface effectively with the DWS systems and with other related CMA systems. DWS will need to put in place appropriate protocols to ensure that this is possible.
- *Information assessment:* The CMA must be in a position to analyse the information to provide trends and evaluation assessment to the planning and management sections so that they are able to respond appropriately to ensuring effective use and management of water resources.

The information manager must be an integrator, facilitating the integration of water resource information to corporate and strategic information systems, in particular keeping up to date information on registrations and water use to support revenue collection and strategic planning process at WMA and National level.

It is anticipated that the billing and collection of WRM charges for CMAs will initially be undertaken centrally by DWS, but that once a CMA has been established and is demonstrating sound governance and financial management, a process of decentralisation would begin (probably resulting in the development of a separate billing and financial management system by the CMA). This process is discussed here in more detail:

- Initially DWS will bill water users, collect revenue and allocate funds to the CMA from the ICM Trading Account. The existing system and business process for billing and collection of water use charges, with a consolidated invoice and centralised management of the system, are appropriate. All risk is borne by DWS and this is supportive of a fledgling CMA.
- Following the establishment of a CMA and the transfer of any relevant staff from DWS, the CMA will focus on stakeholder buy-in and becoming a credible, customer-oriented organisation as well as working towards the development of its catchment management strategy. The CMA must seek to cement its credibility and legitimacy around its role in the new WMA and must be able to respond to queries on water use authorisation and

associated billing soon after establishment. Concurrently, the CMA will encounter a range of establishment costs as area office premises are secured and information systems are developed. At this stage of development of the CMA the billing and collection cycle could be split between the CMA and DWS as follows:

- the CMA will take over the customer relations responsibility, and determine water use charges.
 - DWS will ensure that the CMA has access to key systems such as WARMS that assist the CMA with issues regarding registration of water use.
 - The centralised DWS SAP system will be used for billing, debt management and financial accounting, with WRM charges submitted to DWS by the CMA. Transfers from the trading account and the DWS main account will be made to the CMA account according to the arrangements agreed to in the CMA business plan. These transfers will include funds generated through WRM charges, establishment support funds⁴ from DWS and any requisite operational support.
- During consolidation of the CMA, DWS staff will have been transferred; the financial, information and HR systems strengthened; the CMA will have assumed its fiduciary and governance responsibilities; and the billing and debt management function will be decentralised to the CMA:
 - Account payments would be directly to the CMA account and relevant entries would be made by the CMA onto SAP.
 - Limited or no payments would be due to DWS for WRM functions (as these would largely have been taken up by the CMA as legally mandated), but there may be payments for WRC levy and/or Working for Water (WfW) projects if these are included in this invoice.
 - Operational financial support from DWS may be required where a subsidy has been introduced for the agricultural/forestry sectors or where the CMA is not able to recover costs of delivering efficient and effective WRM services through user charges, due to low affordability of charges following redress and allocation reform. Accordingly, risk is shared between the CMA and DWS, with the business plan as the key reference for the financial and governance audit.
 - After the CMA takes up the responsible authority functions, it assumes full responsibility for cost recovery and should be largely financially self-sufficient.
 - At this point, the CMA may develop its own billing, debt and/or financial management systems, with oversight and support from DWS.
 - Risk is shifted to the CMA in its entirety, with the CMA being fully accountable for fiduciary management and corporate governance. The business plan serves as the framework for audit and DWS oversight.

⁴ Including: i) establishment infrastructure, ii) setting up financial, HR and information systems, iii) developing a first CMS and iv) extending participation. In addition, there are a number of once-off strategic interventions, including: i) transformation, ii) classification, iii) compulsory licensing, and iv) development of functioning information systems and water use databases.

- DWS will remain responsible for financial support necessary to make the CMA financially viable where reasonable costs of the CMA cannot be covered by water resource management charges.

5.4. Staff Recruitment

This represents post-CMA establishment, which primarily involves the establishment and legitimisation of the CMA as a central player in the existing (and evolving) water sector institutional environment. The emphasis is largely on coordination, advisory and strategic functions (as reflected in the initial and financial functions), which do not require significant resources and capacity, but rather on developing relationships with other organisations (particularly catchment forums, local government and sectoral representative bodies). However, in achieving this objective, there is also a need to monitor, verify and control water use and to collect charges from registered water users (together with DWS). This stage enables (and in fact requires) the CMA to internalise the paradigm shift towards a participative, cooperative (governance) and integrated water resource management approach required by the NWA.

The major organisational challenge that the CMA faces at the outset is the need to adopt the new paradigm of integrated and participative WRM, as well as the need to develop an outward looking customer-client services approach to WRM. Every effort should be made to entrench this in the strategy, structure, systems, rewards and staffing of the CMA. This may be facilitated by a focus on institutional coordination and strategy formulation functions through a networking approach. It is most appropriate that the CMA administration consists of a small group of managers and support staff during this initial phase, but with dedicated support to institutional coordination activities (including forum support).

This phase more than any other phase, will see significant increases in staff capacity. The processes initiated during the inception phases will come to fruition during this phase and will see front line managers appointed, staff transferred from DWS as well as new recruits appointed.

The actual staff numbers during this phase will depend on the size of the water management area, the brevity of water resource issues in the water management area, the staff numbers to be transferred as well as the growth framework that the CEO has determined to be appropriate for the revenue base of the CMA. It is estimated that the staff compliment during this phase could range from 20-45 staff members.

5.5. Budget

During this phase the budgetary responses are about consolidating the institution and providing a basis from which the CMA can continue to grow. There will be the need to stabilise the IT environment, ensuring the necessary connectivity, hardware and software. Estimates of budget for key IT aspects are in the order of R1 million, as reflected in the table below.

Table 4: Budget

ITEM	COST PER ITEM	QUANTITY	TOTAL
Cabling	R 200 000.00	1	R 200 000.00
Computers/Laptops	R 12 000.00	10	R 120 000.00
MFC Printer	R 5 000.00	1	R 5 000.00
Data Projector	R 8 000.00	1	R 8 000.00
Server	R 250 000.00	1	R 250 000.00
Internet	R 10 000.00	1	R 10 000.00
Microsoft Licences/Symantec	R 100 000.00	1	R 100 000.00
Pastel Payroll	R 1 500.00	1	R 1 500.00
Pastel Accounting	R 7 000.00	1	R 7 000.00
Printers	R 15 000	2	R 30 000.00
GPS	R 36 000	2	R 72 000.00
Cameras	R 5 000	2	R 10 000.00
Internet	R 5 000	6	R 30 000.00
Shredder	R 5 000	1	R 5 000.00
Licensing of systems (SAP etc.)	R 200 000.00	1	R 200 000.00
TOTAL		R 1 048 500.00	

During this phase, not only will the staff compliment grow significantly, but with the development of the first CMS, the CMA will also start to use specialist consultants to provide technical support.

The CMAs budget during this phase will range from R67 million to R83 million over the two-year period.

5.6. Roles and Responsibilities Matrix

Looking at the functional evolution during this phase, and the systems requirements to support these functions, the roles and responsibilities are provided in the table below.

Table 5: Roles and Responsibilities Matrix

Function 1: Development / acquisition of administrative systems	
Standards and Guidelines	As per OCIO guidelines As per treasury requirements
Head Office Lead Unit	WTE / OCIO
Head Office Role and Enablers	Give support in the planning and decisions of administrative systems Briefing with Board on the guidelines for systems Assess and advise: <ul style="list-style-type: none"> • accommodation relating to systems infrastructure and networks • cabling/IT infrastructure • Telkom and data lines • SITA costing and processes • costing and assessment of Server room requirements • cost hardware requirements and specifications • software requirements • IT support requirement Ensure MOU in place and support implementation
Regional Office (RO) Role	Give support on practicalities of systems operational needs. Provide information bridge between RO and CMA where needed. Sign MOU.
CMA Role	Acquiring of Financial, HR and Communications systems
CMA Processes	Plan, evaluate and decide on systems Get approval for financial control systems in place (National Treasury) Ensure MOU in place
Enabling Information	Information requirements for DWS with regards to billing (revenue management) Compatibility with DWS systems (sample data) Reporting templates (Starter pack) timeframes
Systems Available	SAP
Type of Access Required	Internet / email
Comments	Timeliness is important – Need to deal with issue of financial systems in place vs transfer of funds – interim arrangements may be necessary Costing guideline based on the Policy CMA IT/IS version 3 and SITA contract pricing

Function 2: Development of a Catchment Management Strategy (CMS)	
Standards and Guidelines	Catchment Management Strategy guidelines
Head Office Lead Unit	Institutional Oversight
Head Office Role and Enablers	Provision of baseline information
Regional Office (RO) Role	Guide CMA on emergent issues. Support CMA in stakeholder processes, particularly inter-governmental meetings. Guide on technical elements of the CMS. Oversee process and guide on process issues.
CMA Role	Develop CMS
CMA Processes	Familiarisation of starter pack information Consultation with respect to the development of the CMS
Enabling Information	Starter pack, templates, training, site visits, NWRS, Pricing strategy, Institutional roles and responsibilities ISPs Reconciliation strategy
Systems Available	Desktop related software to access information Internet / intranet access

Function 3: Advise DWS and other institutions on the management of floods, droughts and pollution incidents	
Standards and Guidelines	Existing Disaster management plans
Head Office Lead Unit	Hydrological Services /Regional coordination/RRU
Head Office Role and Enablers	Provision of baseline information RRU information of hotspots
Regional Office (RO) Role	Support CMA on technical issues. Act as a technical bridge to support CMA development. Provide inputs into plans
CMA Role	Develop disaster management plan
CMA Processes	Familiarisation with flood and disaster management existing protocols, task teams and existing plans Development of Plan
Enabling Information	RRU info Disaster plans
Systems Available	Desktop related software to access information Existing flood management software

Function 4:

Advise users/ institutions on implications of CMS or water use
 Advise users on DM, compulsory licensing process and on restrictions or directives on water use
 Stakeholder relationship / profile building

Standards and Guidelines	List of relevant stakeholders and profiles
Head Office Lead Unit	Institutional Oversight
Head Office Role and Enablers	Starter Pack
Regional Office (RO) Role	Support CMA on technical issues. Act as a technical bridge to support CMA development
CMA Role	Update and maintain list and report relevant changes to DWS
CMA Processes	Upload, maintain, archive and share stakeholder relationship profile
Enabling Information	Area of management (map, list of stakeholder)
Systems Available	Desktop related software to access information Map viewing software Internet / intranet access

Function 5:

Authorisation of water use
 Receive licence applications and advise users
 Advise DWS on licence applications or WMA authorisation issues
 Water use registration, validation and verification

Standards and Guidelines	National register of water use data management processes and standards documentation
Head Office Lead Unit	D: SLIM (D: Regulation, OCIO)
Head Office Role and Enablers	Administrative systems and process as listed above in place CEO appointed Funds transferred Hardware in place Training complete Data preparation for transfer Transfer of staff Prepare authorisation of CMA Send authorisation request from CMA to SITA for approval Connect CMA Signoff of data transfer Creation and sign off on SLA National register of water use

Regional Office (RO) Role	Support CMA on technical issues. Act as a technical bridge to support CMA development. Act as conduit for licence submissions. Support CMA in developing capacity on V&V. Start to develop oversight role.
CMA Role	Request and complete form for DWS network access per user Sign off on data transfer to accept responsibility Sign off on SLA Water use registration Validation Verification, reporting
CMA Processes	Existing Water use information – WARMS, Existing Authorisations – lawful use, licensing, GA etc. National plan for V&V Letsema information and business processes
Enabling Information	CMA WARMS data GIS information Boundaries Properties in WMA – all base line information Deeds information Relevant imagery access
Systems Available	WARMS, WULATS (Letsema info) GIS capability
Type of Access Required	VPN/ internet
Comments	Authorisation and data transfer templates to be provided SLA template to be provided Detailed process to be followed (OCIO notes on Access to DWS systems)

Function 6:

Authorisation of water use
Receive licence applications and advise users
Advise DWS on licence applications or WMA authorisation issues
Advising and supporting licence applicants

Standards and Guidelines	Business process for licensing applications
Head Office Lead Unit	D: Regulation
Head Office Role and Enablers	As per Administrative systems and WARMS above In Addition: Letsema – information on licences status Training of staff on processes and requirements for input
Regional Office (RO) Role	Support CMA on historical issues relating to specific applicants.

CMA Role	Give input, advise and support the licensing process
CMA Processes	Identification of staff to assist with input to licensing Reporting
Enabling Information	CMA WARMS data GIS information Boundaries Properties in WMA – all base line information Deeds information Relevant imagery access
Systems Available	WARMS, WULATS (Letsema info) GIS capability
Type of Access Required	VPN/ internet
Comments	Reporting requirements to be standardised and provided Possible inclusion into the business processes Possible inclusion into the WUAACs

Function 7:

Authorisation of Water use
Advise DWS and users/stakeholders on demand management, compulsory licensing process and on restrictions or directives on water use
Checking water use against licence conditions – inform DWS of results – compliance enforcement is required

Standards and Guidelines	Business process for Compliance, Monitoring and Enforcement (CME) Unit
Head Office Lead Unit	D: CME
Head Office Role and Enablers	As per Administrative systems, WARMS and licensing information (LETSEMA) above In Addition: Licences with associated conditions Historical information on reporting if applicable Training of staff on processes and requirements for input
Regional Office (RO) Role	RO to act as a conduit between CMA and D: CME
CMA Role	Give input, advise and support the compliance, monitoring and enforcement process
CMA Processes	Identification of staff to assist with input to CME Reporting
Enabling Information	CMA WARMS data GIS information Boundaries Properties in WMA – all base line information

	Deeds information Relevant imagery access Licensing conditions Monitoring information
Systems Available	WARMS, WULATS (Letsema info) GIS capability CME systems
Type of Access Required	VPN/ internet
Comments	Reporting requirements to be standardised and provided Possible inclusion into the business processes

Function 8: Authorisation of water use Validation of information submitted for registration	
Standards and Guidelines	Manuals on information requirements
Head Office Lead Unit	D: Spatial and Land Information Management
Head Office Role and Enablers	As per Administrative systems and WARMS above Training of staff on processes and requirements for input
Regional Office (RO) Role	RO to work in partnership with the CMA. RO to provide support on historical issues as well as share practical lessons.
CMA Role	Validate information submitted for registration
CMA Processes	Reporting
Enabling Information	CMA WARMS data GIS information Boundaries Properties in WMA – all base line information Deeds information Relevant imagery access
Systems Available	WARMS WULATS (Letsema info) GIS capability
Type of Access Required	VPN/ internet
Comments	Reporting requirements to be standardised and provided Possible inclusion into the business processes

Function 9:

Application of the pricing strategy: making of charges within a specific water management area payable directly to the CMA
 Determining water use charges from info provided by DWS

Standards and Guidelines	Manuals and processes
Head Office Lead Unit	Institutional oversight / Regulation / legal services
Head Office Role and Enablers	As per Administrative, WARMS systems
Regional Office (RO) Role	RO and CMA to work jointly in first instance. RO to support development of capacity. Later years RO to oversee/support
CMA Role	Setting charges Collecting water use charges
CMA Processes	Existing billable clients and charges for WMA Pricing strategy
Enabling Information	SAP

Function 10:

Verify account information before sending bills

Standards and Guidelines	Manuals and processes
Head Office Lead Unit	D: Revenue Management
Head Office Role and Enablers	As per Administrative, WARMS systems Training of staff on processes and requirements
Regional Office (RO) Role	RO to support CMA in first instance to develop capacity.
CMA Role	Validate account information before sending bills
CMA Processes	Reporting
Enabling Information	CMA WARMS data Deeds information Billing information
Systems Available	WARMS WULATS (Letsema info) SAP (or agreed billing system)
Type of Access Required	VPN/ internet

Function 11:	
Information: Provide available WR and other information to stakeholders Managing customer queries / customer care	
Standards and Guidelines	Query managing process/system
Head Office Lead Unit	WRM. Communications.
Head Office Role and Enablers	As per Administrative systems and WARMS above
Regional Office (RO) Role	RO to support CMA in developing capacity.
CMA Role	Manage customer queries / customer care
CMA Processes	Query management
Enabling Information	(all relevant info) CMA WARMS data GIS information Boundaries Properties in WMA – all base line information Deeds information Relevant imagery access
Systems Available	Query management system? All systems
Type of Access Required	VPN/ internet
Comments	Further info into the process that was transferred from regional coordination to communications

6. Phase 2: Build capacity and consolidate

6.1. Functions

The second phase will start after the CMS has been developed and will see an increase in capacity within the CMA and the undertaking of WRM functions as they have been prioritised in the CMS. Functions to be performed and delegated are outlined below:

6.1.1. Resource Directed Measures

The NWA prescribes in chapter 3 that for all significant water resources, the class, reserve and resource quality objectives have to be determined as soon as reasonably practicable. S14 requires that all water management institutions give effect to these while executing their functions. During this second phase, the CMA should be in a position to determine these factors for water resources within the WMA that are not considered to be of national significance, and the relevant

powers must be delegated to the CMA. All reserve determinations that are inter-WMA or have strategic importance will be undertaken by DWS.

6.1.2. Water Resources Monitoring

Water resources monitoring includes both water quality and quantity monitoring of surface and ground water. The monitoring required for the national information monitoring system must be kept under the control of DWS. However, the CMA will be delegated the power to monitor water resources as necessary for the implementation of the CMS and the management of water at the WMA level. Since this monitoring will have to feed into the national systems, the CMA must comply with monitoring standards and protocols determined by DWS.

In the delegation of this function, DWS must set conditions for the provision of information and data to DWS and the necessary protocols and standards for such.

The CMA may be required to either develop or operate waterworks in support of this monitoring function.

6.1.3. Disaster Management

During this phase 2, the CMA will be in a position to take up the inherent functions related to the assessment and management of droughts, floods and water quality disasters in the WMA. The CMA should have developed a disaster management plan (DMP) as part of the CMS, which it should now implement. The coordination of disaster management takes place at District Municipality level, with Provincial Government also playing a significant role. It will be critical for the CMA to plan and coordinate with these various spheres of Government.

6.1.4. Water Conservation and Demand Management

The implementation of WC/WDM is the encouragement of water users to conserve water, thus lowering the overall demand for water. During this phase, the CMA should be involved in assisting to implement WC/WDM strategies. This does not, however, require the delegation of specific powers or functions.

6.1.5. Operating of Waterworks

Under specific circumstances CMAs may be required to either develop or operate a waterworks. Clarity must be provided by the department on these circumstances and the funding of this function.

6.1.6. Issuing of General Authorisations and Limited Authorisation Functions

During this phase the issuing of general authorisations can be delegated to the CMA, as well as authorisation of water use with limited impacts, along the lines of the powers currently delegated to regional offices.

6.1.7. Institutional Oversight

The CMA will, from establishment, be responsible for institutional oversight within the WMA, which includes co-ordinating with institutions, establishing stakeholder forums and providing support to other water management and water services institutions.

6.2. Delegations

During this phase, the CMA should be delegated the power to establish Water User Associations (WUAs) that do not manage government waterworks and do not have government guaranteed loans.

Table 6: Function of CMA to be assigned or delegated by Minister

Function of CMA to be assigned or delegated by Minister	
Part 3: Water Use	
S(25):	Transfer of water use authorisations <i>On condition that the transfer takes place within national regulations and within the boundaries of the CMA</i>
Part 4: Stream flow reduction activities	
S36(2):	The Minister may, by notice in the Gazette, in relation to a particular area specified in that notice, declare any activity (including the cultivation of any particular crop or other vegetation) to be a stream flow reduction activity if that activity is likely to reduce the availability of water in a watercourse to the Reserve, to meet international obligations, or to other water users significantly.
Part 5: Controlled activities	
S38:	Declaration of certain activities as controlled activities <i>Within the boundaries of the WMA only</i>
Part 6: General Authorisations	
S39:	General authorisations to use water <i>Within the WMA boundaries only</i>
Part 8: Compulsory licences for water use in respect of specific users	
S45:	Proposed allocation schedules <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S46:	Preliminary allocation schedules <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S47:	Final allocation schedule <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>

Chapter 5: Financial provisions	
S59(3)(b):	Restriction of the supply of water to the water user from a waterworks or the restriction or suspension of the authorisation to use water until charges have been paid <i>For charges made under S57(2)</i>
S60(2):	issuing of a certificate stating the amount of unpaid water charges and any interest due <i>For charges made under S57(2)</i>
Chapter 6: General powers and duties of Minister and Director General	
Part 1: Delegations, directives, expropriation, condonation and additional powers	
S63(3):	Delegation of a delegated power and function to another person where the delegation by the Minister allows this
S66:	Condonation of failure to comply with time period <i>For functions falling under the CMA</i>
S67:	Dispensing with certain requirements of the Act <i>Where this has been authorised under S67(1)(c)</i>
Part 3: Powers relating to catchment management agencies	
Chapter 11: Government Water Works	
S109:	Acquisition, construction, alteration, repair, operation and control of government waterworks <i>In relation to all government waterworks pertaining to monitoring infrastructure for the CMA requirements only</i>
S111:	Financing of government waterworks <i>In relation to government waterworks pertaining to monitoring infrastructure for CMA requirements only</i>
S112:	Water from government waterworks <i>For all water use other than strategic water use within the WMA</i>
S115:	Disposal of government waterworks <i>For all government waterworks pertaining to monitoring infrastructure for CMA requirements only</i>
Chapter 14: Monitoring, assessment and information	
Part 2: National information systems on water resources	
S141(b):	Provision of information
Part 3: Information on flood lines, floods and droughts	
S145(2):	Establishment of an early warning system <i>In relation to issue pertaining within the WMA only</i>

SCHEDULE 3: POWERS WHICH MAY BE EXERCISED AND DUTIES TO BE PERFORMED BY CMAs ON ASSIGNMENT OR DELEGATION (SECTIONS 72, 73 AND 151(1)(L))	
Schedule 3(2):	<p>Power to manage, monitor, conserve and protect water resources and to implement catchment management strategies.</p> <p>A Catchment Management Agency may:</p> <ul style="list-style-type: none"> manage and monitor permitted water use within its water management area; conserve and protect the water resources and resource quality within its water management area; subject to the provisions of the Act, develop and operate a waterworks in furtherance of its catchment management strategy; do anything necessary to implement catchment management strategies within its water management area; and by notice to a person taking water, and after having given that person a reasonable opportunity to be heard, limit the taking of water in terms of Schedule 1.
Schedule 3(3):	Catchment Management Agencies may make rules to regulate water use

6.3. Systems

In effect, this phase sees the CMA starting to play a stronger role on the various technical dimensions of water resource management, whereas the previous phase was far more strategic in nature. As a result the need for the CMA to access the more technical data and information management systems become far more imperative. Such systems include HYDSTRA, NGIS, WMS, Letsema Licensing Information, Blue Drop and Green Drop, GIS data, asset management systems, as well as SAP/ billing systems.

6.4. Staffing Requirements

As the CMA develops an institutional profile and legitimacy in the WMA and has developed a (first-order) catchment management strategy (CMS), the process of delegating the functions and building the capacity required to implement the CMS should begin. During this stage, most of the CMA operational functions (not including the responsible authority functions) should be progressively delegated (or assigned), based on the WRM priorities outlined in the CMS. This enables the CMA to develop WRM capacity, without being distracted or overwhelmed by the significant responsibility of water use authorisation. However, it is important that the CMA takes full responsibility for monitoring compliance for water use authorisation, in order to develop the capacity and understanding required for the responsible authority functions. It should be highlighted, that the delegation of these functions should be phased, in order to allow the CMA to gradually build its capacity. However, coherent groupings of functions (and possibly staff) should be transferred, to enable the CMA to consolidate its operations at each stage.

As the CMA takes on more functions, the size and resources of the organisation will increase considerably (probably doubling over a couple of years). This poses a number of transitional and organisational challenges, including managing the probable transfer of DWS staff with the delegation of functions. The complexity and difficulty of this change management process should not be underestimated, particularly in terms of maintaining an organisational culture related to the integration and participative paradigm of WRM, together with a customer-client services approach. It is critical that the evolution of the CMA is linked to a proactive process of organisational change management. At this stage, the CMA administration is likely to consist of a number of small teams, managing a combination of in-house, contracted-in and outsourced services.

The staff compliment during this phase is likely to be in the order of 40-65 staff members.

6.5. Budget

This phase will see the appointment of additional staff to support the growing responsibilities of the CMA that will now be focused on the implementation of the CMS. With the growing responsibilities, the systems requirements will have increased and this will require additional IT infrastructure. The need to ensure an improved level of revenue collection will be tantamount and so programmes such as verification and validation would be outsourced to get an improved level of understanding of actual water usage.

It is estimated that during this two year phase the annual budgets would be in the order of R50 million to 70 million.

6.6. Roles and Responsibilities Matrix

Looking at the functional evolution during this phase, and the systems requirements to support these functions, the roles and responsibilities are provided in the table below. Chapters and Sections refer to the National Water Act 39 of 1998.

Table 7: Roles and Responsibilities Matrix

Function 1: Resource directed measures Advise: <ul style="list-style-type: none"> • DWS on classification of resources • DWS on reserve determination • Users / institutions on implications of CMS/RDM 	
Standards and Guidelines	Processes and procedures
Head Office Lead Unit	CD: Water Ecosystems
Head Office Role and Enablers	Information on class of water resource Resource Quality Objectives (RQOs) Training of staff

Regional Office (RO) Role	RO to support CMA to develop capacity in first instance. RO to act as conduit in specific technical issues. Longer term oversight role.
CMA Role	Water resource class and RQOs for Class 1 resources.
CMA Processes	Class, reserve, RQO
Enabling Information	CMA WARMS data GIS information Boundaries Properties in WMA – all base line information Catchment yield Water Quality information Water Use
Systems Available	Hydstra WARMS Letsema Licensing information WMS
Type of Access Required	VPN/Internet

Function 2: Information management and dissemination Catchment Management Strategies	
<ul style="list-style-type: none"> • Develop management strategies • Information management and WMA monitoring • Chapter 7, Section 80 (b) • Section 19 – prevention and remedying effects of pollution 	
Standards and Guidelines	Management processes and standards documentation
Head Office Lead Unit	CD: Water Resource Information Management (WRIM) (regional office)
Head Office Role and Enablers	Administrative systems and process as listed above in place SLA signed off and in place
Regional Office (RO) Role	Support CMA through Regional Integrated Monitoring Committee Hydrometry unit to support and guide monitoring development RO and hydrometry unit to act as conduit to HO on technical matters Oversee adherence to monitoring protocols
CMA Role	Monitoring of water quality and flow / assessment and evaluation Request and complete form for DWS network access per user Sign off on data transfer to accept responsibility Sign off on SLA
CMA Processes	Quality and quantity / surface and ground monitoring according to standards and protocols by DWS Provision of above information to DWS
Enabling Information	Existing flow data and gauging stations, monitoring stations Must be able to upload information Water services regulation information

Systems Available	HYDSTRA, NGIS, WMS GIS Blue Drop/Green Drop
Type of Access Required	VPN/ internet

Function 3: Disaster management Advise DWS and other institutions on the management of floods, droughts and pollution incidents	
Standards and Guidelines	Emergency preparedness plans
Head Office Lead Unit	D: Hydrological Services Regional office
Head Office Role and Enablers	As per Administrative systems and WARMS above Training of staff on processes and requirements for input
Regional Office (RO) Role	RO to support CMA development and act as support for process continuity Act as capacity support during emergencies
CMA Role	Disaster management Emergency interventions Flood warnings
CMA Processes	Assess and manage floods / droughts and water quality disasters Implement disaster management plan Determination and management of drought rules
Enabling Information	Information from national disaster plan and be part of team Hydrological Services info Formal letter of introduction part of business process Task team for floods Formal introduction to all Task team for droughts Formal introduction to all relevant task teams – part of
Systems Available	Flood management system
Type of Access Required	VPN/ internet

Function 4: Ownership of waterworks on land belonging to another Transfer of personal servitudes Chapter 11: Government waterworks- Acquisition, construction, alterations, repair, operation and control of government waterworks Chapter 12: Safety of dams Operation of water works (could be phase 3)	
Standards and Guidelines	Operating rules

Head Office Lead Unit	CD: Infrastructure operations
Head Office Role and Enablers	Policy decision on transfer / agreements on infrastructure ownership and operations.
Regional Office (RO) Role	RO to provide technical support and may take the lead in the first instance until CMA has sufficient capacity.
CMA Role	Development of infrastructure in service of core functions, e.g. monitoring infrastructure Dam safety regulation
CMA Processes	Develop or operate water works
Enabling Information	Status of infrastructure – <ul style="list-style-type: none"> • Information from infrastructure branch • Asset register • Maintenance schedules • Operational model • Financial • Volume measurements, usage etc.
Systems Available	Asset management system SAP or billing system
Type of Access Required	Internet access
Comments	Funding – pricing strategy (from revenue collection – admin systems must be in place, development – Head Office role, refurbishment – determined by agreement, operation and maintenance of national water resource infrastructure –agreement Functions delegated in phase 3

Function 5:

Chapter 4: Use of Water Part 6: General authorisations

Issuing of general authorisations and limited authorisation functions

Head Office Role and Enablers	As per Authorisations above
Regional Office (RO) Role	RO to provide technical support based on experience. Provide oversight on General Authorisations, comment on these before submission to Minister.
CMA Processes	Issue general authorisations and authorisations with limited impact

Function 6:

Chapter 7 Institutional Co-ordination

Co-ordinate CMS implementation with WSDP implementation, Stakeholder participation, General powers and duties of CMAs, Establishment of committees, Funding of CMS

Chapter 8 Water user associations

Chapter 10 International Water Management

Institutional oversight monitoring and compliance to relevant legislation

Standards and Guidelines	Starter pack Business case
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	PFMA, NT regulations Regulations
Head Office Lead Unit	Institutional Oversight and RO
Head Office Role and Enablers	Establish and oversee institutions which manage WRM in each WMA
Regional Office (RO) Role	RO to provide support and guidance based on historical experience. Longer term oversight role. Provide first round of comments and inputs on Strategic plans, APPs etc.
CMA Role	To develop Business Plan for approval by Minister, AR to be tabled in parliament, quarterly financial reports
CMA Processes	CMA to coordinate WMI within the WMA –Establishing stakeholder forums and WUAs as per CMS. providing support to WMI
Enabling Information	Existing WUAs WUAs - spatial boundaries WARMS users
Systems Available	Relevant regional database access GIS WARMS

7. Phase 3: Full functionality and Responsible authority

A CMA will be a responsible authority when it is able to authorise, licence and regulate water use. The NWA defines it as follows:

“responsible authority”, in relation to a specific power or duty in respect of water uses, means –

(a) *if that power or duty has been assigned by the Minister to a CMA, that CMA; or*

(b) *if that power or duty has not been assigned, the Minister*

Functions of a responsible authority include:

- Issue general authorisations and licences in respect of water use subject to conditions;
- Extend the licence period under certain conditions;
- Review licences at periods stated in the licence and make amendments to its conditions or renew it;
- Waive the need for a licence if the water use is authorised under another law;
- Promote ‘one stop shop’ licensing;
- Require registration of existing lawful water uses;
- Require an existing water user to apply to verify its water use;
- Undertake compulsory licensing where there is water stress;
- Suspend or withdraw entitlements to use water; and
- Enforce licence conditions.

The Minister can assign the responsible authority functions upon the CMA through Section 73 of the NWA which states that:

73.

- (1) The Minister may, after consultation with the Catchment Management Agency concerned, by notice in the Gazette, assign to that Catchment Management Agency -
 - (a) a power or duty of a responsible authority; and*
 - (b) any power or duty listed in Schedule 3.**
- (2) In assigning any power or duty under subsection (1), the Minister may -
 - (a) limit the area within which an assigned power may be exercised or duty may be performed; and*
 - (b) attach conditions to that assignment.**
- (3) Before assigning a power or duty to a catchment management agency under subsection (1), the Minister must consider -
 - (a) the capacity of the Catchment Management Agency to exercise the power or perform the duty; and*
 - (b) the desirability of assigning that power or duty.**
- (4) The Minister must promote the management of water resources at the catchment management level by assigning powers and duties to Catchment Management Agencies when it is desirable to do so.*

7.1. Functions

During the third phase the following powers and functions will be delegated to the CMA:

7.1.1. Water Use Authorisation and Licensing

Water use authorisation and licensing are continued from phase 1, at which stage the CMA would have been involved with processing applications and advising DWS on issues related to licence applications, and phase 2 where general authorisations and limited licensing powers were delegated to the CMA.

During the final phase, the CMA will be delegated the power to authorise water use and issue licences. These functions will be delegated to the CMA for non-strategic water use as authorizing strategic water uses will remain a function of DWS.

7.1.2. Compulsory Licensing

In areas with water stress (demand exceeds availability) or inequitable access to water resources, compulsory licensing is undertaken to assess the volume and quality of water available and allocating that available resource in an equitable and sustainable way. In phase 3, the CMA will be delegated the power to undertake compulsory licensing.

7.1.3. Issuing of Directives

As the responsible authority, the CMA should be delegated the power to issue directives (over and above the inherent powers in this regard conferred by the NWA). The directives could include, but will not be limited to:

- Requesting alterations to waterworks;
- Determining operating rules for systems; and
- Controlling, limiting, and prohibiting water use.

Once all of the relevant powers and duties have been assigned or delegated to a CMA, a fully functional CMA should be performing the following functions:

- Development of a catchment management strategy (CMS) in accordance with the national water resources strategy, as well as financial and business planning for the CMA.
- Planning the development, allocation and utilisation of water resources (including water quality aspects) to meet resources quality objectives (RQO), including the operation of water resources (WR) infrastructure.
- Responsible authority functions of authorising water use (through licencing, etc.)⁵. Immediately after establishment, the CMA needs to entrench itself as the key WRM institution in the WMA, and therefore it should become actively involved in the control, verification and management of water use, set and collect water use charges, and act as the “post-box” for all applications.
- Establish and support water management institutions that have been specified in its catchment management strategy. A CMA must coordinate water related activities of institutions and ensure community participation in WRM, as part of its initial functions.
- Coordinating the implementation of WRM programmes, projects and activities by other WMI within the WMA. In some cases, the CMA may also perform these activities, particularly where no other organisation in the WMA has the capacity.⁶
- Responsibility for the monitoring, collation, storage and assessment of WRM related data and information within the WMA (according to national standards and systems), together with the requirement to collect data on behalf of DWS for national strategic purposes.
- Auditing within the WMA, including the state of water resources and the activities of other WMIs, in terms of the implementation of the CMS.
- In addition to these line functions, the CMA will require support (staff) functions, such as secretariat to the Governing Board and human resources management, as well as administrative, legal and financial support to the technical line functions.

Not all of these functions would be performed in the early part of a CMA’s existence, but would rather be progressively delegated. Furthermore, certain CMA functions are likely to be performed by other bodies (outsourced), under delegation or contract.

⁵ Authorisation of water use by the CMA depends requires: the capacity is available to the CMA, the water use is not a national activity, it does not result in a change of WR class, the impact on other WMA is not significant, or the CMA is not authorising its own activities

⁶ Although, a CMA may operate and develop water resources infrastructure, as long as this does not impact adversely on their regulatory and coordination functions, this may be more appropriately performed by the proposed “National Entity” for WR Infrastructure Management according to operating rules developed by the CMA.

7.2. Delegations, Power and Duties

Table 8: Function of CMA to be assigned or delegated by Minister

Function of CMA to be assigned or delegated by Minister	
Chapter 3 Protection of water resources	
Part 2: Classification of water resources and resource quality objectives	
S13:	Determination of reserve and resource quality objectives for those resources that do not have a high protection class or are not of national significance
Part 3: The Reserve	
S16:	In some cases, DWS may delegate the determination of the Reserve in those resources that do not have a high protection class (e.g. Class I).
Chapter 4: Use of water	
S22(3):	Once the CMA has been delegated the responsible authority functions in relation to authorising water use it may use S22(3) to dispense with the requirement for a licence if it is satisfied that the purpose of this Act will be met by the grant of a licence, permit or other authorization under any other law. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorization function</i>
S22(4):	Once the CMA is the responsible authority it may choose to combine licence requirements into a single licence requirement with other government departments. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S22(5):	A responsible authority may, subject to section 17, authorise the use of water before - a national water resource strategy has been established; a catchment management strategy in respect of the water resource in question has been established; a classification system for water resources has been established; the class and resource quality objectives for the water resource in question have been determined; or the Reserve for the water resource in question has been finally determined. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S24:	Licences for use of water found underground on property of another person
S30:	A responsible authority may, if it is necessary for the protection of the water resource or property, require the applicant to give security in respect of any obligation or potential obligation arising from a licence to be issued under this Act.

	<i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S35:	Verification of existing water uses. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
Part 7: Individual applications for licences	
S40(3):	A responsible authority may charge a reasonable fee for processing a licence application which may be waived in deserving cases <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S40(4):	A responsible authority may decline to consider a licence application for the use of water to which the applicant is already entitled by way of an existing lawful water use or under a general authorisation. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S41:	Procedure for licence applications. <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S42:	Reasons for decisions <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
Part 8: Compulsory licences for water use in respect of specific users	
S43:	Compulsory licence applications <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S44:	Late applications <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
Part 9: Review and renewal of licences, and amendment and substitution of conditions of licences	
S49:	Review and amendment of licences <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S50:	Formal amendment of licences <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S51(1):	Successors in title <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>

S52 (2), (3), (4):	Procedure for earlier renewal or amendment of licences <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
Part 10: Contravention of or failure to comply with authorisations	
S52	Rectification of contraventions <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorization function</i>
S54	Suspension or withdrawal of entitlements to use water <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
S55	Surrender of licence <i>This function does not need to be delegated to a CMA but is automatic along with the delegation of the water use authorisation function</i>
Chapter 6: General powers and duties of Minister and Director General	
Part 1: Delegations, directives, expropriation, condonation and additional powers	
S64:	Expropriation of property <i>Where authorised by the Minister in writing</i>
S65:	Expropriation for rehabilitation and other remedial work <i>For functions that fall under the CMA</i>

7.3. Systems

This third phase of institutional development sees the CMA further deepen its technical management of the resource. In order to manage socially and technically complex processes such as compulsory licensing the CMA will rely on the information management systems that phase 2 brought to the CMA, but will also need access to planning and yield models to enable an understanding of the implications of actions.

From the perspective of licences there will be the need to track licence processes and either use of departmental systems, or the development of a bespoke system will be required. The use of WMS remains important at this stage in terms of tracking adherence to licence conditions as part of compliance monitoring. The use of departmental tracking systems for CME will be important in the progressive development towards any needed enforcement actions that will be led by the department.

7.4. Staff Requirements

Finally, once the CMA has demonstrated the capacity to perform general WRM functions, including the monitoring and information systems required to manage a WMA, the delegation of responsible authority functions should begin. This may start with routine authorisation, initially for abstraction according to the CMS allocation plan and later for the other water uses. This may

be followed by the authorisation of water use involving the relaxation of conditions (from national standards).

In order to perform the responsible authority functions, the CMA will need to develop an internal unit for water use authorisation and enforcement (this cannot be outsourced), some of which would be through transfer of staff from DWS. Once again, the challenge will be to ensure that the CMA reflects the new paradigm in its organisational structure and operation. This is particularly important in terms of the integrated and holistic nature of water use (quantity, quality and instream activity) and resource quality (flow, quality, habitat and biota) as defined in the NWA, in an organisational structure with disciplinary specialists. A possible solution may be for the CMA to appoint generalists and depend upon DWS RO (or external contracted specialists) to provide technical support.

During this phase staff requirements will reach between 60-80 people.

7.5. Budget

This phase of CMA development starts to see the CMA take on and lead more technically challenging processes that have social, economic and water resource management implications. As such, the CMA will appoint additional staff with the needed skill sets as well as use teams of consultants where appropriate. In support of the more regulatory functions there may be the need to further develop the systems requirements.

To support this expanded role the estimated budgets for the CMAs reaching this phase, are in the order of R60 million to R85 million.

7.6. Roles and Responsibilities Matrix

Looking at the functional evolution during this phase, and the systems requirements to support these functions, the roles and responsibilities are provided in the table below. Chapters refers to the National Water Act 39 of 1998.

Table 9: Roles and Responsibilities Matrix

Function 1:

Chapter 7 Investigate and advise: Authorisation of water use

Chapter 4: Use of water

Part 4: Stream flow reduction activities

Part 5: Controlled activities

Part 6: General Authorisations

Part 7: individual applications for licences

Part 8: Compulsory licences for water use in respect of specific users

Part 9: review and renewal of licences, and amendment and substitution of conditions of licences

Water use authorisation and licensing

Head Office Lead Unit	As per registration above
Head Office Role and Enablers	National resource planning Determination of allocable water per WMA Guidance on strategic approach D: Water Authorisation
Regional Office (RO) Role	RO to provide technical support on key issues. RO to play oversight role on processes and act as conduit and linkage to HO.
CMA Role	Plan, allocate and manage allocation within WMA as determined Reconciliation scenarios for area of jurisdiction in co-ordination with DWS
CMA Processes	Authorise water use and issue licences for non-strategic licences
Enabling Information	ISP, reconciliation scenarios etc., national allocation plan Starter pack
Systems Available	Access to systems models (Planning and yield)

Function 2:

Chapter 4: Use of water Part 8: Compulsory licences for water use in respect of specific users

Compulsory licencing

Head Office Lead Unit	As per registration above
Head Office Role and Enablers	Strategic guidance from D:WA
Regional Office (RO) Role	RO to support in CL prioritisation. Oversight role.
CMA Role	Develop strategy for CL in WMA.
CMA Processes	Authorise water use and issue licences for non-strategic licences

Function 3:

Chapter 4 Part 10

Contravention of or failure to comply with authorisations

Issuing of directives

Head Office Lead Unit	As per Compliance, Monitoring and Enforcement (CME) Unit above
Head Office Role and Enablers	HO to support on CM and lead on enforcement. HO legal to support on legal matters.
Regional Office (RO) Role	RO to support on CM. RO to act as link to enforcement actions
CMA Role	Issuing directives Maintain register for CME purposes

CMA Processes	Develop CME strategy as part of CMS. Develop institutional framework for support.
Enabling Information	Pro-forma directives with D: CME
Systems Available	CME register with D: CME

8. Financial Arrangements and Viability

The legislative framework within which the financial issues pertaining to CMAs must be understood, the PFMA provides the regulatory framework for the financial management of public entities, such as CMAs.

In relation to the financing of CMAs, the Act states that “charges made within a specific water management area may be made by and are payable to the relevant water management institution”, while charges made on a national basis are payable to the state but may be apportioned between different water management areas.

The 2007 Pricing Strategy sets out how the WRM charges are to be calculated in terms of total budget cost of activities being divided by registered volumes to drive a unit charge per activity, distinguishing between agricultural, domestic & industrial and streamflow reduction activity (forestry) water use. Where, however, there is still surplus water in the WMA the allocable yield will be used rather than the registered water use. The unit charge is multiplied by the registered water use to give the cost to each user. The pricing strategy allows for the capping of water resources management charges to agricultural and forestry users, with the shortfall requiring augmentation from the fiscus.

The Pricing Strategy is clear that “if water use charges are too low they may lead to non-viable institutions, sub-optimal water resources services and overall deterioration of the water resources”, and thus recognises the need to move to higher charges over time to ensure cost effective and financially sustainable water management institutions, “taking cognisance of affordability constraints within user sectors”. However, this principle needs to be examined more closely in terms of what should be recovered through water resources management charges, considering issues of affordability, water user benefit and national interest in water resources management functions.

8.1. Financial Theory of User Charges

CMA viability is dependent upon, but should not be assumed to be equivalent to, the charging for water resources management costs. In this context it is important to distinguish the concept of user charges and total income required to financially support a CMA in performing its water resources management functions.

In public finance theory a distinction is made between tariffs and user charges, both of which relate to (i) voluntary use, (ii) benefit received by the user, and (iii) the cost of providing a service. Consumer tariffs relate to recovery of the full quantified financial cost of delivering an exclusive service, such as water supplied through infrastructure (reflecting the development and operating costs).

On the other hand, user charges apply to the additional direct operational costs incurred on behalf of a specific user for a quasi-collective service. The underlying message is that user charges should be related to the additional cost of management for the direct benefit of water users, while the fixed costs of the CMA to ensure water resources management in the public interest should be borne by the fiscus (general taxation), because water resources management has broader positive or negative externalities beyond water users.

8.2. Financing of Regulatory Public Entities

CMAs are established as Schedule 3(a) national public entities under the PFMA (rather than national public business enterprises), which by implication means they are “fully or substantially funded either from the National Revenue Fund, or by way of tax, levy or other money imposed by national legislation”. The practice is that Schedule 3(a) entities are funded by a combination of sources, in line with their public interest mandate.

There is a presumption that because CMAs can raise water use charges, they should be self-sufficient and that their viability should be assessed according to whether water use charges will cover the total CMA operational costs. This implies that CMA viability is entirely determined by affordability (or willingness-to-pay) issues for water users, primarily being farmers, municipalities and industries.

There are two fundamental flaws with this approach, namely:

- If users are not willing to pay the full requirements for effective regulation of water resources, the public interest of water management is possibly jeopardised.
- It introduces a possible perverse incentive for the regulator to prioritise the allocation of water to those that are likely to pay, with the adverse impacts on equity and redress.

Both of these outcomes would counteract the political and social imperatives for decentralised equitable and sustainable water resources management.

The following principles should be considered in the viability assessment:

- *Cost-recovery*: the recovery of relevant costs from water users is critical to promote local “ownership” of the CMA, together with financial accountability and demonstrable value add by the CMA to local users.
- *Attribution*: charges should be collected from all water users that receive a benefit or require CMA management, which implies that the charges should be collected from the waste discharge related water users as well as “consumption” related water uses.

- *Affordability*: in setting these charges their affordability to all users must be considered, but care should be taken against broad assumptions about sector affordability based on a small segment of that sector (as is the case with agricultural charge capping).
- *Public interest*: CMAs have a mandate to regulate water resources in the public interest and to achieve government's political, social and environmental objectives (in ways that may not directly benefit water users), so this mandate should be financially supported.
- *Establishment*: the transaction costs associated with establishing or developing a new public entity should be supported by the fiscus, while DWS must transfer funding for the CMA before revenue collection is delegated.
- *Governance*: the financial management (controls), budgeting, cost-recovery and expenditure of state funds need to be based on sound governance principles and comply with all aspects of the PFMA, linking strategic outcomes to proposed budgets.
- *Cost-comparison*: DWS performs these water resources management functions in the absence of CMAs, without fully billing or recovering the associated costs, so the status quo alternative should be considered in assessing CMA viability.
- *Sustainability*: the long-term sustainability of the water resources management function is increasingly critical to an economically-developed water-scarce country, so the primary point of departure for the viability study should be the long-term reconciliation of expenditure required to perform the function against a combination of revenue streams.

8.3. Observations from CMA Establishment

8.3.1. Institutional and Functional Aspects of CMA Establishment

CMA credibility and viability are dependent on transparent and effective water use charging. The level of charges and recovery must be sufficient to meet the budgetary needs of the CMA, but at the same time, the stakeholders need to feel confident that the CMA is going to deliver effective water resources management in the WMA in order to respect the charges and pay timeously. This requires, *inter alia*, a transparent and consultative process for setting charges and accountability for their expenditure.

At the same time, CMAs, as with all organs of state, are expected to play a developmental and regulatory role and, in line with the National Water Act, are expected to act in the public interest as custodians of the water resources in the WMA. If the CMA is too dependent on water use charges, there is the potential for those who pay the most money to the CMA to become overly influential in decisions taken by the CMA. It is extremely important for the CMA to play its developmental and regulatory role and to act in the best interests of the poor and the marginalised, and in the interests of protecting the aquatic environment. One way to ensure that the CMA is empowered to do so is to ensure that the CMA receives fiscal support from National Government and does not become purely reliant on the revenue from the major water users alone.

8.3.2. Distinguishing Functions in the Public Interest and for Water User Benefit

CMA management, regulatory and institutional costs may be covered through water use charges or through support from the fiscus. Some work has been done on identifying which functions should be covered through water use charges and which should be covered through the fiscus, but this has been done largely under the assumption that CMAs should be financially self-sufficient. Regional offices currently receive fiscal support for some functions that they perform. There is also a consideration that CMAs perform certain public interest functions in their work that should be provided for through the fiscus rather than through water user charges.

8.4. Financial Management Systems

Sound financial management and controls in the CMAs are crucial to the credibility of these new institutions, and their financial viability and sustainability. It is therefore extremely important for DWS to provide the necessary support to CMAs to get effective financial systems up and running upon establishment. It is also crucial that the necessary financial management and governance expertise be appointed within the Board itself, so that there is necessary financial oversight over the CMA.

8.4.1. Establishment Challenge

In order to be able take transfer of funds and pay for services, the CMA requires appropriate financial management systems to be in place, including a bank account, financial policies and financial management systems. In the establishment of the Inkomati Usuthu CMA, these were not in place and considerable delay was experienced in the transfer of funds as a result. This is necessary not only for the CMA to be able to manage its funds effectively, but also to ensure compliance by both DWS and the CMA with the PFMA. PFMA compliance also requires the listing of the CMA under the PFMA.

The administrative transferring of funds is dependent on the CMA developing a business plan, which must include a financial plan. This must be approved in order to support the transfer of funds. But the CMA when established does not necessarily have the capacity to develop such a plan, and the unavailability of funds makes it difficult to appoint consultants to assist in such a process. DWS therefore needs to proactively support the CMA in this process.

8.4.2. CMA Development

There are also issues pertaining to the development/ growth of the CMA particularly pertaining to rapid growth of the staff complement and the secondment/ transfer of staff from DWS. Current recovery of revenue is not sufficient to meet the expenditure/ budget requirements of the CMA. This relates to the inability to recover charges effectively as well as constraints imposed by the capping of charges. There is challenge in aligning the budget requirements of the CMA with the tariffs set by DWS.

There is a further challenge, which relates to historically low tariffs set by the Department, based on the work that was being done by the Regional Office. These tariffs do not necessarily cover the costs of what needs to be done in the WMA. However, there are limits to the increases that can be placed on these tariffs, limiting the ability of the CMA to meet its budgetary needs.

8.4.3. Unstable Systems

CMA financial viability is currently affected by unstable financial systems being operated by DWS. The ongoing development and stabilisation of SAP and WARMS poses risks to the CMAs, which are currently dependent on DWS for their revenue generation. These systems also pose a risk in the sense that the CMAs and stakeholders are concerned about the effectiveness of these systems and the ability of DWS to manage the systems effectively.

Currently there appears to be significant over-registration of water users in some WMAs. This carries potentially negative impacts for the CMA over time. Current tariffs are calculated on the basis of registered figures relative to the costs of managing the WMA. Over-registration therefore results in lower unit costs than would be the case where actual use is used to calculate costs. In time, as the registered use is reduced to align more closely with actual use, the volume of water against which charges are levied will reduce. In order to meet its budgetary requirements the CMA will, therefore, have to increase the tariffs accordingly, but this will not sit well with stakeholders and may be in conflict with the caps set out in the Pricing Strategy.

There is also a challenge in the inconsistency in the methodology for calculation of tariffs used in the various regional offices and the determination of what should be charged for. While DWS has done considerable work to try to improve this situation, it is still not fully resolved and holds potential risks for CMAs when they take over the tariffing function.

There is also a challenge in relation to the management of revenue collection by DWS and the need for clarity in relation to the revenue generation per WMA.

8.4.4. Under-Recovery of Charges

CMAs are at risk due to under recovery of charges for a range of reasons, including non-payment of charges either intentionally or through lack of understanding of the need to pay the charges. Perhaps the greatest challenge is that the systems currently in place are not sufficiently evolved to provide clarity on the actual under-recovery. There are, however, challenges in billing efficiently and effectively, on following up on under-recovery and on allocating revenue that has come in to the Department.

8.5. CMA Funding and Viability

The CMA costs must be covered by user charges (under the pricing strategy) and/or by transfers from the fiscus (via DWS budgetary process), although other donor transfers for specific initiatives may be possible. Support from the fiscus would be across four key areas:

- Establishment support;
- Under-recovery operating support;

- Charge-capping operating support; and
- Public interest operating support.

8.5.1. Establishment of Support

This support provides the CMA with an establishment grant to cover all costs during the first two years, before responsibility for water use, charge, billing and collection is transferred from DWS to the CMA. This is basically unavoidable, because it will take at least 18 months after establishment for a CMA to be able to take over this function (linked to time required for setting up the systems and setting charges by the CMA the year before collection occurs). This is the *de facto* situation with the two existing CMAs.

There is a drive to streamline the transfer of this function and the necessary systems to support this, however, experience has shown that the CMA will also need time to actually take up this function.

The financial requirements for the CMA are set out in the business case providing a minimum of a five year planning horizon. The budget required by the CMA within the first two years would be covered by the establishment grant that would enable the CMA to establish itself and its systems, rather than immediately place the new institution under financial pressure to rapidly make improvements in revenue collection.

8.5.2. Under-Recovery Operating Support

This recognises that the current recovery of water use charges is unacceptably low, that the fiscus is implicitly subsidising this under-recovery and it would jeopardise the CMA viability to transfer this entire under-recovery risk to a CMA soon after its establishment. It may be expected that over the five years from establishment to full-functionality, the CMA would improve its recovery rates to acceptable levels (such as 90%). These recovery targets and mechanisms to achieve them would be outlined and implemented through the business planning process.

While the CMA achieves these levels, the recovery shortfall should be funded through transfer from DWS, otherwise the onus is on the CMA to collect disproportionately higher revenue from those users that are paying. The level of operating subsidy would steadily decrease as recovery rates increase, all of which would be agreed through the CMA business planning process.

This operating subsidy differs from the establishment grant, in that the grant is fixed over two years until the CMA collects charges, whereas the subsidy is a corrective measure after the CMA collects charges. An assumption is made that the CMA and DWS would begin to address the under-recovery issue in the first two years, which implies that the under-recovery subsidy would already have been reduced by the time the CMA takes over this responsibility.

While WRM charge under-recovery rates remain low, it would seriously jeopardise the CMA development to require them to immediately collect their entire expenditure from charges (when DWS has not managed after ten years). This would have a negative impact on their short-term

viability, would result in curtailing costs and therefore not performing functions adequately, which would in turn impact on their longer term sustainability built around value added to water users.

8.5.3. Charge Capping Operating Support

There is a need for a charge-capping subsidy to be transferred to the CMA upon delegation of the charge collection function. The basis of the cap is that this is an affordability issue that must be addressed through fiscal support (not cross-subsidisation from domestic and industrial users) and that domestic and industrial users do not generally have an affordability challenge. This support would partially address the affordability issue for agriculture and forestry, but would need to be implemented concurrently with subsidisation and/or management of under-recovery over the medium term.

8.5.4. Public-Interest Operating Support

This reflects a recognition that some CMA functions are in the public interest and should be funded from the fiscus. This is implicit in the current situation where a part of the total DWS Regional Office proto-CMA costs is not allocated for recovery by WRM charges (about R60 million or 15% in 2012/13). Viability analysis finds that this support (from DWS) would be in the order of about 35% of CMA costs to cover these public interest functions.

This provides for a balanced approach to fiscal support and user charging, which would ensure CMA viability without jeopardising water resources management in the public interest. This approach is fair and reasonable, it reflects the public finance theory, and can be implemented to keep charge rates at levels that should enable improved cost recovery without jeopardising delivery of core water management functions and carrying out of the public interest mandate. The actual allocation in public interest support would be through the business planning process, however allocations to the various CMAs may deviate from the 35% based on local conditions and requirements.

Appendix A: Delegations to be retained by the Minister

Table 10: Water Resource Functions Remaining with the Minister

WATER RESOURCE FUNCTIONS REMAINING WITH THE MINISTER	
Chapter 2: Water Management Strategies	
Part 1:	Development of the National Water Resource Strategy
Chapter 3: Protection of Water Resources	
Part 1: Classification system for water resources	
S12:	Prescription of classification system
Part 2: Classification of water resources and resource quality objectives	
S13:	Determination of water resources and resource quality objectives
S14:	Preliminary determination of class or resource quality objectives
Part 3: The Reserve	
S17:	Preliminary determinations of Reserve
Chapter 4: Use of Water	
S23:	Determination of quantity of water which may be allocated by responsible authority
S25:	Transfer of water use authorisations <i>On condition that the transfer takes place within national regulations and within the boundaries of the CMA</i>
S26:	Making of regulations on use of water
S33:	Declaration of water use as an existing lawful use <i>It is recommended that this clause should not be delegated and should not be utilised in future as it was intended as a transitional clause which is now out of date.</i>
Part 5: Controlled activities	
S38:	Declaration of certain activities as controlled activities <i>At a national level where appropriate</i>
Part 6: General Authorisations	
S39:	General authorisations to use water <i>At a national level</i>
Part 7: Individual applications for licences	
S40(3):	A responsible authority may charge a reasonable fee for processing a licence application which may be waived in deserving cases. <i>For strategic water use only</i>
S40(4):	A responsible authority may decline to consider a licence application for the use of water to which the applicant is already entitled by way of an existing lawful water use or under a general authorisation.

	<i>For strategic water use only</i>
Part 9: Review and renewal of licences, and amendment and substitution of conditions of licences	
S49:	Review and amendment of licences <i>For strategic water use only</i>
S50:	Formal amendment of licences <i>For strategic water use only</i>
S51(1):	Successors in title <i>For strategic water use only</i>
S52 (2), (3), (4):	Procedure for earlier renewal or amendment of licences <i>For strategic water use only</i>
Part 10: Contravention of or failure to comply with authorisations	
S52:	Rectification of contraventions <i>For strategic water use only</i>
S54:	Suspension or withdrawal of entitlements to use water <i>For strategic water use only</i>
S55:	Surrender of licence <i>For strategic water use only</i>
Chapter 5: Financial provisions	
S56:	Pricing strategy for water use charges
S57(3):	Charges made on a national or regional basis and payable to DWS
S58 (1):	Recovery of water use charges – directive to a WMI to recover charges made by the Minister under S57(1)
S59(3)(a):	Determination of interest rate on unpaid water use charges, with the concurrence of the Minister of Finance
S59(3)(b):	Restriction of the supply of water to the water user from a waterworks or the restriction or suspension of the authorisation to use water until charges have been paid <i>For charges made under S57(3)</i>
S60(2):	Issuing of a certificate stating the amount of unpaid water charges and any interest due <i>For charges made under S57(3)</i>
Part 2: Financial assistance	
S62:	Regulations on financial assistance
Chapter 6: General powers and duties of Minister and Director General	
Part 1: Delegations, directives, expropriation, condonation and additional powers	
S63(3):	Delegation of powers and functions by Minister
S64:	Expropriation of property
S65:	Expropriation for rehabilitation and other remedial work <i>For functions that remain with DWS</i>
S66:	Condonation of failure to comply with time period <i>For functions that remain with DWS</i>
S67:	Dispensing with certain requirements of the Act

Part 2: General provisions regarding regulations	
S69:	Making of regulations
S70:	Consideration of regulations
S71(1):	Rejected regulations
S72:	Powers and duties of catchment management agencies vest in Minister in certain circumstances
S73:	Assignment of powers and duties to catchment management agencies
S74:	Directives to water management institutions
Part 3: Powers of Director-General	
S75:	Delegation of powers by Director-General
Chapter 7: Catchment Management Agencies	
S76:	Appointment of persons on contract
S78:	Procedure for the establishment of CMAs
S81:	Appointment of Governing Board of CMA
S82(1):	Convening of the first meeting of the CMA
S82(3):	Appointment of the Chairperson and deputy Chairperson
S83:	Removal of members from the Governing Board
Part 4: Intervention, disestablishment or change of water management areas of catchment management agencies	
S87:	Intervention by Minister
S88:	Disestablishment of CMA
S89:	Transfer of assets and liabilities after change of water management area or disestablishment
S90:	Regulations on CMAs
Chapter 8: Water User Associations	
S92:	Procedure for establishment of water use associations <i>Where the WUA has government owned infrastructure or government guaranteed loans</i>
S95:	Directives to water user associations <i>Where the WUA has government owned infrastructure or government guaranteed loans</i>
S96:	Disestablishment of water user association <i>Where the WUA has government owned infrastructure or government guaranteed loans</i>
S97(1)(b); (4)	Winding up affairs of disestablishment water user association <i>Where the WUA has government owned infrastructure or government guaranteed loans</i>
S98 (5), (6),	Transitional provisions for certain existing organisations – acceptance of proposal to transform an irrigation board into a water user association and declaration of such water user association

Chapter 9: Advisory Committees	
S99:	Establishment of advisory committees
S100:	Regulations regarding advisory committees
Chapter 10: International Water Management	
S102:	Establishment of bodies to implement international agreements
S103:	Governance and functions of bodies
S106(4):	The Director General must send a copy of the report to the Secretary to Parliament
S107:	Investigation of affairs or financial position of bodies
Chapter 11: Government Water Works	
S109:	Acquisition, construction, alteration, repair, operation and control of government waterworks <i>For all government waterworks excluding CMA waterworks for monitoring purposes</i>
S110:	Consultation and environmental impact assessment <i>For all government waterworks excluding CMA waterworks for monitoring purposes</i>
S111:	Financing of government waterworks <i>For all government waterworks excluding CMA waterworks for monitoring purposes</i>
S112:	Water from government waterworks <i>For strategic water use, and transfers between WMAs</i>
S113:	Access to and use of government waterworks for recreational purposes
S115:	Disposal of government waterworks <i>In relations to government waterworks excluding CMA pertaining to monitoring infrastructure for CMA requirements only</i>
S116:	Regulations regarding government waterworks
Chapter 12: Safety of dams	
S118(2), (3), (4), (5):	Declaration of a dams to be dams with a safety risk, issuing of directives and intervention where directive is not complied with
S122:	Exemptions from compliance with provisions of this chapter or regulations made under this chapter
S123:	Making of regulations regarding dam safety
Chapter 13: Access to and rights over land	
Part 1: Entry and inspection	
S124:	Appointment of authorised person
Part 2: Servitudes	
S135:	Ownership of waterworks on land belonging to another
S136:	Transfer of personal servitudes
Chapter 14: Monitoring, assessment and information	

Part 1: National monitoring systems	
S137:	Establishment of national monitoring systems
S138:	Establishment of mechanisms to co-ordinate monitoring of water resources
Part 2: National information systems on water resources	
S139:	Establishment of national information systems
S141:	Provision of information
S142:	Access to information
S143:	Making of regulations for monitoring, assessment and information
Part 3: Information on flood lines, floods and droughts	
S145(1):	Duty to make information available to the public
S145(2):	Establishment of an early warning system <i>In relation to issues with an impact or cause spanning two or more WMAs.</i>
Chapter 15: Appeals and dispute resolution	
S146:	Appointment of members of the Tribunal, determination of conditions of employment of members of Tribunal and termination of membership of Tribunal
S147:	Operation of Tribunal – provision of support to the Tribunal by the Department
S150:	Mediation: directives by the Minister for persons to settle disputes by mediation
Chapter 16: Offences and remedies	
S155:	Interdict or other order by High Court – the Minister may apply to the High Court for an interdict against a person who has contravened the Act
S159:	Effect of delegation: Delegation of a power does not prevent the exercise of that power by the person who made the delegation; delegation may be made subject to conditions
SCHEDULE 4 OF NWA MANAGEMENT AND PLANNING OF WATER MANAGEMENT INSTITUTIONS	
Part 1: Governing Board	
Schedule 4(3):	Directive to board to remove of CEO
Schedule 4(8):	Recovery of improper profits
Part 4: Institutional Planning	
Schedule 4(21):	Power of Minister to issue directive to Board to review and revise a business plan
Schedule 4(22):	Determination of form of the business plan of a CMA
Schedule 4(25):	Minister may make comments on the business plan Minister may make comments on the business plan

Schedule 4(25)(4):	Minister may direct the Board to include or omit any matter from a business plan
Schedule 4(28):	Minister may require information from the Board
Part 5: Monitoring and Intervention	
Schedule 4(29)(2):	Minister may appoint a person to investigate the affairs or financial position of an institution
Schedule 4(30):	The Minister or a person authorised by the Minister may enter premises of an institution and take any book, record or asset of the institution where this is necessary to obtain information
Part 6: Records and reporting	
Schedule 6(3):	Nominations for appointment to the Water Tribunal
Schedule 6(5)(3):	A responsible authority against whose decision or offer an appeal or application is lodged must within a reasonable time - (a) send to the Tribunal all documents relating to the matter, together with the reasons for its decision; and (b) allow the appellant or applicant and every party opposing the appeal or application to make copies of the documents and reasons.
<p>Dam Safety and Disaster Management</p> <p>Ensure dam safety (for non CMA dams)</p> <p>Implement certain disaster management and remedial activities</p> <p>Co-ordinate disaster management response and remedial activities</p>	
<p>Strategic Co-ordination</p> <p>International co-operation</p> <p>Awareness creation and communication</p>	
<p>Operations and Development</p> <p>Rehabilitation of water resources</p> <p>Operate waterworks</p> <p>Develop operating rules</p>	

Appendix B: Sources of Funding for CMA Functions

The underlying proposal of this note is that CMA viability in performing its mandated role requires a distinction between funding of CMA operational functions that directly serve water users and those that have a public interest developmental or regulatory character. This appendix makes proposals about different functions as input to the viability assessment.

DWS policy on the establishment and development of CMAs has been based on the concept of three broad phases of development, namely:

- *Developing relationships and legitimacy*: taking on the CMA initial and early water use management functions as represented by the “proto-CMA” (in the first two years).
- *Building capacity and consolidating*: taking on information, WR monitoring and other implementation functions (over the next two years).
- *Becoming fully functional*: taking on the responsible authority and other institutional oversight functions (over the following one or more years).

The three phases of CMA development are the basis for the five-year functional evolution and costing of the CMA development used in this note. It also provides a useful framework for the evaluation of funding of CMA functions. Table 2 provides a breakdown of the functional groupings for delegation/transfer to the CMA during each phase of CMA development, together with the proposed source of funding.

Table 11: Possible Funding of CMA Functions

Phase of Evolution	Functions	Funding source
Phase 1: Develop Relationships and Legitimacy	<i>Initial functions</i> Investigate & advise Develop CMS (with local plans) Coordinate activities Promote participation <i>Water use management</i> Registration & validation Process water use applications Water use control / compliance Compliance monitoring Enforcement Water use charges <i>CMA administration</i> CMA business plan HR and financial systems	Most funded through water use charges for WRM, as these relate directly to the operational CMA functions benefiting water users – although prior to delegation of financing responsibilities DWS will need to transfer these costs to the CMA (whether from collected revenue or augmentation). Institutional establishment and first CMS development costs supported by the fiscus.

Phase 2: Build Capacity and Consolidate	<p><i>WR information systems</i> Managing DWS systems Developing WMA systems</p>	WMA/CMA processes funded through water use charges on WRM (using systems developed nationally)
	<p><i>WR monitoring</i> Hydro (surface water monitoring, including water quality and health) Groundwater monitoring (including water quality and health)</p>	National/strategic WR monitoring funded on an agency basis through the exchequer Some hydro cost may be funded through infrastructure charges (if performed by CMA) Additional WMA/CMA WR monitoring funded through WRM charges
	<p><i>Resource protection</i> Reserve determination Classification process</p>	Nationally required processes funded on an agency basis through the exchequer WMA processes funded by licence applicants and/or WRM charges
	<p><i>Water allocation reform</i> - Compulsory licensing</p>	Nationally required processes funded on an agency basis through the exchequer
	<p><i>WR system operating rules</i> <i>Remediation projects</i> <i>Emergency intervention</i> <i>WR Programmes</i></p>	National/strategic processes funded through exchequer (as grant funding) WMA/CMA processes funded through water use charges (or other lawful sources)
Phase 3: Fully Functional Responsible Authority	<p><i>Authorisation of water use</i> Evaluation of applications Licensing WMA General Authorisation <i>Directives on water use</i> Resource protection Restrictions <i>Compulsory licensing process</i> <i>Oversight of WUA (and WMI)</i> WMI Establishment Business plan review</p>	Entirely funded through exchequer, as these are primarily regulatory functions

	<i>Intervention in WMI</i>	
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Initial functions

The initial (proto-CMA) functions in first two years should be mainly funded through water use charges, except for some key institutional establishment processes and initial projects such as the catchment management strategy development.

Consolidation and implementation functions

The functions delegated during the organisational consolidation in the next two years have both national strategic and WMA level drivers. This should be the determinant of the source of funding for these functions, with those functions being required of national strategic purposes or as part of national programmes possibly being funded from the exchequer on an agency basis. All additional locally required initiatives should be funded through water use charges (or any other lawful source). The funding of the national WR monitoring system (hydrology, groundwater, water quality and resource health) should therefore be from the exchequer (or infrastructure charges where these support infrastructure operation). Similarly funding of classification and Reserve determination processes required nationally to ensure sustainable management of the resource (in the public interest) should be funded from the exchequer. The costs (and funding) of these functions is likely to vary considerably between WMA, and will be dependent upon national strategic and WMA priorities.

Responsible authority functions

The activities associated with the responsible authority functions (from the fifth year) are currently largely performed by DWS under parliamentary appropriation. It is proposed that these functions continue to be funded from the exchequer, even once they are delegated to a CMA, in order to ensure appropriate resources are allocated by the CMA and that funding considerations do not influence regulatory decisions by the CMA.

The additional costs of these regulatory functions per WMA should be relatively low, given that there will already be significant staff involved in water use management and institutional coordination related functions within the CMA, and that DWS should maintain a technical support capacity to support the implementation of these functions by CMAs. Furthermore, this should be associated with a reduction of the DWS programme costs associated with these responsible authority functions.

Based on this assessment and preliminary analysis of the CMA costs, it is argued that the public interest functions of a CMA accounts for about 35% of the total CMA expenditure and that this is relatively stable over the three phases.

Section 6

Administration of the CMA

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1. Introduction

Sound financial management and controls in the CMAs are crucial to the functioning of these new institutions, and their financial viability and sustainability. It is therefore important for the CMAs to get effective financial systems up and running upon establishment. It is also crucial that the necessary financial management and governance expertise be appointed within the Governing Board itself, to provide the necessary financial oversight for the CMA.

Although it is accepted that the core mandate of CMAs must be financed from water resource management charges, it must be understood that there is a risk of lower collection rates. Where such collection rates are too low, augmentation should be provided to ensure that there is no compromise in the CMAs performance.

The following principles should be considered in the viability of CMA:

- **Cost-recovery:** the recovery of relevant costs from water users is critical to promote local “ownership” of the CMA, together with financial accountability and demonstrable value add by the CMA to local users.
- **Attribution:** charges should be collected from all water users that receive a benefit or require CMA management, which implies that the charges should be collected from the waste discharge related water users as well as “consumption” related water uses.
- **Affordability:** in setting these charges their affordability to all users must be considered, but care should be taken against broad assumptions about sector affordability based on a small segment of that sector (as is the case with agricultural charge capping).
- **Public interest:** CMAs have a mandate to regulate water resources in the public interest and to achieve government’s political, social and environmental objectives (in ways that may not directly benefit water users), so this mandate should be financially supported.
- **Establishment:** the transaction costs associated with establishing or developing a new public entity should be supported by the fiscus, while the Department of Water and Sanitation (DWS) must transfer funding for the CMA before revenue collection is delegated.
- **Governance:** the financial management (controls), budgeting, cost-recovery and expenditure of state funds need to be based on sound governance principles and comply with all aspects of the Public Finance Management (PFMA), linking strategic outcomes to proposed budgets.
- **Cost-comparison:** DWS currently performs water resources management functions (in the absence of CMAs) without fully billing or recovering the associated costs, so the status quo alternative should be considered in assessing CMA viability.
- **Sustainability:** the long-term sustainability of the water resources management function is increasingly critical to an economically-developed water-scarce country, so the primary point of departure for the viability study should be the long-term reconciliation of expenditure required to perform the function against a combination of revenue streams.

There was a policy decision taken by the DWS that CMAs must be funded from the WTE. The principles of funding CMAs require formalisation and approval by the CFO: WTE to prepare for the operationalisation of the CMAs.

1.1. Proposed Principles for Funding of Proto-CMAs/CMAs

The following are the proposed principles of funding Proto-CMAs/CMAs:

Establishment costs: the CMA establishment costs should be funded by DWS from the fiscus until the CMA is able to develop and submit the annual performance plan requesting approval and funding for performance targets.

Governance (Board costs): The costs of the governing board activities should be funded from the water use charges.

Personnel costs: Staff costs are notably the most significant portion of the estimated budgets. This is aligned to the desire to build competent and effective agencies that are not reliant on significant outsourcing to perform their functions. CMA development is directly related to growth in staff complement however the current recovery of revenue is not sufficient to meet the expenditure/budget requirements of the CMA. The establishment of nine CMAs will require the transfer of relevant staff from the Proto-CMAs (DWS regional offices) to the established CMAs, as well as the transfer of the relevant budget.

IT Systems and licenses (SAP, WARMS etc.): The billing function is an inherent function of the CMA upon its establishment. This requires that the business processes and system requirements must be in place in order for the CMA to perform these functions effectively. To support good governance, monitoring and compliance there should be standardised uniform systems for all Proto-CMAs/CMAs. The server and the IT system will be budgeted for by the DWS. Currently the billing function is performed by the WTE as CMAs do not have appropriate systems in place to manage customer information. This will be transferred to CMAs.

Buildings and administration: Each CMA established will need to set up a main and possibly one or two sub offices depending on the size of the water management area of the CMA.

Public interest and international obligations functions: CMAs have a mandate to regulate water resources in the public interest and to achieve government's political, social and environmental objectives in ways that may not directly benefit water users and this mandate should be financially supported by DWS.

1.2. Budget through the CMA Lifecycle

With the transfer of functions, it is critical that the budget related to these functions is also transferred timeously to the CMA, whether this budget is from the trading account or the main account. Such budget allocations should be identified in the process of planning for the transfer of functions so that both DWS and the CMA are aware of the budgetary implications of the

transfer of functions and that the funds are transferred timeously to the CMA so that it is able to carry out its functions. The power to charge for water use is an inherent function of a CMA, from the time of its establishment. Currently water resource management charges are billed by DWS through the water trading entity, on the basis of information contained in the WARMS system. The waste discharge charges will be added to this billing in due course.

In order to enable the CMA to bill for and collect revenue, it is critical that the SAP and WARMS systems are made available to CMAs. It should then become the responsibility of the CMA to ensure that SAP and WARMS data is maintained and updated. The CMA should in turn share their data inputs with DWS, as DWS manages the national WARMS database. This is also done for compliance measures.

The billing for the consumptive (infrastructure) charge will remain the function of DWS. DWS will remain responsible for financial support necessary to make the CMA financially viable where reasonable costs of the CMA cannot be covered by water resource management charges.

See the *Operational Evolution Guide of the Starter Pack* for a more detailed explanation of the expected organisational development process and requirements within the various phases of setting up the Catchment Management Agencies.

2. Guidelines for the Development of Financial Management Policies

Financial management policies should be drawn up and approved by the Governing Board of the CMA. These policies could include the following:

- Budgeting
- Income
- Operating Expenditure
- Supply Chain Management
- Capital Expenditure
- Goods and Materials
- Creditors and Payments
- Cash Book Processes
- Salaries, Wages and Allowances
- Petty Cash Purchases
- Asset Management
- Investments
- Risk Management and Insurance
- Loans
- Accounting
- Auditing
- Information Systems
- Reporting

2.1. Budgeting

The budget and budget preparation should comply with the requirements of the PFMA, National Treasury Guidelines & Regulations, the National Water Act and DWS Strategic Imperatives. In addition, the budget must align to the three-year Medium Term Expenditure Framework (MTEF) plan of the CMA including the inherent, initial, delegated functions and assigned responsibilities.

2.2. Bank Accounts

Two (2) bank accounts should be opened with a designated bank, one interest earning for surplus funds and one current account.

An option is for DWS to negotiate preferential banking and interest rates for all CMAs with a particular bank (which individual CMAs acting alone are unlikely to obtain), but this will require DWS to take the initiative and may be construed as impinging on CMA autonomy. Alternatively, the CEO would need to negotiate this with DWS and National Treasury.

The following internal controls should be implemented against payments:

- All payments to be made against two signatures.
- Only the CEO and his/her senior managers (direct reports) should have signing powers.

It is recommended that in the first year the CEO should sign all payments until the procedures are operating efficiently.

It may take some time to appoint the CEO and required staff. In the interim, it is recommended that the chair and two members of the CMA Governing Board are designated with signing powers (by resolution of the Governing Board), to sign payments until the CMA CEO and management are appointed. Where appropriate, DWS or an appointed service provider should be responsible for managing finances associated with logistical and other activities until the CEO is appointed, in order to reduce the administrative burden on the Governing Board.

2.3. Appointment of National Auditors

Each CMA will require an independent auditor. The CEO should acquaint him/herself with the selected audit office and agree on a timetable for the annual audit.

2.4. Accounting System

The CFO should determine the format, standards and systems applicable to the financial accounting procedures taking into account the Generally Accepted Accounting Practices (GAAP and GRAP), guidelines by the National Treasury and any requirements of the Auditor General.

The CFO should also ensure that proper account records are opened and maintained. The CFO should determine the requirements for access to electronic accounting systems and ensure the maintenance of necessary security.

An uncomplicated accounting package is recommended. An inexpensive and flexible package should be selected, that can be adapted to all regional requirements. It is recommended that the appointed auditors assist in the selection and implementation of the package.

2.5. Monthly Financial and Operational Reporting

It is proposed that each CMA hold a monthly management meeting with the Governing Board audit committee and report monthly on its financial situation and that the following form part of its reporting content:

- Monthly profit and loss account comparing revenue and expenditure against budget, explaining variances
- Balance sheet highlighting cash and debtor aging
- Cash flow summary, showing cash movement for the month, highlighting capital expenditure
- Staff performance and problem areas
- New contracts negotiated for the month, together with deadlines for finalisation of individual contracts
- CEO overview of the CMA's performance

2.6. Public Finance Management Act reporting requirements

The CMA, as a Schedule 3A entity in terms of the PFMA will, 6 months before the start of the financial year, submit to the Minister of Water and Sanitation (Executive Authority), through the DG, a budget of estimated revenue and expenditure for approval. The Minister, through the support of the DWS, must ensure that the submitted budget is in line with the DWS approved budget. The CMA is also responsible for submitting the information to the Auditor-General and National Treasury. Below is a summary of PFMA and Treasury Regulation requirements for CMAs:

Table 1: Summary of PFMA and Treasury Requirements for CMA

CMAs (SCHEDULE 3A)	LEGISLATION	SUBMISSION DATE	SUBMIT TO
Annual Report & Audited Financial Statements	PFMA: Sec 55 (d)	Within 5 months of end of the CMA financial year, i.e. 31 August of each year	Minister
Strategic Plan	TR 30.1.1	6 months prior to start of DWS financial year, i.e. October of each year	Minister
Annual Performance Plan and Budget of estimated revenue and expenditure for the year	TR 30.1.1 TR 30.1.2 PFMA: Sec 53(1)	6 months prior to start of financial year	1 st draft in August 2 nd draft in October Final by the end of January
Budget of estimated revenue & expenditure for the year	PFMA: Sec 53(1)	6 months prior to start of DWS financial year,	Minister

CMAs (SCHEDULE 3A)	LEGISLATION	SUBMISSION DATE	SUBMIT TO
Quarterly Reports on actual revenue & expenditure for the quarter & projection of expected expenditure & revenue for remainder of financial year	TR 26.1 TR 30.2.1	Within 30 days of end of each quarter, i.e. End of July, October, January, April	Minister
Report on compliance with PFMA	TR26.1.2	Quarterly	Minister
Financial misconduct procedures report	TR 33.3.1	Annually, if applicable	Minister

3. Guideline for Development of the Supply Chain Management (SCM) Policy

3.1. Introduction

The CMA, as an organ of state, is required by the Constitution of the Republic of South Africa (Act No. 108 of 1996) and the Public Finance Management Act (Act No. 1 of 1999) as amended by Act No. 29 of 2002 to have a procurement system. The procurement system referred to must be fair, equitable, transparent, competitive, and cost effective and it must be consistent with the relevant codes of good practice in terms of sections 9 and 10 of the B-BBEE Act, (Act 53 of 2003) and the Preferential Supply Chain Management Policy Framework Act, 2000 (Act No.5 of 2000).

The supply chain management system must provide for at least the following:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Regular Assessment of Procurement Performance

The CMA must develop a Supply Chain Management (SCM) Policy for the acquisition of all goods and services that addresses its mandate and the government's transformation agenda. The goal of the policy should be to ensure a sound, sustainable and accountable procurement system within the CMA, whilst promoting broad-based black economic empowerment.

The policy should also strive to ensure that the objectives for uniformity in supply chain management systems between organs of states are not undermined. The policy should also ensure that consistency with national policy on the promotion of investments and doing business with the public sector are maintained.

The purpose of the SCM Policy should be:

- To ensure the efficient, effective and uniform planning for and procurement of all services and goods as well as the sale and letting of assets whilst developing, supporting and promoting broad-based black economic empowerment, SMME's and other preferential goals.
- Good governance through rigorous supply chain processes and promotion of consistent application of procurement best practices.
- To create a common understanding and interpretation of preferential procurement.
- To ensure the efficient, effective and uniform management and disposal of goods and assets.
- To ensure that the CMA's strategic objectives are achieved.

The Governing Board must approve the supply chain management policy, and any changes to the policy without the approval of the Governing Board should be regarded as invalid.

The Human Resources division of the CMA should ensure that officials implementing the SCM system are trained and deployed in terms of the Treasury Regulations 16A and other relevant training guides.

3.2. What should inform the Supply Chain Management Policy of CMAs?

Legislative and Governance Framework

The CMA is required to apply the legislative and regulatory guidelines as shown below when drawing up its supply chain management policy, and putting its supply chain management system in place. The following must be applied:

- The Constitution
- The Public Finance Management Act (PFMA)
- Treasury Regulations issued in terms of the PFMA
- Other Treasury Regulations and SCM Circulars
- Broad-Based Black Economic Empowerment Act
- The National Small Enterprises Act
- Information, Communication & Technology (ICT) Charter
- The Prevention and Combating of Corrupt Activities Act
- Other relevant pieces of legislation and Corporate Governance Guidelines

The CMA should also provide for a preferential procurement system in line with:

- The Constitution
- The Public Finance Management Act (PFMA) and
- The Preferential Procurement Policy Framework Act (PPPFA) and Its Regulations

3.3. Principles for the Supply Chain Management Policy

The CMA should draw up its Supply Chain Management Policy using some procurement principles. A set of principles that can be used are as follows:

Table 2: Principles for Supply Chain Management Policy

PRINCIPLE	DESCRIPTION
Transparency	The procurement process shall be open and predictable and shall afford each prospective bidder timely access to the same and accurate information.
Equal treatment	All bidders and suppliers shall be treated equally throughout the whole procurement process whilst promoting certain empowerment objectives.
Effectiveness	The CMA shall strive for procurement system effectiveness and shall carry out its procurement processes as cost-effectively as possible while meeting its commercial, regulatory and socio-economic goals.
Efficiency	The CMA shall strive to standardise and simplify procedures where appropriate to enhance SCM system effectiveness.
Competitiveness	The CMA shall satisfy its requirements through competition unless there are justifiable reasons to the contrary.
Fairness	All bidders and contractors shall be dealt with fairly and without unfair discrimination, with no unnecessary constraints imposed and commercial confidentiality protected.
Ethics	All suppliers shall be treated equally whilst promoting certain empowerment objectives, all CMA employees and suppliers shall subscribe to the highest ethical standards and shall conduct business and themselves ethically.
Proportionality	The requirement stipulated in the specification and the qualification requirements attached thereto must be appropriate, necessary and in reasonable proportion to the requirement.
Uniform application	The CMA shall ensure that the application of a Supply Chain Management Policy, procurement processes and documentation are uniformly applied.
Accountability	Each practitioner shall be accountable for their decisions and actions relative to their procurement responsibilities.
Openness	The procurement process, subsequent contract award and implementation shall be according to the predetermined specification and in line with the best practice procurement principles.
Value for money	The CMA shall achieve value for money through the optimum combination of life cycle cost and quality.
Commitment to safety, health and the environment	The CMA is committed to the health and safety of its personnel and its suppliers in the application of its procurement process.

3.4. What should the Supply Chain Management Policy Cover?

The supply chain management policy:

- should be applicable across all procurement activities of the CMA
- should cover all acquisition and disposals of goods, services (tangible and intangible), content and works and the appointment of consultants
- should cover all procurement and other SCM by and on behalf of the CMA, unless covered by the exclusions

In particular, it could contain the following:

- Definitions
- Scope and Objectives
- Regulatory Framework
- Elements of SCM
- Authority to Execute
- Roles and Responsibilities of Governance Structures
- Financial Thresholds
- SCM Regulations
- Preferential Procurement
- Methods of Procurement
- The Procurement Process
- Risk Management
- Compliance
- Contracts Management
- Appointment of Consultants
- Management of Suppliers
- Recording and Reporting of Information
- Performance Measurement of Procurement

3.5. Systems and Documents to Support the Supply Chain Management Policy

In addition to the policy, the following documents should be created to implement the supply chain management system:

- Procurement Procedures Manual
- Delegation of Authority
- Disciplinary Codes

4. Guidelines for Development of Asset Management Policy

4.1. Introduction

The CMA should create a policy for asset management. A fixed asset is defined in the Generally Accepted Accounting Principles (GAAP) as a tangible item of property, plant or equipment held by an organisation for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset – either movable or immovable – which is under the control of the CMA and from which there is reasonable expectation to derive economic benefits, or reasonable expectation to use in service delivery, over a period extending beyond one financial year.

An asset which is held under a finance lease is recognised as a fixed asset because the entity has control over such an asset even though it does not own the asset.

4.2. What should inform the Asset Management Policy of CMAs?

Legislative and Governance Framework

The CMA is required to apply the legislative and regulatory guidelines when drawing up its asset management policy, and setting up its asset management system.

4.3. What should the Asset Management Policy Cover?

The Asset Management Policy could contain the following:

- Definitions
- Scope and Objectives
- Regulatory Framework
- Roles and Responsibilities
- Fixed Asset Register
- Classification of Fixed Assets
- Recognitions of Donated Assets
- Safekeeping of Assets
- Identification of Fixed Assets
- Loss, Theft, Destruction or Impairment of Fixed Assets
- Capitalisation Criteria
- Maintenance Plans
- Depreciation of Fixed Assets
- Disclosure in Annual Financial Statements
- Verification of Fixed Assets
- Disposal of Fixed Assets
- Insurance of Fixed Assets

5. Guideline for Development of the Records Management Policy

5.1. Introduction

The CMAs have a responsibility to manage, store and retain documents, records and other information for specific periods of time. Records management is necessary for the following reasons:

- The South African legislation details some document retention duties.
- It is necessary for business/operational purposes.
- It is necessary in terms of good corporate governance and good records management practices.
- It is necessary in light of possible future litigation, mediation, arbitration or disciplinary hearings.
- It is necessary for processing public requests for information as detailed in the Promotion of Access to Information Act (PAIA) 2 of 2000.
- It is necessary for quality assurance purposes.
- It is necessary for easy access to information on the business and employees.

The purpose of a records management policy is to:

- Establish the framework needed for effective management of records;
- Ensure that the CMA complies with the legal retention periods as prescribed by South African legislation and the operational retention periods as prescribed by the CMA operational requirements;
- Ensure that important business records are easily located and readily accessible to the CMA thus promoting constitutional values such as efficiency, transparency and accountability;
- Ensure that the CMA disposes of records in accordance with South African legislation and operational requirements;
- Ensure that the CMA maintains the physical and electronic security of records; and
- Ensure that the CMA retains records in such a manner that their admissibility and/or evidential weight is not compromised.

5.2. What should inform the Records Management Policy of CMAs?

Legislative and Governance Framework

The CMA is required to apply the legislative and regulatory guidelines when drawing up its records management policy, and putting its records management system in place.

The following must be applied:

- The Constitution of the Republic of South Africa, Act no. 108 of 1996
- The National Archives and Records Service of South Africa Act (Act no 43 of 1996)
- The Public Finance Management Act (Act no1 of 1998)
- The Promotion of Access to Information Act (Act no 2 of 2000)
- The Promotion of Administrative Justice Act (Act no 3 of 2000)
- The Electronic Communication and Transaction Act (Act no 25 of 2002)

5.3. What should the Records Management Policy Cover?

The Records Management Policy could contain the following:

- Definitions
- Scope and Objectives
- Regulatory Framework
- Application
- Ownership of Records
- Roles and Responsibilities
- Filing of Records
- Access to Records
- Confidentiality and non-disclosure
- Storage media and File Formats
- Record Retention
- Record Disposal
- Compliance

Section 7

Institutional Planning, Monitoring and Performance

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Introduction

CMAs are Schedule 3A public entities regulated by a number of Acts and regulations. The most important are Chapter 7 and Schedule 4 of the National Water Act 36 of 1998, the Public Finance Management Act 1 of 1999 as well as the regulations published in terms of these Acts.

Schedule 4 of the National Water Act and the regulations published by the National Treasury requires each CMA to make a number of compliance and performance management submissions to the Minister of Water and Sanitation, as the Executive Authority. The most important of these submissions are:

- Strategic Plans;
- Business Plans (annual performance plans);
- Quarterly Reports;
- Annual Reports; and
- Shareholder Compacts.

Strategic planning and annual performance planning documents provide a basis for the monitoring and evaluation of the organisational performance of public institutions in terms of fulfilling their mandates and implementing government policies. Thus the information provided is crucial for enhancing transparency, accountability and oversight. The strategic plan and annual performance plans provide a basis for evaluating the organisational performance of public institutions.

The purpose of this document is to provide guidance on the governance, oversight and regulatory functions associated with Catchment Management Agencies (CMAs). The document set out a framework for preparing each of these submissions as well as a framework for appraising these documents.

The Minister of Water and Sanitation, as sole shareholder of the water entities, is mandated to monitor entities' performance with regard to service delivery, operational efficiency, water quality, infrastructure investment, financial and commercial viability, and governance and regulatory compliance. The assessment of the various submissions provides an informed basis for the structured engagement between DWS (on behalf of the Minister) and the CMAs.

This document will provide an overview of each document including what the document entails, what is required from the CMA in particularly the governing board, the time frames for each document and to whom the documents should be submitted to.

Strategic Plan

1.1. What is a Strategic Plan?

Strategic plans identify important outcomes, orientated goals and objectives against which public institutions' medium-term results can be measured and evaluated by parliament, provincial legislatures and the public (National Treasury, 2010:1). The plan focuses on issues that are strategically important to the CMA and linked to and flowing from various plans developed within CMA to fulfil its mandates. In sum, the plan should be on the outputs the CMA produces, and the outcomes and impact it aims to achieve (National Treasury, 2010:10).

The strategic plan contains your basic plan for the CMA (strategic objectives), your vision, mission and the values the CMA will enshrine. The plan is developed through consultation with all stakeholders in the water management area i.e. commercial and emerging farmers, industry, local, regional and national government, NGOs and the public.

1.2. Which legislation, policies and documents guide the Strategic Plan?

Strategic Plans are guided by specific legislation and policy for CMAs these include (not an exhaustive list):

- Framework for strategic plans and annual performance plans
- Medium-Term Strategic Framework (MTSF)
- Municipal IDPs (Integrated Development Plan)
- National Development Plan: Vision for 2030
- National Environment Management Act (106 of 1998)
- National government policies (i.e. white papers)
- National Water Act (36 of 1998)
- National Water Resource Strategy
- Public Finance Management Act (01 of 1999)
- Provincial Growth and Development Strategies
- Relevant internal policies and plans i.e. operational plans, local government IDPs
- Sectoral strategies
- Treasury regulations chapter 5 and 30
- Water Services Act (108 of 1997)

1.3. What should be included in the Strategic Plan?

The strategic plan should include a 5-year plan that outlines the direction of the institution, the projects and programmes that will be implemented, and the resources that will be allocated to achieving the strategic objectives. The plan should also include a description of how the institution will give effect to their statutory powers and responsibilities such as those described in the National Water Act (36 of 1994).

A core set of indicators should also be developed to monitor institutional performance. The monitoring and evaluation is important to ensure transparency, accountability and oversight in government institutions.

The strategic plan should be aligned to the National Outcomes of governments, Department of Water and Sanitation Priorities, the CMA's Annual Performance Plan, the annual and quarterly reports and all budget documents. This is to ensure there is alignment in all reporting and compliance documents and thus improve operational effectiveness. Plans and budgets in particular should be linked so that the key objectives and priorities are budgeted and thus achieved.

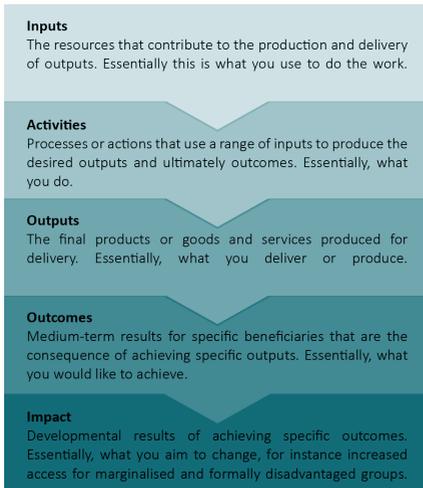


Figure 1: Key concepts¹

1.4. What is the basic structure of the Strategic Plan?

The strategic plan is divided into three parts; A, B and C.

Part A focuses on the strategic overview of the CMA and stipulates the CMA's vision, mission, values and the strategic outcome orientated goals it aims to achieve over a five-year period.

Part B identifies specific strategic objectives and their resource implications and the risks that need to be managed to achieve them. The strategic objectives should be discussed in the context of approved programme budget structures.

¹ Adapted from Framework for Strategic Plans and Annual Performance plans, National Treasury, 2010)

Part C reflects on the links to other plans such as an institution’s long term infrastructure plan, conditional grants, plans to review its public entities and the management of its public-private partnerships. This part is however not applicable to the CMA but is included in the plan. The manner in which the strategic plan is completed will be illustrated below.

PART A

- **Vision** – what you envision for the CMA, for example “Ensuring access to Water for all”
- **Mission** – what you aim to do to attain the vision you have set for the CMA
- **Values** – these are the values that will be upheld by the CMA
- **Legislative and other mandates** – discuss your mandate as instructed by the Constitution, legislation and policy. You should refer to the *Constitution of the Republic of South Africa*, the *National Water Act 36 of 1998*, the *National Water Resource Strategy* and other policies relevant to the CMA.
- **Situational analysis** – should focus on the sectors or spheres of responsibility that fall within the institution's mandate, the present delivery environment and the state of the institution itself, taking into account relevant government policies and long term plans. This section can be divided into:
 - An **outline of the key programmes** in the strategic plan: a brief summary of priority programmes for the CMA
 - The **performance environment** including the attributes specific to the water management area, the threats and the context within which the catchment is managed. This section basically covers factors such as general water use in the area, developmental needs and issues like water quality, disproportionate development, fragile ecosystems, flooding or drought, etc.
 - The **organisational environment/arrangements** which comprises attributes specific to the CMA, the structure of the institution and any important issues. This section should provide information on the capacity of the CMA and other internal factors that have informed the development of the strategic plan. The CMA’s organisational structure should be included.
 - **Description of organisational planning process** in which the activities and processes followed to develop the strategic plan are described. Time tables and the stakeholders consulted should be included in the description
- **Strategic outcomes:** The CMA should state its outcome orientated goals. These outcomes should demonstrate how the CMA’s priorities are linked to the priorities of DWS and the Outcomes of National Government. This should be done for each strategic outcome goal. This can be tabulated as depicted below.

Table 1: Example from CMA’s 5-year strategic plan & Budget 20xx/xx – 20xx/xx

No	DWS priority	CMA input/ goal statement
1	Contribute to economic growth, rural development, food security and land reform (Outcome 6, 7 & 9)	This will be achieved by providing strategic support and creating an enabling environment. Action shown

		under DWS priority 2 in strategic output tables. <i>CMA to indicate how their priorities link to DWS priorities and the Outcomes of National Government and how it will be achieved.</i>
2	To promote sustainable and equitable water resource management (Outcome 10)	
3	Strengthening the regulation of water sector (Outcome 6 & 10)	
4	Support local government to deliver services (Outcome 9).	
5	Contribute to improved international relations (Outcome 11)	
6	Build capacity to deliver quality services	

PART B

1.5. Strategic Objectives

The strategic plan should clearly state your strategic objectives. These are the objectives or priorities that your institution should achieve to succeed. They can include ensuring effective, efficient and sustainable management of water resources, promoting knowledge generation and distribution and ensuring effective and efficient management of the CMAs resources or can be grouped under specific headings, i.e. water resource priorities, organisational priorities. These are objectives specific to the CMA and that will contribute to its provision of efficient and effective services. The strategic priorities should be aligned to the CMS.

Below is an example of the strategic priorities of the CMA.



Example: Strategic Priorities of Catchment Management Agency

Water resource priorities include:

- Water resource planning and information
- Water use management
- Institutional development
- Water allocation reform
- Resource protection

Organisational priorities include:

- Human resources development
- Financial viability
- Governance

In terms of the priorities it should be clearly set out how the priority will be achieved: what target will be reached and how performance will be measured. This can be tabulated as shown below.

Table 2: Example: Strategic Priorities of Catchment Management Agency

CMA PRIORITY 1: WATER RESOURCES PLANNING					
DWS PRIORITY: Contribute to economic growth, rural development, food security and land reform					
NATIONAL GOVERNMENT PRIORITIES: Outcome 6, 7 and 9					
CMS STRATEGIC ACTION PROGRAMME 4: Generating and Managing Knowledge					
Outputs	Output statement	Performance indicator	Baseline		Delegations
			20xx/20xx	Expected target	

1.6. Resource Considerations

This section should discuss the resourcing issues that are considered when developing the strategic objectives. The expenditure trends in the programme's budget which can be expected to evolve over the five-year period should be provided. The analysis should cover trends in expenditure by economic classification, trends in the number of key staff and trends in the supply of key inputs. Other important resource related issues may be included.

Table 3: Example of Table of Projected Revenue

Source	Year 1 Budget (R '000)	Year 2 Budget (R '000)	Year 3 Budget (R '000)	Year 4 Budget (R '000)	Year 5 Budget (R '000)
Water Resource Management charge					
XXX CMA					
Proto CMA					
DWS main account					
Total Revenue					
XXX CMA roll over from previous year					
TOTAL FUNDS					

Table 4: Example of Table of Expenditure breakdown per department

Department	Year 1	Year 2	Year 3	Year 4	Year 5
Governance					
Office of CEO					
XXX other programmes					
XXX					
XXX					
XXX					
General expenses					
Sub total					
Proto CMA					
Total expenditure					

1.7. Risk Management

This section should list and discuss the five keys risks that may affect the achievement of the strategic objectives. For each item, provide a paragraph describing the risk and the manner its effects will be mitigated. These risks may include factors such as inadequate management information systems, financial instability, natural disasters, excessive pollution, etc.



Example: Risk Management section

RISK IDENTIFIED	MITIGATION MEASURE
RESOURCE PROTECTION	
Excessive pollution	Enforce compliance

PART C

Part C as previously stated does not apply to CMAs but is included in the strategic plan as illustrated below:



Example: Part C of Strategic Plan

LINKS TO LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The xxx CMA is not an institution with any infrastructure other than furniture and office equipment. There is thus no infrastructure or other capital plans foreseen for the planning horizon.

CONDITIONAL GRANTS

Not applicable

PUBLIC ENTITIES

Not applicable

PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

1.8. What are the expected time frames for the Strategic Plan?

The strategic plan should be prepared for consideration six (6) months prior to the start of the new financial year. The CMA should submit the 1st draft in August, the 2nd draft in October and the final plan in January to the responsible departments for review and the Minister for approval. Ideally the plan should coincide with the planning cycle after an election to ensure it is linked to the outcomes of the presidency.

1.9. End-term review

The CMA should produce an end-term review towards the end of the period covered in the strategic plan. The CMA should report of the extent to which it has succeeded in achieving each of the strategic outcome-oriented goals and objectives set at the beginning of the five-year period.

Annual Performance Plan

1.10. What is an Annual Performance Plan?

The Annual performance plan (APP) identifies the performance indicators and targets that the institutions will seek to achieve in the approaching financial year. The performance plan sets out the performance indicators and targets for budget programmes, and sub programmes, and should be aligned to the budget process. The plan should also be aligned to the CMA's strategic plans, budgets, quarterly and annual reports.

The annual performance plan should cover a period of three (3) years and must be updated annually. The governing board may review and revise the plan at any time or when directed by the Minister.

The annual performance plan should be developed by the CMA governing board.

1.11. Which legislation, policies and documents guide the Annual Performance Plan?

- CMA's Strategic plan
- Local government IDPS
- Framework for strategic plans and annual performance plans (2010)
- National policies and strategies
- National Water Act (Act 36 of 1998)
- Schedule 4 (Act 36 of 1998)
- Public Finance Management Act (Act 1 of 1999)
- Treasury regulations chapter 5 and 30 (*not an exhaustive list)

1.12. What should be included in the Annual Performance Plan?

In accordance with Schedule 4 of the National Water Act (36 of 1998):

- The objectives of the CMA
- An outline of the strategies and policies that are in place to assist the institution in achieving its objectives
- A statement of the services your institution will provide and the standard that will be achieved when providing those services
- Financial and performance indicators and targets that are deemed necessary by the governing board
- Any other information deemed important by the Minister
- Any information that is deemed necessary by the governing board.

1.13. What financial matters should be included in the Annual Performance Plan?

In accordance with Schedule 4 of the National Water Act (36 of 1998) the institution's Annual Performance Plan should include:

- A financial target in preparing and revising the financial target the governing board must consider the following:
 - Maintenance of the institutional financial viability
 - Maintenance of a reasonable level of reserves particularly to provide for
 - Corrective action to redress the results of past racial and gender discrimination in the use of water resources
 - The estimated future demand for the eservices of the institution
 - Any need to improve the accessibility of, and performance standards for, the services provided by the institution and
 - Any other matters determined by the Minister
- An outline of the overall financial strategies for the institution including the setting of charges, borrowing, investment and purchasing and disposal strategies
- A forecast of the revenue and expenditure of the institution, including an overcast of capital expenditure and borrowing
- The plan should provide for capacity building amongst its governing board members
- Any financial information considered necessary by the Minister
- Any financial information the governing board considers information.

1.14. What is the basic structure of an Annual Performance Plan?

The Annual performance plan is structured in a similar fashion to the strategic plan as it is also divided into 3 parts: Parts A, B and C.

Part A: Strategic overview: contains an updated situational analysis which states anything that may have changed since the strategic plan was drafted. If there has been no change one can simple state *“the information presented in the 20xx/20xx – 20xx/20xx Strategic plan has not changed significantly and is therefore still relevant”* particularly under the headings Performance and Organisational Environment. The same can be said for the revisions to legislative and other mandates section if these have not changed. Part A should also contain an overview of the budget and MTEF estimates. An example of this is tabulated below.

Table 5: Example of Budget Summary

Revenue Sources	20xx/xx Estimated Outcome (R)	20xx/xx Budget (R)	20xx/xx Budget (R)	20xx/xx Budget (R)	20xx/xx Budget (R)
Salaries and wages					
Goods and services					
General expense					
Board related costs					
CMA Expenditure budget					
Water trading entity					
Main account own funds					
Accumulated surplus and interest					

Table 6: Example of Expenditure Estimate

Expenditure Estimates: Operational Activities							
Operational Activities	Audited Outcomes		Adjusted appropriation	Medium-term expenditure			
	20xx/x x	20xx/x x		20xx/xx	20xx/xx	20xx/x x	20xx/x x
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
General expenses							
Computer expenses							
CMS development/ water resource management							
Other projects							

Xxx							
Salaries, allowances and benefits							
Board related costs							
Travel							
Training fees							
Total expenditure							
Revenue							
Other income							
Less: operating costs							
Less: finance costs							
Operating surplus							
Capital expenditure (included in total expenditure)							

Part B: Programme plans: This section should contain the CMA's strategic objectives which should be linked to the outputs of the financial year as well as the action programmes emanating from the CMS and government priorities. Performance targets should be reconciled to the budget and MTEF as shown below

Table 7: Example of Reconciling Performance Targets with Budget and MTEF

Programmes & Projects							
Xxx CMA							
Programmes and Projects	Audited Outcomes		Adjusted appropriation	Medium-term expenditure			
	20xx/xx	20xx/xx	20xx/xx	20xx/x	20xx/x	20xx/x	20xx/x
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
CMS development							

Total expenditure							
-------------------	--	--	--	--	--	--	--

LINKS TO LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The xxx CMA is not an institution with any infrastructure other than furniture and office equipment. There is thus no infrastructure or other capital plans foreseen for the planning horizon.

CONDITIONAL GRANTS

Not applicable

PUBLIC ENTITIES

Not applicable

PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

Part C: Links to other plans: as previously stated is not applicable to the CMA.

1.15. What are the expected timeframes for the Annual Performance Plan?

In accordance to schedule 4 of the National Water Act (36 of 1998) the first business plan must be for a period of three (3) years and must begin when the first financial year begins. This should not be more than six (6) months after the governing board has been appointed. The CMA should submit the 1st draft in August, the 2nd draft in October and the final plan by the end of January to the responsible departments for review and the Minister for approval. The annual performance plan will be tabled in Parliament before the start of the new financial year.

Quarterly Reporting

1.16. What is a quarterly report?

Quarterly reports inform on the progress that has been made by the CMA in the execution of the annual performance plan in the previous quarter; attention is particularly given to monitoring delivery of services against the goals set for quarterly performance.

The focus of the quarterly report is to provide the executive authority (the Minister), the National Treasury and the Auditor-General of South Africa with updates on how the implementation of plans is progressing. In doing so, it provides the accounting authority with an opportunity to analyse the information and to come up with measures that should be taken to ensure that the implementation of the annual performance stays on track.

1.17. Which legislation and policies guide the Quarterly Report?

Chapter 5 of the treasury regulations states that, the accounting authority of the CMA must establish procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action. Chapter 30 of the treasury regulations adds that the accounting authority must submit monthly reports on actual revenue and expenditure received for the financial year up to the end of that month to the designated accounting officer. This framework provides guidance in terms of the processes to follow when drafting such reports.

1.18. What should be included in a Quarterly Report?

Financial Information

This section gives a detailed account of the money that was spent and how it was spent. Additionally, it also sets these expenditures against the budget that was allocated for the project giving a clear indication of how funds were handled.

Table 8: Expenditure vs Budget

Economic Classification	Annual Budget 20xx/xx R'	Quarterly Projections R'	Actual Expenditure for quarter R'	% Variance (over/under) R'
Projects/ activities				
Goods & services				
Transfers payments				
Total				

There should be some explanatory notes relating to the table, where overspending and/or underspending are explained.

Performance Information Indicators

Performance Indicators are based on particular indicators that a CMA has identified as having high priority. These strategic priorities should be detailed along with the objectives that were set out in the strategic performance plans. This section should also contain information on whether or not targets were met, provide reasons for why they were not met and if they were met provide an explanation of how the CMA achieved them. This should be done for all strategic priorities.

Table 9: Example: Tabulated Performance Information Indicators

Strategic Priority: Water resource planning							
Strategic objective: Sustainable and equitable water resources management							
CMS STRATEGIC ACTION PROGRAMME 4: Generating and Managing Knowledge							
Output	Performance indicator	Baseline info	Performance target 20xx/xx	Performance against quarterly milestone		Reason for variance (over and under achievements)	Proposed solutions
				Planned quarterly milestone	Actual: 1st Quarter		

1.19. What are the expected timeframes for Quarterly Reports?

Quarterly reports must be prepared and submitted within 30 days after the end of each quarter to the Minister for review.

Duration of Quarters:

- 1st Quarter: 01 April – 30 June
- 2nd Quarter: 01 July – 30 September
- 3rd Quarter: 01 October – 31 December
- 4th Quarter: 01 January – 31 March

Annual Reporting

1.20. What is an Annual Report?

The annual report provides information on how the CMA performed in the previous financial year for the purpose of oversight. The annual report makes use of the targets and objectives set in the Annual Performance Plan to determine the performance of the CMA and provides audited financial statements. This document discloses how the budget was managed by providing a report of its operations during the financial year and uses this information to reveal the state of the financial management systems that are in place in the CMA. In addition, a copy of each directive given to the CMA during that year by the Minister should be contained in an annual report. Finally, the Annual Report should include relevant background statistics and administrative data series.

1.21. Which legislation and policies guide the Annual Report?

The annual report is guided by the PFMA (Act No.1 of 1999), Chapter 18 of Treasury regulations and Schedule 4 part 6 of the National Water Act (NWA) (Act 36 of 1998).

1.22. What is should be included in the Annual Report?

Chapter 18 of the Treasury regulations provides the content to be included in the Annual report:

- A review done by the auditor of the CMA measuring the performance of the CMA for the past financial year.
- Include information on transfer payments per organisation for the entire financial year.
- Include any additional information required by Parliament or the provincial legislature.
- Report on the use of foreign aid assistance, detailing the source and intended use of the assistance (including the value of any aid-in-kind in rand), performance information on the institution's use of the assistance, and any pending applications for assistance.
- A report from the audit committee commenting on the effectiveness of internal control in the institution.
- A report of expenditure against transfers to public entities, where such funds were for the performance of a function or programme that is the responsibility of the department.
- Information on the institution's efficiency, economy and effectiveness in delivering programmes and achieving its objectives and outcomes against the measures and indicators set out in the strategic plan for the year under consideration.
- Included in the annual report should be the Auditor-General's review on the financial statements handed to them by the CMA (Section 40(1) (d) of the PFMA). The CMA must finally table its annual report in Parliament.

1.23. What are the expected timeframes for Annual Reports?

In accordance to the NWA (Act 36 of 1998) the CMA should submit the report to the Minister no later than six (6) months after the end of the financial year in question. The annual report is submitted in August to the responsible departments for review and the Minister for approval. It is tabled in Parliament before the end of September of each financial year. The Annual report should be submitted in accordance to the Legal Depository Act (54 of 1997).

1.24. Documents linked to the Annual Report

The annual report should be linked to the execution of the Annual Performance Plan and budget, this is the case because all reports that are handed in throughout the year aid in the drawing up of the Annual Report, which is then subject to an annual review and oversight process. Any information and insight gained from the review of the annual report is used to help in the planning and budgeting of process for the following year.

Shareholder Compact

1.25. What is a Shareholder Compact?

The shareholder compact is an agreement that documents the mandated key performance objectives, measures and indicators to be attained by the public entity as agreed between the accounting authority (CMA governing board) and the executive authority (Minister). It is concluded annually by the Minister and the CMA governing board. The annual performance plan objectives and key performance indicators will form the basis of the shareholder compact.

1.26. Which legislation and policies guide the Shareholder Compact?

CMAs are not legally compelled to enter into a shareholders' agreement with the Minister however it is a best governance practice for CMAs to do so. In terms of regulation 29 of the Treasury Regulations issued in terms of the Public Finance Management Act, 1999 Act No. 1 of 1999) (as amended) ("the PFMA"), the accounting authority for a public entity listed in Schedule 3a, must, in consultation with its executive authority, annually conclude a Shareholder Compact.

1.27. What should be included in the Shareholder Compact?

The content of the shareholder compact is structured as follows:

- **Introduction:** should state the parties involved in the conclusion of the shareholders' agreement and should introduce the document as a whole.
- **Agreed principles:** clearly states the intent of the shareholder compact.
- **Period:** set out the timeframe in which the shareholder compact is in effect.
- **Mandate, vision and mission:** state the CMA's mandate vision and mission.
- **Strategic objectives:** in this section the CMA should list its strategic objectives, goals, key activities and targets.
- **CMA's developmental role:** the CMA must specify their social development initiatives.
- **Business plan and strategic intent:** the CMA should state that their Annual performance plan was submitted to the executive authority (Minister) and that it is aligned to their strategic intent which is attached as appendix 1 of ANNEXURE E (Shareholder Compact).
- **Roles and responsibilities:** this sets out the roles and responsibilities of the shareholder (Minister) and the governing board of the CMA.
- **Undertakings by shareholder:** must be clearly spelled out.
- **Key performance measures and indicators:** this refers to the performance measures as agreed to by the shareholder (Minister) and the governing board of the CMA and attached as Appendix 1 of Annexure E (Shareholder Compact).

1.28. What are the expected time frames for the Shareholder Compact?

The shareholder compact should be developed and signed annually between the Minister and the governing board of the CMA.

Annexures

Annexure A: 5-Year Strategic Plan

Table 10: Example of structure for a 5-year Strategic Plan

FOREWORD	This is done by the chairperson
OFFICIAL SIGN-OFF	The official sign-off of the strategic plan by the CFO, CEO and chairperson on the board
CONTENTS	Table of contents
PART A: STRATEGIC OVERVIEW	
VISION	CMA's vision
MISSION	CMA's mission
VALUES	CMA's values
LEGISLATIVE AND OTHER MANDATE	Discussion on mandates: Constitutional Mandates Legislative Mandates Policy Mandates Planned Policy Initiatives
SITUATIONAL ANALYSIS	Performance Environment Organisational Environment Description of the Strategic Planning Process Strategic Outcome Oriented Goals of the Institution
PART B: STRATEGIC OBJECTIVES	
STRATEGIC OBJECTIVES	Strategic objective output tables
RESOURCE CONSIDERATIONS	Financial strategies including the setting of charges and borrowing strategies Forecast of revenue and expenditure
RISK MANAGEMENT	List of risks and steps to mitigate the risks
PART C: LINKS TO OTHER PLANS	Links to long term infrastructure and other capital plans Conditional grants Public entities Public-private partnerships

Annexure B: Annual Performance Plan

Table 11: An example of the table of contents/structure for an Annual Performance Plan

FOREWORD	Foreword by the chairperson
OFFICIAL SIGN-OFF	Official sign off signed by CEO, CFO and chairperson of the governing board
LIST OF ACRONYMNS	
PART A: STRATEGIC OVERVIEW	
UPDATED SITUATIONAL ANALYSIS	Contains updates in: Performance Delivery Environment Organisational Environment
LEGISLATIVE AND OTHER MANDATES	Discussion on legislative and other mandates especially if it has changed since strategic plan as drafted
OVERVIEW OF THE 20xx/xx BUDGET AND MTEF ESTIMATES	Expenditure Estimates Relating Expenditure Trends to Strategic Outcome Oriented Goals
PART B: PROGRAMME PERFORMANCE	
STRATEGIC OBJECTIVES/PRIORITIES	
QUARTERLY TARGETS FOR 20xx	
PART C: LINKS TO OTHER PLAN	Links to long term infrastructure and other capital plans Conditional grants Public entities Public-private partnerships
ANNEXURES	

Annexure C: Quarterly Report

Introductory remarks	A discussion of what is in the report.
Financial information	A table of your expenditure versus your budget and explanatory notes explaining under and over spending.
Performance indicators	Information on progress of the performance indicators during the quarter



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

SUMMARY QUARTERLY REPORT FOR CATCHMENT MANAGEMENT AGENCIES

XXXXXXX CATCHMENT MANAGEMENT AGENCY

Period 01/xx/20xx to xx/xx/20xx

Introduction

This quarterly report reflects the alignment of the Catchment Management Agencies agreed performance indicators and targets with the relevant Ministerial Outcomes and the strategic plan of the Department of Water and Sanitation, as set out below.

MINISTERIAL OUTCOMES/OUTPUTS AND SPECIFIC TARGETS RELEVANT TO CATCHMENT MANAGEMENT AGENCIES	DEPARTMENT OF WATER AND SANITATION (DWS): STRATEGIC OBJECTIVES FROM THE 2011/15 STRATEGIC PLAN
<p>OUTCOME A: Environmental Assets and natural resources that are well protected and continually enhanced.</p> <p>Output 1: Enhanced quality and quantity of water resources. Target: a) Reduction of water losses from distribution networks from 30% to 18% by 2014 and; effective water conservation and water saving. b) Improve current capability to treat wastewater, 80% of sewage and wastewater treatment works should be upgraded by 2015. c) The percentage of wastewater treatment works meeting water quality standards to be increased from 40% to 80% by 2014.</p> <p>OUTCOME B: Contribution to an efficient, competitive and responsive economic infrastructure network.</p> <p>Output 2: Ensuring the maintenance and supply availability of our bulk water infrastructure</p>	<p>SO 1.1: To ensure the availability of water supply for domestic use SO 1.2: To improve access to water for rural development and productive use SO 1.3: To improve access to water for key growth points</p> <p>SO 2.1: Setting a strategic framework for water management in the country SO 2.2: To ensure balance of water supply and demand SO 2.5: To ensure the protection of water resources SO 2.6: To improve water use efficiency SO 2.7: To improve the management of the water resources</p> <p>SO 3.1: To improve the regulation of the water sector SO 3.2: To improve the water use authorisation SO 3.4: To improve the regulation of water quality SO 4.1: To ensure the provision of local government institutional support</p>

<p>Target: a) Reduce unaccounted for water (non-revenue water) from approximately 30% of supply to 18%.</p> <p>OUTCOME C: Sustainable human settlements and improved quality of household life.</p> <p>OUTCOME D: Responsive, accountable, effective and efficient local government system</p> <p>Target: a) The shared output to improve access to basic services from the current 92% to 100% by 2014</p> <p>OUTCOME E: Decent employment through inclusive economic growth.</p> <p>OUTCOME F: Create a better South Africa and contribute to a better and safer Africa and world.</p> <p>G: Vibrant, equitable and sustainable rural communities with food security for all.</p> <p>LEGEND</p> <p>MOA Ministerial Outcome number A</p> <p>OP1 Performance Output number 1</p> <p>T a) Specific Target Number a)</p>	<p>SO 5.1: Advancement of the African agenda and global engagements SO 5.2: To contribute to the water agenda in the global system of governance SO 5.3: To leverage international resources for the South African water sector SO 6.1: To achieve a high performance culture SO 6.2: To ensure availability of the right skills SO 6.4: To achieve equity in gender and disability SO 6.5: To improve corporate governance SO 6.6: To improve financial management</p> <p>LEGEND</p> <p>SO 1.1 strategic objective numbers 1.1</p>
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QUARTERLY REPORT TEMPLATE: CATCHMENT MANAGEMENT AGENCY.

PERIOD: -----20xx TO -----20xx

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Target Q1	Actual Q1	Comment
	Govt Outcomes	DWS Strategic Objectives	CMA strategic objectives							
1. Water resource protection	✓	✓	✓	Enhance and maintain water quality	Number of points sampled for water quality					
					% of Pollution incidents dealt with in accordance with the SOP					
					% of notices issued to non-compliant users					
					% of directives issued to non-compliant users					
2. Water use management	✓	✓	✓	Ensure legal water use	% of water use registration completed (certificates issued)					
					% number of licenses issued					
					% of General Authorisations confirmed					
					% of temporary transfers of Agricultural water use (section 25.1)					
					Number of authorised water use Audit reports completed					
3. Integrated water resource planning	✓	✓	✓	Effective IWRM	% comments submitted to planning and development plans and applications					

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Target Q1	Actual Q1	Comment
	Govt Outcomes	DWS Strategic Objectives	CMA strategic objectives							
4. Stakeholder interactions and empowerment	✓	✓	✓	Empowered stakeholders	Number of planned stakeholder empowerment initiatives completed					
					Number of planned stakeholder interactions completed					
5. International co-operation	✓	✓	✓	Skills and capacity building	Number of planned International co-operation interactions undertaken					
6. Information systems	✓	✓	✓	Effective information management	Primary IT platforms available 24/7 for 95% of the time					
7. Governance	✓	✓	✓	Improved performance of fiduciary duties/ governance	% overall Board Member Attendance					
					Number of BM performance appraisals completed					
8. Achieve Statutory Reporting Compliance	✓	✓	✓	Reporting compliance achieved	% Statutory compliance					
9. Financial performance	✓	✓	✓	Financially viable and sustainable institution	<u>Budget</u>					
					Water use charges					
					Grants and subsidies					
					<u>Surplus</u>					
					Donor funds					
					Other income					
					<u>Total Budget</u>					
Total expenditure										
	✓	✓	✓		Number of repeat findings					

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Target Q1	Actual Q1	Comment
	Govt Outcomes	DWS Strategic Objectives	CMA strategic objectives							
10. Effective internal controls and risk management	✓	✓	✓	Effective internal controls	Number of repeat findings					
					Number of unresolved findings					
11. Jobs Created	✓	✓	✓	Permanent and contract (direct)	Total Number					
				Temporary (indirect)	Total Number					
12. Corporate Social Responsibility Initiatives	✓	✓	✓	Good corporate citizenship	Number of planned initiatives implemented					
13. Training and Skills Development	✓	✓	✓	Skills and capacity building	Number of personnel trained					
14. Stable Staffing levels	✓	✓	✓	Optimal staff retention	% staff retained					
15. Increase BBEE spend	✓	✓	✓	Spend increased	% of spend increased					
				Increased new entrants awarded contracts in the financial year	Number increase in new entrants awarded contracts					

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Target Q1	Actual Q1	Comment
	Govt Outcomes	DWS Strategic Objectives	CMA strategic objectives							
16. Other (unique) CMA KPIs – Profiling CMA	✓	✓	✓	Increased CMA visibility	Number of profiling engagements					
17. Other (unique) CMA KPIs	✓	✓	✓							

Approval

This Quarterly Report was approved by the Governing Board of *[name of CMA to be inserted]* at a full meeting of the Board as indicated below:

Designation	Name	Date	Signature
Chairperson			
Chairperson of Audit/Finance Committee			
Chief Executive			

Annexure D: Structure of Annual Report

Table 12: Example: Annual report structure

Chairperson’s Report	A report by the chairperson highlighting memorable highlights as well as challenges.
CEO report and message	CEO provides an overview of the financial year.
Board membership	List of Board members and the committees.
Understanding the CMA’s Water Management Area	Brief situational analysis of the water management area.
Water resource management division	Report by the WRM unit on water resource management, institutional engagement, water allocation reform and water resource protection.
Human resources management division	Report by the division on human resource planning, recruitment and selection, performance management, human resource development (training, courses and conferences attended by staff) and oversight statistics. The CMAs organogram is also included.
Performance information	Summary report on the deliverables set in the annual performance plan.
Annual financial statements	<ul style="list-style-type: none"> • Independent auditor’s report • Statement of responsibility and approval • Report of the accounting authority • Report of the audit and finance committee • Statement of financial position • Statement of financial performance • Statement of net assets • Statement of cash flows • Accounting policies • Notes to the annual financial statements • Detailed income statement • Statement of comparison of budget and actual amounts

Table 13: Example: Annual Report structure

IUCMA Governing Board	Provides the names and titles of members of the governing board together with any changes that were made to the positions
IUCMA Management	Provides the names and titles of members of the ICMA management together with any changes that were made to the positions
Acronyms	All acronyms are to be included in this section
Chairperson's statement	All the matters of importance that the chairperson wishes to touch on should be added to this section. Matters such as paying thanks to persons or institutions that helped through the financial year and any changes to the organisational structure can be addressed in this section
Overview by the acting CEO	CEO provides an overview of the financial year.
Defining the Inkomati-Usuthu Catchment Management Agency	Includes the legislative framework governing the CMA, the CMA's vision and mission. Also includes CMA's objectives, organisational structure and a description of the CMA's performance
IUCMA governing board members profile and experience	Includes a profile of the governing board members, their experience and the number of meeting attended
Consolidated performance tables	Reports on performance deliverables in comparison to the annual targets set.
Report of the audit committee	Report by audit committee and the effectiveness of internal controls
ANNUAL FINANCIAL STATEMENTS	<ul style="list-style-type: none"> • Statement of responsibility for the annual financial statement • Report of the independent auditors • Report of the accounting authority • Statement of financial performance • Statement of changes in net assets • Cash flow statement • Statement of comparison between budget and actual amounts • Accounting policies • Notes to the financial statements

Annexure E: Shareholder Compact Template



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

SHAREHOLDER COMPACT

Entered into by and between

[Name of CMA to be inserted], HEREIN REPRESENTED BY THE CHAIRPERSON OF THE BOARD

And

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA, HEREIN REPRESENTED BY THE
MINISTER OF WATER AND SANITATION

SHAREHOLDER COMPACT

AGREED PRINCIPLES

Introduction

- 1.1. In terms of regulation 29 of the Treasury Regulations issued in terms of the Public Finance Management Act, 1999 Act No. 1 of 1999 (as amended) (“the PFMA”), the accounting authority for a public entity listed in Schedule 3a, must, in consultation with its executive authority, annually conclude a Shareholder Compact.
- 1.2. The Shareholder Compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the accounting authority and the executive authority.
- 1.3. The required Shareholder Compact in the context of [*name of CMA to be inserted*] and the executive authority comprises:
 - 1.4. The agreed principles, and;
 - 1.5. The key performance objectives, measures and indicators.

Interpretation

In this Shareholder Compact, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them as follows:

“Board of Directors” means the Board of [*name of CMA to be inserted*] as appointed by the Minister;

“Executive Authority” or “Minister” means the Honourable Minister of Water and Sanitation in his or her capacity as such, or any other Minister of State made responsible for [*name of CMA to be inserted*];

[*Name of CMA to be inserted*] means the water board deemed to continue in accordance with the Water Services Act, having its principal place of business at “*Area of CMA*”;

“Party” means either the shareholder or [*name of CMA to be inserted*] and “parties” mean both the shareholder and [*name of CMA to be inserted*];

“Shareholder” means the Government of the Republic of South Africa, represented by the Minister.

“Shareholder Compact” means this performance agreement between [*name of CMA to be inserted*] and Shareholder together with all appendices attached hereto, as defined in the PFMA.

“National Water Act” means the National Water Act, 1998 (Act No 36 of 1998);

“PFMA” means the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended) and regulations issued in terms of this Act.

Agreed Principles

- 3.1. The Shareholder Compact is designed solely to regulate the relationship between the Shareholder, on the one hand, and the Board and management on the other.
- 3.2. The Shareholder Compact is not intended to :
 - 3.2.1. Interfere in any way with the normal company law principles and the normal relationship between the Shareholder, on the one hand, and the Board on the other. In giving effect to these principles, the Shareholder would have communicated its expectations to the Board and management.
 - 3.2.2. Create rights and expectations that third parties may rely upon, it being specifically recorded that this Shareholder Compact does not create, confer or afford any third party any rights or expectations in terms hereof.

Period

- 3.3. As contemplated in terms of the PFMA, the Shareholder Compact will be concluded on an annual basis.
- 3.4. This Shareholder Compact is effective for the period 1 July 20xx to 30 June 20xx.
- 3.5. It is hereby recorded that the agreed objectives, although subject to review annually, set out matters that are applicable beyond a period of a year. In the event that they are amended, the parties shall take into account initiatives already commenced on the basis of such objectives.

Mandate, Vision and Mission of [*name of CMA to be inserted*]

- 3.6. The mandate of [*name of CMA to be inserted*] is set out in Sections 79 and 80 of the National Water Act.
- 3.7. In addition to its mandate, the Shareholder acknowledges that [*name of CMA to be inserted*] has a strategic developmental role that may require decisions that are not always optimal from a commercial perspective, but contribute to National Government's broader objectives and the growth and development in South Africa and Africa.
- 3.8. The Strategic Intent/Vision of [*name of CMA to be inserted*] is xxx
- 3.9. The Mission of [*name of CMA to be inserted*] is xxx
 - 3.9.1.
 - 3.9.2.
 - 3.9.3.
 - 3.9.4.

Strategic Objectives

3.10. In order to attain its strategic intent, [*name of CMA to be inserted*] has set the following strategic objectives, which will focus and direct the business activities of the organisation over the planning period.

(i)

(ii)

(iii)

(iv)

(v)

3.11. Each of the ----- CMA strategic objectives, as set out in 6.1 above, are underpinned by specific goals, defined key activities and targets. These are broadly categorized as follows:

3.11.1.

3.11.2.

3.11.3.

3.11.4.

3.11.5.

[*Name of CMA to be inserted*] Developmental Role

3.12. Initiatives in support of "*name of CMA's*" developmental role can be classified into the following categories:

3.12.1. Social Development Initiatives such as shareholder projects, BBBEE promotion, water conservation/awareness programmes, donations and social investment.

3.12.2. Developmental Projects that have a significant developmental impact will be regularly identified by [*name of CMA to be inserted*]

3.13. The shareholder hereby confirms that the Board is empowered to develop such high impact projects. As regards any major developmental projects, it is necessary that [*name of CMA to be inserted*] developmental role be fulfilled in a manner that is effective and sustainable.

3.14. In the event that the Executive Authority issuing a directive that [*name of CMA to be inserted*] undertakes shareholder projects, such directive will be issued in accordance with the provisions of relevant sections of the WSA and the PFMA.

Annual Performance Plan and Strategic Intent

- 3.15. *[Name of CMA to be inserted]* Annual Performance Plan, incorporating its Policy Statement and related financial plans shall be submitted to the Executive Authority in terms of Schedule 4 section 25 of the National Water Act and Section 53 of the Public Finance Management Act.
- 3.16. *[Name of CMA to be inserted]* shall ensure that its Annual Performance Plan and its objectives, goals and targets are aligned with the strategic intent, which will inform the business focus and direction for *[name of CMA to be inserted]* into the future.
- 3.17. The strategic business targets, as set out in 'Appendix 1' hereto, will be the measure for control and monitoring of the performance of *[name of CMA to be inserted]* by the shareholder.

Roles and Responsibilities

3.18. The Shareholder:

- 3.18.1. is hereby empowered and hereby reserves the right to determine initiatives, projects or activities that *[name of CMA to be inserted]* shall undertake or become involved in, in the national interest.
- 3.18.2. The key performance measures for *[name of CMA to be inserted]* shall be adjusted by the Shareholder to take into account *[name of CMA to be inserted]* developmental role.
- 3.18.3. The Board and the Shareholder shall agree on an amount to be set aside for developmental projects annually referred to in clause 7.

3.19. The Board:

- 3.19.1. is hereby mandated to oversee and to contribute to development of the strategic intent and furthermore to oversee the management of the business in accordance with such strategic intent, business plan and any applicable legislation;
- 3.19.2. and its members shall exercise their skill and fiduciary duties to ensure that management pursue the objectives and targets as set out in the business plan;
- 3.19.3. commits itself to the achievement of the Strategic Intent, strategic objectives and goals of *[name of CMA to be inserted]* and always to act within its powers and the best interests of *[name of CMA to be inserted]*, the shareholder and customers;
- 3.19.4. accepts responsibility to direct and guide the business in a proper manner in keeping with good governance practices, the National Water Act, the Public Finance Management Act, this Shareholder Compact, including the Annual Performance Plan and Policy Statement; and
- 3.19.5. recognises the importance of speedy decision-making, and will use its best endeavours to prevent undue delays with regard to critical decisions.

3.19.6. will ensure that [*name of CMA to be inserted*] and all its subsidiaries shall, subject to relevant legislation, comply with the policies of the Shareholder, and that they adhere to acceptable governance practices in terms of reporting and accountability.

Undertakings by the Stakeholder

The Shareholder undertakes for the duration of the agreement:

- 3.20. not to introduce new or additional requirements during the validity of this compact other than through a process of consultation with the Board;
- 3.21. to provide reasonable notice before the introduction of any new or additional requirements;
- 3.22. that, if new or additional requirements are introduced, the parties shall amend the key performance indicators and targets;
- 3.23. on the specific request of the request of the Board, to provide appropriate strategic leadership, support and direction to [*name of CMA to be inserted*], where necessary, to enable the Board to fulfil its fiduciary responsibilities.

Key Performance Measures and Indicators

The corporate strategic Key Performance Indicators for [*name of CMA to be inserted*], as contemplated in the PFMA, are attached hereto as "Appendix 1", it is hereby recorded that they have been accepted by the Shareholder on _____.

The corporate strategic Key Performance Indicators for [*name of CMA to be inserted*], as contemplated in the PFMA, are attached hereto as "Appendix 1", it is hereby recorded that they have been accepted by the Shareholder on _____.

Dated at.....on this the.....day of.....20XX

.....

(Chairperson of the Board of [*name of CMA to be inserted*])

AS WITNESSES:

1.....

2.....

Dated at.....on this the.....day of.....20XX

.....

(Minister of Water and Sanitation)

Shareholder Representative for and on

behalf of the Republic of South Africa).

AS WITNESSES:

1.....

2.....

Appendix 1 to Annexure E: Example of A CMA Shareholder Compact

The performance indicators and targets in Appendix 1 to the Shareholder Compact are aligned with the relevant Ministerial Outcomes and the strategic plan of the Department of Water and Sanitation, as set out below:

NO	STRATEGIC OUTCOME ORIENTED GOALS	GOVERNMENT OUTCOMES AND OTHER INITIATIVES	DEPARTMENT OF WATER SANITATION STRATEGIC OBJECTIVES	CMA PROGRAMMES
1.	An efficient, effective and development oriented sector leader	Outcome 12 (Public service)	Building skills pool and competencies	Strategic support
		Outcome 4 (Employment)	Effective and efficient internal control environment	Management and Governance
		Chapter 13 of the National Development Plan (NDP)	Implement programmes that create job opportunities	Water Use Management
2.	Equitable and sustainable water and sanitation services	Outcome 6 (Infrastructure)	Increased sustainability in water provision	Water Resource Planning
		Chapter 4 of the National Development Plan (NDP)	Enhanced provision of basic sanitation	Water Use Management
			Equitable water allocation	Water Allocation Reform
			Improved water use efficiency	Water Use Management
3.	Protection of water across the value chain	Outcome 9 (Local government)	Strategies for water and sanitation management	Water Resource Management
		Chapter 13 of the National Development Plan (NDP)		
		Outcome 10 (Environment)	Enhanced regulatory compliance	Water Use Management
		Chapter 5 of the National Development Plan (NDP)	Increased water ecosystem health	Water Resource Planning
			Management of water and sanitation information	
		Information System		

KEY PERFORMANCE INDICATORS AND TARGETS:

Performance Objective	Alignment			Outcomes /Impact	Indicators	Base line (prior year actual)	Target 20xx/xx	Comment
	Government Outcomes	DWS Strategic Objectives	CMA strategic objectives					
1. Water resource protection	✓	✓	✓	Enhance and maintain water quality	Number of points sampled for water quality			
					% of Pollution incidents dealt with in accordance with the SOP			
					% of notices issued to non-compliant users			
					% of directives issued to non-compliant users			
2. Water use management	✓	✓	✓	Ensure legal water use	% of water use registration completed (certificates issued)			
					% number of licenses issued			
					%of General Authorisations confirmed			
					% of temporary transfers of			

					Agricultural water use (section 25.1)			
					Number of authorised water use Audit reports completed			
3. Integrated water resource planning	✓	✓	✓	Effective IWRM	% comments submitted to planning and development plans and applications			
4. Stakeholder interactions and empowerment	✓	✓	✓	Empowered stakeholders	Number of planned stakeholder empowerment initiatives completed			
					Number of planned stakeholder interactions completed			
5. International co-operation				Skills and capacity building	Number of planned International co-operation interactions undertaken			
6. Information systems				Effective information management	Primary IT platforms available 24/7 for 95% of the time			
7. Governance				Improved performance of fiduciary	% overall Board Member Attendance			

				duties/governance	Number of BM performance appraisals completed			
8. Achieve Statutory Reporting Compliance				Reporting compliance achieved	% Statutory compliance			
9. Financial performance				Financially viable and sustainable institution	Budget			
					Water use charges			
					Grants and subsidies			
					Surplus			
					Donor funds			
					Other income			Interest
10. Effective internal controls and risk management				Effective internal controls	Number of repeat findings			
					Number of unresolved findings			
11. Jobs created				Permanent and contract (direct)	Total Number			
				Temporary (indirect)	Total Number			

12 Corporate Social Responsibility Initiatives				Good corporate citizenship	Number of planned initiatives implemented			
13 Training and Skills Development				Skills and capacity building	Number of personnel trained			
14 Stable Staffing levels				Optimal staff retention	% staff retained			
15 Increase BBBEE spend				Spend increased	% of spend increased			
				Increased new entrants awarded contracts in the financial year	Number increase in new entrants awarded contracts			
16 Other (unique) CMA KPIs – Profiling CMA				Increased CMA visibility	Number of profiling engagements			
17 Other (unique) CMA KPIs						-	-	

Annexure F: CMA Submission Schedule

DOCUMENTS TO BE SUBMITTED	LEGISLATION	SUBMISSION DATE	DUE DATE FOR CMAS SUBMISSION TO DWS	DATE FOR REVIEW
Annual Report and Audited Financial Statements Tabling in Parliament	PFMA: Sec 55 (d) PFMA sec 65 NWA	Within 5 months of end of the financial year - August of each year Within 1 month after receiving the report - September of each year	August - preferably 30 July to allow for administrative processes and avoid late tabling in Parliament	N/A
Strategic Plan (SP)	TR 30.1.1 TR 30.1.2 PFMA: Sec 53(1)	Six (6) months prior to start of financial year - October of each year Final SP - before 1 April of each year	1 st draft in August 2 nd draft (revised draft) in October Final by the end of January SP submitted once every five (5) years	November
Annual Performance Plan and Budget of estimated revenue and expenditure for the year	TR 30.1.1 TR 30.1.2 PFMA: Sec 53(1)	Six (6) months prior to start of financial year	1st draft in August 2nd draft in October Final by the end of January	February/March - submission to Minister for approval
Quarterly Reports on performance and actual revenue & expenditure for the quarter & projection of expected expenditure & revenue for remainder of financial year Report on compliance to PFMA	TR 26.1 TR 30.2.1 TR 26.1.2 NWA	Within 30 days of end of each quarter - July - October - January - April	July October January April	Quarterly after receipt of QRs
Financial misconduct procedures report	TR 33.3.1	Annually, if applicable		N/A

Section 8

Catchment Management Strategy

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List of Acronyms

CAPNet	Capacity Building Network for IWRM
CMA	Catchment Management Agency
CMS	Catchment Management Strategy
DWS	Department of Water and Sanitation
GWP	Global Water Partnership
INBO	International Network of Basin Organizations
IUCN	International Union for Conservation of Nature
IWRM	Integrated water resources management
MDB	Murray-Darling Basin
NWA	National Water Act (Act 36 of 1998)
NWRS	National Water Resources Strategy
PAGEV	Volta Water Governance Project
SAP	Strategic Action Programme
STEEP	Social, technical, economic, environmental, and political
TDA	Transboundary Diagnostic Analysis
UNESCO	United Nations Educational, Scientific and Cultural Organization HO
WMA	Water management areas

1. Introduction

In South Africa, there are two levels of strategic planning for water resources, namely the National Water Resources Strategy (NWRS), and the more locally based Catchment Management Strategies (CMSs). The NWRS is a national framework that provides guidance of the “the protection, use, development, conservation, management and control of water resources for the country as a whole. It also provides the framework within which water will be managed at regional or catchment level, in defined water management areas.”¹ CMSs on the other hand, provide guidance on the management of water resources within water management areas (WMA).

CMSs set principles for “allocating water to existing and prospective users, taking into account all matters relevant to the protection, use, development, conservation, management and control of water resources.”² The NWRS therefore provides a basis for CMSs, which simultaneously aim to achieve resource sustainability through integrated water resources management (IWRM).

The National Water Act (NWA) recognises the necessity for wise catchment management choices and thus provides a mandate for the establishment of Catchment Management Agencies (CMAs), which will perform decentralised water resources management at the WMA level. CMAs are required to prepare a CMS that meets the requirements as set out by the NWA; they should also ensure that all water requirements can be met without impeding on socio-economic development in the country.

To facilitate IWRM, the NWRS divided the country into 19 catchment-based WMAs. However, after a financial and institutional assessment of the envisaged WMAs, the National Water Resources Strategy 2 (NWRS2) stated that the 19 previous WMAs be consolidated into nine WMAs. The figure on the next page shows the previous and consolidated WMAs which consider catchment and aquifer boundaries, financial viability, and equity amongst others.

CMSs are aimed at ensuring effective integrated water resources management and aligning it with other plans and policies from Government. These policies ensure that other matters such as job creation, poverty eradication; social, economic and environmental development are not compromised but are supported by the availability of clean and healthy water resources.

The purpose of this guide is to provide a process and structure of the requirements for formulating a CMS. It should be used in conjunction with the Department of Water Affairs and Sanitation (DWS) Guidelines for CMSs. The DWS guidelines are aimed at providing a description of the overall framework for integrated water resource management and catchment management as well as the DWS Public Participation Guidelines which provide a description on the public participation in the context of integrated water resource management.

¹The National Water Act (Act No 36 of 1998)

²ibid

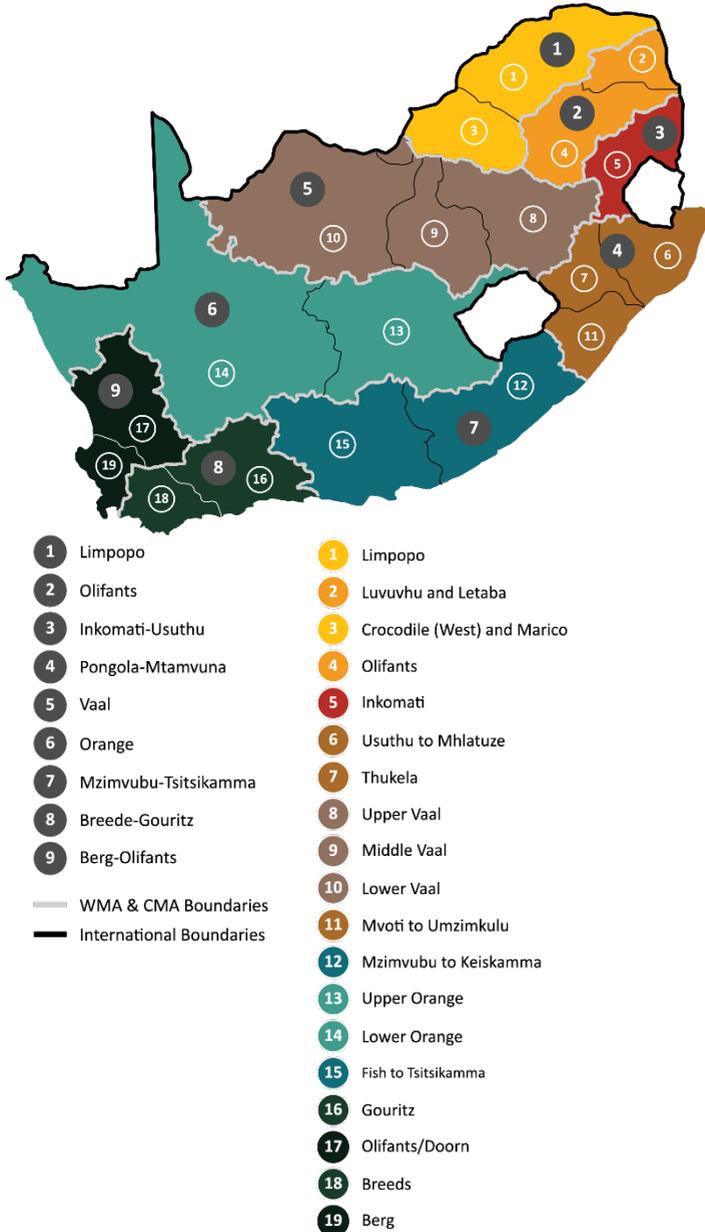


Figure 1: The previous and consolidated water management areas (Source: NWRs2)

2. Characteristics of Catchment Management Strategies in the South African Context

2.1. Background

The preparation of a catchment management strategy is described in section 80 of the National Water Act, 1998 (Act No 36 of 1998) as one of the initial functions of each catchment management agency. This means that the authorisation and instruction for the agencies to prepare their strategies comes directly from the Act. It is important to note from the outset that the development of a CMS by a CMA is a legislative requirement as set out in the NWA. In accordance with Chapter 2 (Part 2 of the NWA) the CMAs are responsible for the protection, conservation, development and management of the water resources at the WMA level³. The framework for the CMS is also provided by the NWRS. A CMS is thus a statutory document which allows for the vision of the NWA and NWRS with regards to IWRM to be addressed.

In this context, these guidelines will ensure that the new CMAs understand the legislative environment of CMAs and CMSs and follow the required criteria concerning the development of CMSs; it will also ensure that there is consistency in CMSs in the country. It is also essential that CMSs are aligned with other programs and strategies in the country, province and relevant region(s), particularly concerning other development goals such as job creation, poverty eradication, and socio-economic sustainability.

Part 2 of the NWA also requires that every CMA develop a CMS for the management of water resources with the water management area in its jurisdiction. It is thus essential that all water users are considered, and that cooperation and agreement on all related matter between stakeholders are maintained. The CMS is not meant to address all aspects of water resources management at catchment level; it should be used in conjunction with other initiatives, strategies and basin level plans, such as the Integrated Water Resource Management Plan. A CMS does, however, still need to address essential elements as highlighted in the NWA. In the process of developing the CMS, the CMA must seek collaboration from various stakeholders on important catchment related matters.

According to the NWA, a CMS must:

- Not conflict with the requirements of the NWRS and should be reviewed every five years.
- Consider the state of the water resource, the objective of the catchment, the environmental reserve that is required, and international obligation where required, such as for shared water basins.
- Consider the physical, social and environmental characteristics of the catchment, such as the geology, demography, land use, climate, vegetation and waterworks.

³DWSF, 2007. Guidelines for Catchment Management Strategies: Towards equity, efficiency and sustainability

- Include a water allocation plan, which sets out principles for allocating water to existing and prospective users, by considering the conservation, development, management and use of water resources.
- Encompass stakeholder consultation and public participation in creating the strategy and also managing the plan, and consider the needs and expectations of existing and potential water users.
- Consider all regional and national plans, as well as any relevant legislation, policies and frameworks.

As the CMA and CMS process is new in South Africa, the CMSs that will be submitted are first edition plans. First edition plans often focus on investigation and information-gathering, identifying priority issues and possibly highlighting actions required for monitoring, assessment, stakeholder cooperation and institutional development. Often, additional information is required, and institutional and stakeholder relationships need to be built. There is therefore an expectation that additional CMSs will provide more information, concrete objectives and robust action plans. Previous water management plans that may have been completed in the catchment may also provide enough information to fill the gaps that are often found in first edition plans, and will assist the CMA in identifying key issues, setting clear objectives, and defining robust management actions. It is essential that monitoring and evaluation during the implementation phase of the CMS is used as a tool to build capacity as key issues and successes pass, and lessons are learned.

2.2. Principles of Catchment Management Strategies

DWS' Guidelines for Catchment Management Strategies, which are guided by the NWA, identify the principles that should run through all strategies, policies and legislation that are concerned with the management and governance of water resources in South Africa. These guiding principles are sustainability, equity, and efficiency of resource usage.

- **Sustainability:** to sustain ecosystem livelihoods, the natural environment should be preserved for current and future generations, resulting in increased ecological and socio-economic sustainability.
- **Equity:** access to water should be equitable, focusing on the marginalised members of society, such as women and the poor.
- **Efficiency of resource use:** by considering rainfall and spatial distribution, water allocation should spread across a broad range of uses in diverse sectors, to ensure a robust and steady economy.

Chapter 1 of the NWA states: "Sustainability and equity are identified as central guiding principles in the protection, use, development, conservation, management and control of water resources".

These guiding principles recognise:

- The basic human needs of present and future generations;
- The need to protect water resources;

- The need to share water resources with other countries;
- The need to promote social and economic development through the use of water; and
- The need to establish suitable institutions in order to achieve the purpose of the Act.

According to the DWS Guidelines for Catchment Management Strategies, the implementation of the guiding principles should be supported by numerous supporting principles, which include:

- **Coherence** between national and local water resource related strategies and plans. It should also take into consideration various development strategies and plans at various scales.
- **Collaboration** with key institutions, stakeholders and beneficiaries to ensure that the vision and objective of the CMS are met.
- **Stakeholder engagement and capacity building** to ensure that alternative options are considered, and that all relevant aspects are considered. Participation also provides transparency and accountability and allows for effective implementation.
- **Transparency** through information and decisions that are open for public inspection and enquiry fosters cooperation from water users.

Although there are numerous water demands and associated impacts on water resources, the CMS should not act as means of allocating the limited water resource to competing demands, but as a means of ensuring that water supports sustainable social and economic development. This is only possible through cooperation, innovation and confidence between various water users, institutions and stakeholders. To allow the effective development of a CMS, the following additional principles as encompassed in the Practitioner Guidelines for Preparation of Transboundary Diagnostic Analysis (TDA) and Strategic Action Programme (SAP) in the East Asian Seas Region, should also be adopted to guide the CMS development process.

- **Dual fact finding** by various organisations, institution and stakeholders builds reliability and confidence between various stakeholders.
- **Integrated management** by stakeholders identifies the inter-related nature of environmental, hydrological, ecological, economic and social aspects, in line with national legislation and strategies.
- **Adaptive management** through flexibility in the approaches to respond to the identified issues, as well as changes in circumstances or failure in management or institutional structures.
- Actions should be **implemented at the lowest level possible**, particularly through institutions that have appropriate mandate and capacity.
- **Cross-sectoral focus and assessment** to recognise the demands and impacts on water resources.
- **Consensus building** to reach broad agreement of successes at various implementation intervals.

- **Practicality in selecting actions for implementation**, by considering short and medium term capacity and resource availability.
- **Accountability** by basing organisation, institutions and stakeholders for upholding the implementation plan and the agreed roles and responsibilities as set out in the CMS.
- **Commitment** to the CMS and implementation plan by all relevant role-players.
- The CMS process should be **institutionalised** by creating structure and participatory bodies, and also empowering stakeholders.

2.3. Ten Golden Rules of River Basin Planning

River basin planning approaches have developed in response to various challenges, both environmental and developmental. Other priorities that have impacted on the shift in the approach to river basin planning include hydrological, institutional and political conditions, which present in varying scales in different countries. Despite the differences in environmental and hydrological conditions and challenges, there are key issues that have emerged as essential to addressing the challenges of river basin planning.

By utilising international best practice over the past century, UNESCO's River Basin Planning Guidelines identified ten golden rules that are essential to ensuring that river basin planning ensures resource sustainability by considering integrated water resource management.

Table 1: Ten Golden Rules of River Basin Planning

Ten Golden Rules of River Basin Planning	
1: Develop a Comprehensive Understanding of the Entire System.	An assessment of the interaction between the various systems, such as climate, landscape, hydrology, ecology, society, economy, institutions and other features of the basin is required.
2: Plan and act, even without full knowledge.	If limited information is available, a best practice approach, combined with leadership and practicality, the best possible strategy for the prevailing circumstances should be adopted.
3: Prioritize issues for current attention, and adopt a phased and iterative approach to the achievement of long-term goals.	Issues need to be identified and prioritised, and required actions should be phased at different time-scales (immediate, short-, medium-, or long-term), although the ultimate goal should always be considered.
4: Accept that basin planning is an inherently iterative and chaotic process.	Basin plans are often not orderly, and can be further disrupted by financial and political challenges, and often proceed with numerous interventions designed to respond to changing landscapes.

5: Enable adaptation to changing circumstances.
As it is inevitable that circumstances, such as the demographic and economic characteristics, will change, the plans should be able to adapt to changing environments.
6: Develop relevant and consistent thematic plans.
A common objective for thematic plans which include water management fields such as water allocation, water quality management, environmental rehabilitation, flood management and navigation is required.
7: Address issues at the appropriate scale by nesting local plans under the basin plan.
The basin plan should emphasise the scale at which the identified issues should be addressed, i.e. catchment, local or regional.
8: Engage stakeholders with a view to strengthening institutional relationships.
The planning process should encompass a stakeholder engagement process that recognises and incorporates various stakeholders as different scales that have an influence or are impacted by the basin.
9: Focus on implementation of the basin plan throughout.
Effort should be put into the implementation of the plan, therefore resources and capacity to implement the basin plan should be considered while the plan is created.
10: Select the planning approach and methods to suit the basin needs.
The approach should be specific to the basin, and should be adapted to suit the individual needs of the basin by considering local conditions.

It is important to note that the CMS is not a technical reconciliation document. It is merely a strategy document that ensures that water resources in that particular basin are managed in a sustainable manner, focusing on the use of water for social and economic development while also considering environmental conservation. It is essentially a strategic plan that requires robust institutional structures and is an opportunity for institutional development through the establishment of institutions necessary for the implementation of the vision and objectives of the CMS.

3. Process Guidelines for Developing Catchment Management Strategies

3.1. Background

IWRM at the river basin level seeks improvements in existing and conventional approaches to water resources management leading towards the ultimate goal of sustainable development. There are certain evolutionary development processes that are characteristic of every river basin,

moving from a focus on economic development to community safety and environmental protection, and to reliable delivery of services and integrated resource management.⁴ This can be achieved through strategic basin planning and effective catchment management strategies that are aimed at creating methods to achieve sustainable development through effective water resource planning and management strategies.

The aim of strategic basin planning and catchment management strategies is not just to meet straightforward, externally set objectives, but to also choose from a series of possible water management objectives those that will best contribute to a range of competing economic, social and ecological goals. Furthermore, achieving these goals typically involves the participation of a range of government bodies and stakeholders, beyond those directly involved with water management.⁵ Various approaches can be used to achieve this, and these will be explored through the remainder of this chapter.

3.2. UNESCO's River Basin Planning Guidelines

The UNESCO's River Basin Planning Guidelines describes the basin planning process as one that is represented by hourglass shape as illustrated in Figure 2. In this approach, the basin planning process starts off as a broad assessment and approach identification process, narrowing to the identification of a limited number of key issues, and finally widening to a detailed implementation plan. This process leads to the identification of key priorities, issues and principles relevant to the CMS. The hourglass stipulates the manner in which broad assessment over numerous issues are focused into a few high-level priorities and objectives.

⁴UNESCO. IWRM Guidelines at River Basin Level – Part 2-1: The Guidelines for IWRM Coordination

⁵G. Pegram, Y. Li, T. Le. Quesne, R. Speed, J. Li, and F. Shen. 2013. River basin planning: Principles, procedures and approaches for strategic basin planning. Paris, UNESCO.

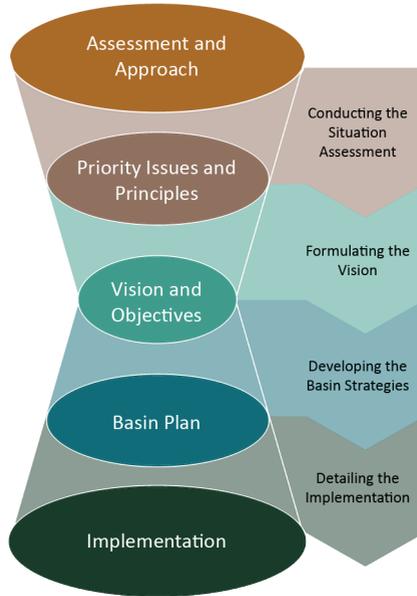


Figure 2: The Basin Planning Process⁶

Central to the process is the identification of strategic priorities and trade-offs. These priorities are determined by social preferences about the economy, society and the environment: these choices are the fulcrum over which the basin planning process turns. A characteristic of strategic basin planning is therefore the ability to address inherent complexity, while at the same time being able to identify key priorities and set high-level objectives for the basin. This represents both a core characteristic of and a significant challenge for strategic basin planning.⁵

These priorities and objective are then translated into the basin plan, which is ultimately transformed into an implementation plan that address a wide range of issues. The implementation plan therefore highlights the vision of the catchment, and how the identified issues and objectives will be dealt with, by who, and when.

3.3. UNESCO's IWRM Guidelines

The Guidelines present an evolutionary and adaptive IWRM process that is illustrated through the “spiral model” that is presented in Figure 3. In the spiral model, the water resource management principles, objectives and strategies evolve over time. This is due to changes in

⁶ Source: Pegram et al, 2013

development objectives, demand strategies and priorities, socio-economic requirements, as well as innovative solutions constantly being accessible.

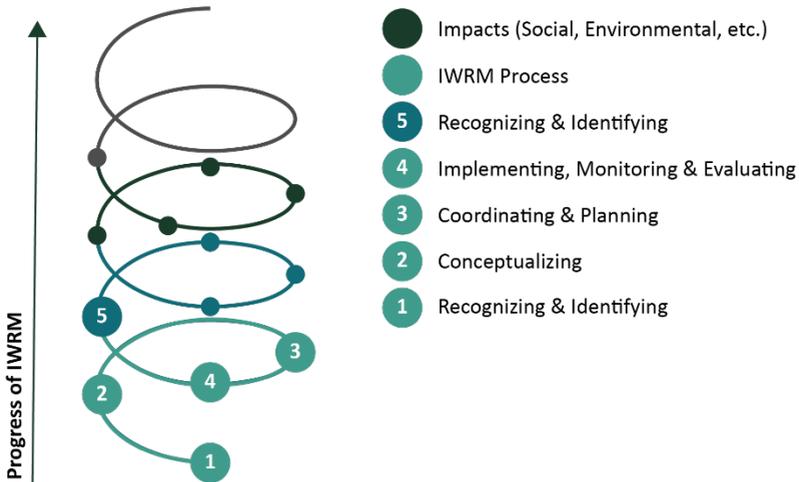


Figure 3: IWRM Spiral and Process⁷

Therefore, as part of the IWRM process, the requirements to meet the evolving demands on the catchment result in catchment management strategies constantly evolving. This is enabled through agreements and cooperation between stakeholders in the catchment, particularly considering the necessary adjustments at each turn of the water management spiral.

The 'spiral model' is a convenient graphical conceptualization of the iterative, evolutionary adaptive management process, adjusting to new needs, circumstances and societal goals. The spiral evolutionary model reflects progressive positive changes in historical water resources development and management and offers the following advantages:

- It builds capacity over time.
- It promotes cooperation and integration.
- It allows IWRM actions to be started at any point of the evolutionary process.
- It promotes the pursuit of better solutions that adapt to changing circumstances and values.
- It facilitates consensus building and stakeholder ownership at each 'turn of the spiral'.
- It illustrates IWRM as an incremental, step-by-step process, and therefore provides a practical framework for looking ahead and planning for successive 'turns of the spiral'.⁸

⁷ Source: UNESCO

⁸ibid

The spiral model is a flexible process that evolves over time as the management institution and stakeholders move towards coordinates IWRM. This is important as the effective management of water resources through increased flexibility in facilitating natural resource and socio-economic requirements, by improving the robustness and the resilience of the IWRM system under a variety of stressors, such as population increase, industrialisation, risks, impacts, and climate change.

3.4. CAPNET’s IWRM Guidelines on River Basins

CAPNET’s IWRM Guidelines in River Basins defines a continuous cycle for planning, as shown in Figure 4 below. This approach follows a sequence of stages that are driven and supported by continuous management through various processes, such as stakeholder engagement and capacity building. These stages include:

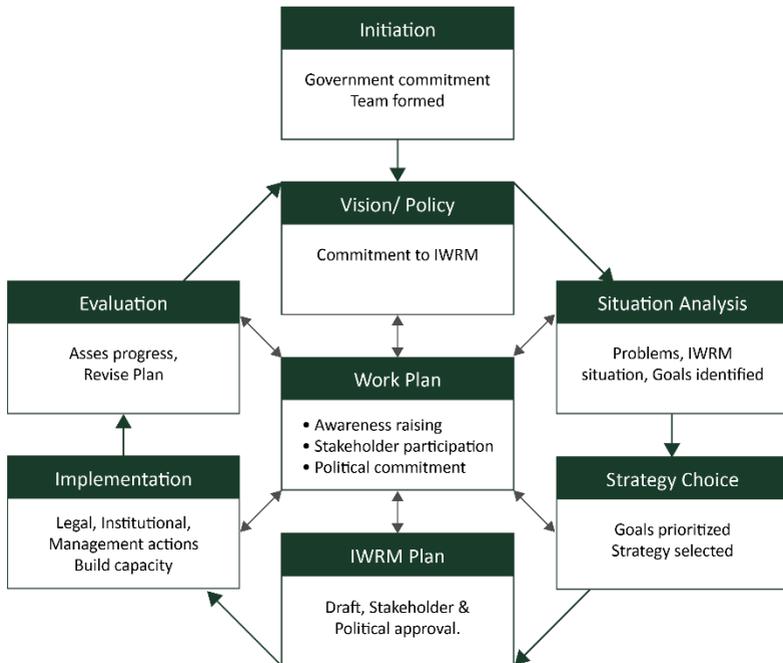


Figure 4: The Cycle for Developing and Adjusting an IWRM Plan⁹

⁹ Source: CAPNET

- **Initiation** through an internal or external trigger, this stage involves the agreement on the priorities and objectives, and an understanding of IWRM and the principles for sustainable development.
- **Work planning and stakeholder participation** by obtaining commitment from stakeholders, recognizing and mobilizing all relevant stakeholders, despite multiple and conflicting goals.
- **Building of a strategic vision** through the establishment of a vision that provides guiding principles and direction to future actions on water resources and in particular by guiding the planning process.
- **Situational analysis** that identifies the strengths and weaknesses in resource management, as well as the aspects that need to be addressed or tracked to reach the vision and set objectives.
- **Water management strategies** through defining the goals for the IWRM; the most appropriate strategy for each goal is selected and evaluated for practicability and conformity to the goals of sustainable management.
- IWRM Plan **prepared and approved** after the preparation of various drafts, and final strategy completion, approval by government is essential for resource mobilisation and implementation.
- **Implementation and evaluation** are essential as attaining sustainable management and development of water resources is a long term commitment and therefore the plan should be seen as a revolving plan to be evaluated and improved at periodic intervals

3.5. GWP-INBO's Handbook on IWRM in Basins

The handbook on IWRM in basins published by GWP and INBO defines IWRM as a process that maximises social and economic livelihood through the harmonised management and development of natural resources without compromising water resources and by promoting the sustainability of ecosystems. At the catchment level, IWRM can be obtained through the 'learn-by-doing management cycle' as illustrated in Figure 5 below. This approach assists water management agencies and stakeholders to learn the planning and management process by taking into account new information that may become available. It is therefore possible to manage water in an altering environment, such as population changes, environmental disasters, political instability or economic changes.

Policy making, planning and management might be considered as a series of sequential steps in basin management. The first step is to draw up broad policy goals (where we want to get to). The next steps are to specify water management problems to be solved (identify issues), list potential strategies (how we are going to get there), evaluate each of these, select a strategy or combination of strategies, implement the strategy, evaluate the outcomes, learn from these outcomes and revise our plan to make it work better in the future.¹⁰

¹⁰GWP-INBO, 2009. A Handbook for Integrated Water Resources Management in Basins

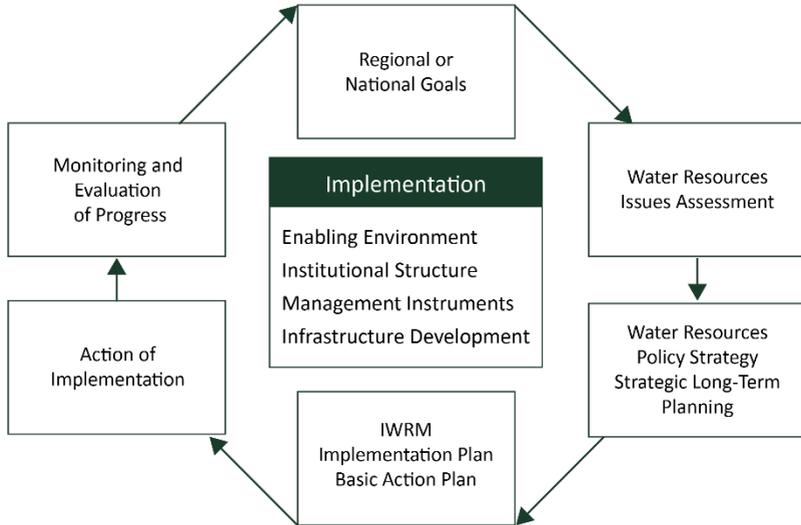


Figure 5: The Learn-by-doing management cycles of planning and implementation¹¹

Through this approach, the catchment management agencies and all the relevant stakeholders learn from the experiences of catchment managers across the world, and also form past experiences in the relevant catchment. Similar catchments with similar socio-economic characters provide valuable insight into which management strategies are useful and which are not. It is also essential to include feedback cycles during the implementation phase to ensure that the lessons that are learned during the phase are implemented in future plans and used to improve IWRM. This also promotes a continuous cycle of renewal and improvement in catchment management through adaptive management, which also requires effective, flexible and adaptive stakeholder engagement.

3.6. DWS Guidelines for Catchment Management Strategies

DWS developed Guidelines for Catchment Management Strategies, shown in Figure 6. This guide should be used to inform the development of the CMS. It should however, not be used as a blueprint to be followed, but should, in combination with other international guidelines and experiences, be used to enhance the CMS development process, and provide insight on the content and structure of the CMS. As the purpose of the CMS is to ensure that water resources aid social, technical, economic, environmental, and political (STEEP) development, it is essential

¹¹ Source: GWP-INBO

that other national and regional plans, legislation and strategies are considered, particularly those that are dependent on or are impacted by the catchment.

In view of these legislative requirements, an overall framework for a CMS is provided in Figure 6. The framework presented here forms the basis for the remainder of the guideline. IWRM in South Africa is conceptualised as four clusters, Parts A to D, of information and strategies, which collectively comprise the CMS. A number of these deal specifically with the 'business' of IWRM whilst others facilitate the operation of the CMA and roll-out and operation of the strategies.¹²

The purpose of the CMS process is to bring together STEEP aspects and issues, in order to outline the management intent for water resources in the WMA of the next 5 years. In order to achieve this, the process to achieve a CMS should be translated into the following steps reflecting key milestones and deliverables during the project, namely:

Initiation: involving an initial scoping of information and expectations, in order to outline the CMS development and stakeholder engagement process.

Assessment: involving review and analysis of water resources, environmental, institutional and economic concerns, opportunities and constraints, both current and future, in order to synthesise and consolidate an understanding of the issues, causes and impacts of water resources management issues in the WMA.

Catchment Vision: involving the prioritisation of water resources management issues through the lens of water for growth, development and sustainability, leading to the formulation of a Catchment Vision.

Catchment Management Strategy Development: involving the iterative development of objectives to achieve the vision and the investigation of water resources management options. The objectives should be translated into protection, use and enabling strategic actions with milestones, responsibilities and resource requirements.

Approval: involving the evaluation and approval of the CMS by the Minister (through DWS), together with the consultation of the CMS with stakeholders.

These steps should lead to the implementation of the CMS over the next 5 years before it is reviewed and revised in its second edition

¹²ibid

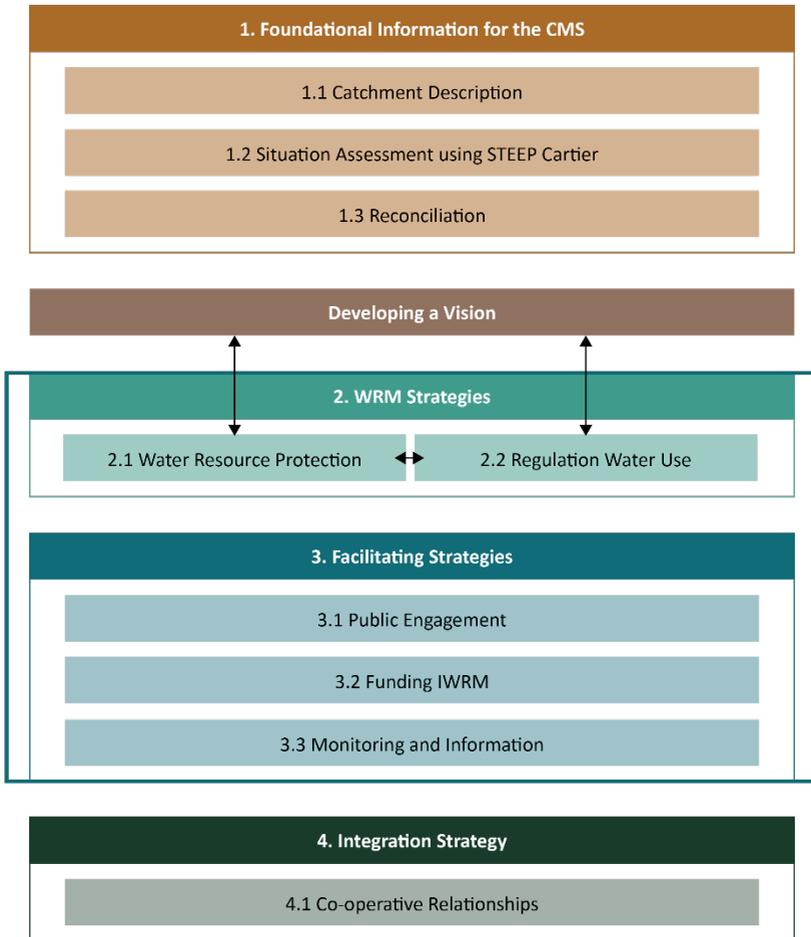


Figure 6: Framework for IWRM and the CMS in South Africa¹³

¹³ Source: DWS

3.7. Generic Process for Developing Catchment Management Strategies

There are certain similarities in the different approaches that have been described above. River basin planning processes follow a logical sequence of thought that begins with a high-level plan and ends with a well-structured basin plan. There is a shared feature of combining water resource concerns with catchment related socio-economic, environmental and development requirements, with the aim of obtaining a holistic overview of the current and future characteristics of the catchment. In addition, despite varying means of doing so, all the approaches seek to define a catchment vision, objectives and management actions required to meet the stated objectives and catchment vision.

It is therefore evident that a generic process for developing catchment management strategies can be developed. This process can be outlined in four broad stages, and can be comprehensively illustrated in Figure 7.

The four broad stages are:

1. Conducting the situation assessment, through:

- Process inception and design, which includes delineation of the basin.
- Baseline assessment of the current situation and historical evolution.
- Future development and trends which provide forecasts or scenarios of development pathways.
- Priority issues and principles which indicate the key challenges and concerns for planning.

2. Formulating the vision and goals, through:

- Basin vision for the long-term desired state of the basin.
- Environmental zonation providing the desired state in river reach or catchment that reflects a balance between social, economic and ecological imperatives.
- Water resources objectives as time-based targets associated with the state of the river that lead towards the achievement of the vision over time.
- Social and economic consequences indicating the implications of achieving the objectives.

3. Developing the basin strategies through:

- Management objectives as time-based targets to achieve the vision and water resources objectives.
- Management measures (options) that provide high-level interventions that jointly achieve the vision and objectives.
- Water resource strategies that define strategic objectives, actions and milestones to achieve the basin objectives for the priority water resources concerns in the basin.
- Institutional system strategies that enable administration, cooperation, financing and information management to support the water resources strategies.

4. Detailing the implementation, through:

- Implementation plan outlining the activities, milestones, responsibilities and resources to achieve the basin strategies.
 - Thematic plans detailing the interventions around a specific water resources issue.
- Regional plans detailing the interventions within a defined sub-area of the basin.¹⁴

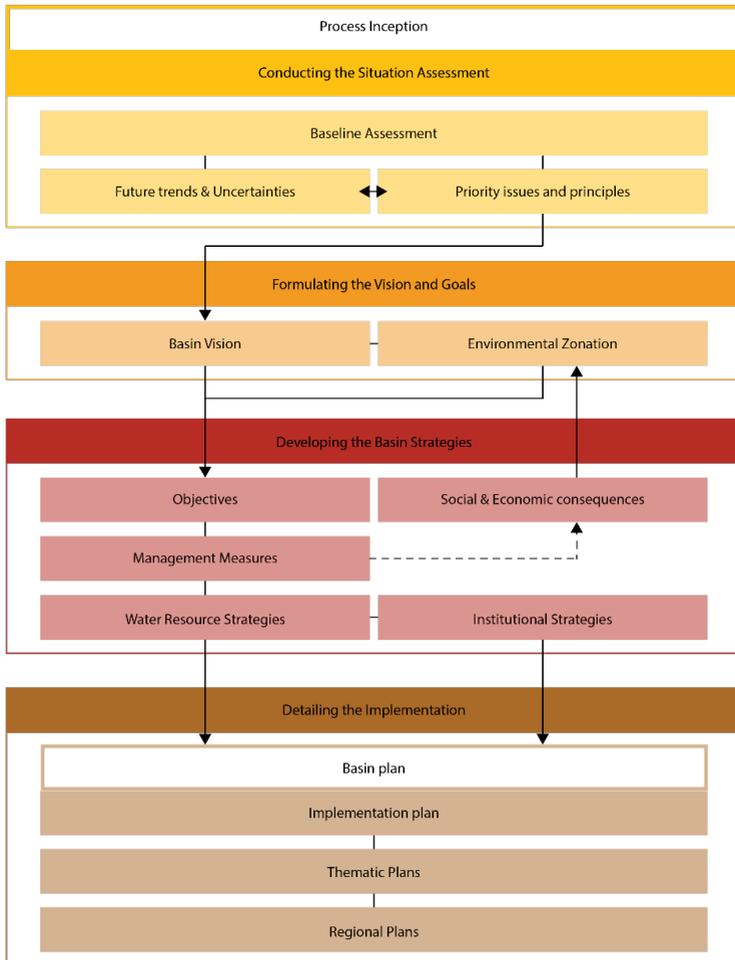


Figure 7: Process for river basin planning

¹⁴ibid

The CMS can therefore be achieved through two interrelated but distinct segments. The first is the determination of what needs to be achieved, which is defined by the setting of objectives that assist the CMA in meeting the vision and goals in an efficient and effective manner. The second is the establishment of how the objectives can be achieved, which is defined by the development of management actions that allow for the attainment of objective.

4. Structures of Catchment Management Strategies

4.1. Background

While CMSs inherently differ from one to another due to varying approaches, purposes, characteristics and available resources, the overall structure and contents included often contain some similarities. River basin plans should be built around four broad overarching goals or visions, namely protection, development, disaster risk and institutional aspects. These goals or visions should then be supported by separate thematic plans that jointly support the implementation of the CMS

As previously noted, the CMS should not conflict with the NWRS, it should be reviewed every five years; it should consider other relevant sector plans and any other legislation, plans and strategies and it should include a water allocation plan. In addition, as stated in the ten golden rules of basin planning, catchment strategies also need to be supported by consistent thematic plans that are relevant to the characteristics of the catchment. The thematic plans do however need to have a common objective as the CMS, such as environmental rehabilitation, water allocation, water quality management, or flood management. Figure 8 presents a high-level structure of a basin plan and the interface between the elements of the plan and various supporting thematic plans.

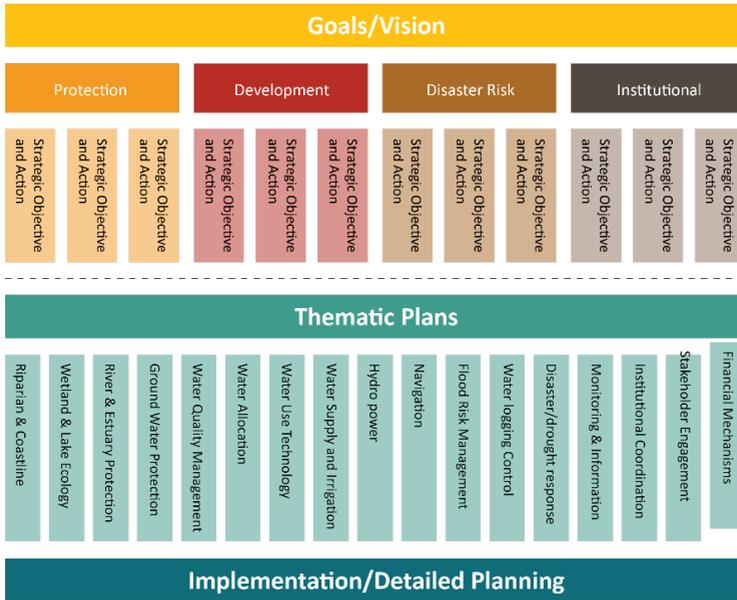


Figure 8: Interface between the elements of the basin plan and supporting thematic plans.¹⁵

It is important to note that although the content of the final basin plan may appear coherent, structured and well-coordinated, the process of developing the plan and the implementation is often chaotic and iterative. The structure of the actual plan thus also needs to be well defined, to ensure that the process of creating the plan is efficient and effective, and not catastrophically chaotic and iterative.

4.2. Generic Structure of Catchment Management Strategies

CMSs need to set high-level visions and goals, as well as provide more detailed objectives, strategic action plans, stakeholder engagement strategies, implementation plans and any other relevant plans that assist in meeting the stated visions and goals. Therefore it is not only the CMS, but the entire suite of strategies, thematic plans and all relevant legislation that ensures effective water resource management.

The manner in which the CMS is developed and structured varies considerably between countries and catchment, mainly due to varying goals and visions, approaches adopted, allocation plan, development and socio-economic challenges. CMS do however, tend to have similar core elements, although these individual elements may be structured slightly differently to reflect the varying hydrological, economic and institutional contexts. The elements may also vary over time

¹⁵ Source: Pegram et al, 2013

to reflect changing circumstances, confirming the notion that catchment planning and management is an ongoing, adaptive and iterative process.

Figure 9 illustrates the core elements that should be included as part of catchment management strategies, namely:

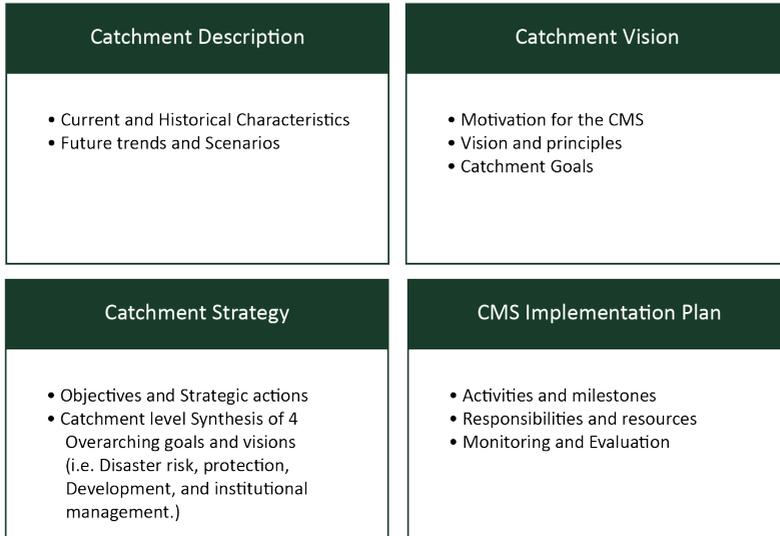


Figure 9: Structure of CMS

The elements stated below provide the general content of CMS that is widely used, although the actual content may differ between catchments, regions and countries. CMA resource availability and capacity, together with catchment based characteristics and development objectives are the main reasons why the content in each element may differ.

- A **catchment description**, which presents the key catchment characteristics by providing information on the past, current and future scenarios.
- A **catchment vision**, which outlines the principles, goals and vision statement of the catchment, and the preferred future state to achieve broader environmental and socio-economic priorities.
- A **catchment strategy**, which specifies the objectives and management actions, and provides a synthesis of all the supplementary thematic plans and strategies.
- The **implementation plan**, which provides detailed activities, priorities, roles and responsibilities, milestones, resources and monitoring systems that are required to meet the objectives set out in the CMS.

5. Stakeholder Engagement and Public Participation

5.1. Background

Stakeholder engagement and public participation is the cornerstone of IWRM in South Africa. This is evident in Chapter 2 Part 2 of the NWA states that “*in the process of developing this strategy, a catchment management agency must seek co-operation and agreement on water-related matters from the various stakeholders and interested persons*”. In order to achieve this, CMAs require a stakeholder platform through which it can engage with stakeholders as well as a strategy contained in the CMS to aid the communication and participation with stakeholders.

The terms stakeholder engagement and public participation refer to the informed participation between relevant personnel including all role-players, interested and affected parties. As stated in the NWA, there are two levels of stakeholder participation that are required during the CMS process, the first is during the development and drafting of the CMS, and the second is during the implementation. Such levels of participation are necessary as the management of water resources cannot be accomplished by the CMA alone.

It is a complex endeavour that will need to draw on various sectors, government departments, institutions, organisations and civil society groups to fulfil its mandate as manager of the water resources of a Water Management Area. Although each of these is a role-player in the process they do not necessarily have the same interest in the resource. However, they will need to work collaboratively to ensure that water is managed in the interests of all and as a ‘public good’. The question is not *whether* they will work together but *how* they will work together. According to the National Water Act, one of the CMA’s initial functions is to *promote community participation* in water resource management. It is the role of the CMA to facilitate the participatory process so that understanding and consensus, and not conflict, drives management. The CMS is an instrument that provides the CMA with an opportunity to harmonise various roles and at the same time to minimise conflict and overlap.¹⁶

The aim of stakeholder engagement is therefore to provide a space for public engagement in various aspects of IWRM relevant to the catchment through cooperation, collaboration and agreement. It should also include capacity building, the provision of opportunities for collaborative action, and the communication and access to information. This is to ensure that the intended outcome of the engagement, which is ensure that all stakeholders are represented and cooperate, is achieved in all phases of the process, namely the formulation, implementation and revision of the CMS.

¹⁶ibid

5.2. Stakeholder Engagement and Public Participation Process

As stated in the NWA, there are two levels of stakeholder participation that are required during the CMS process, the first is during the development and drafting of the CMS, and the second is during the implementation stage. Therefore, functioning stakeholder platforms are essential for both the CMS development phase, as well as the CMS implementation phase. Different stakeholder engagement strategies will therefore be required for each phase, and additionally, different engagement processes are required for each type of stakeholder.

Following the initial stages of the CMS development process, the CMA is advised to develop a separate engagement strategy, which includes the various engagement processes to be utilised for different stakeholders, that deals with the initial stakeholder platform establishment, the capacity building, as well as the development of the CMS. Although the stakeholder platform can be operational during both the CMS development and CMS implementation phase, the engagement strategies need to be different. The second stakeholder engagement strategy should highlight how various stakeholders will be involved in the implementation of the CMS. Figure 10 below shows various steps in the stakeholder engagement process, in the CMS development phase and the CMS implementation phase.

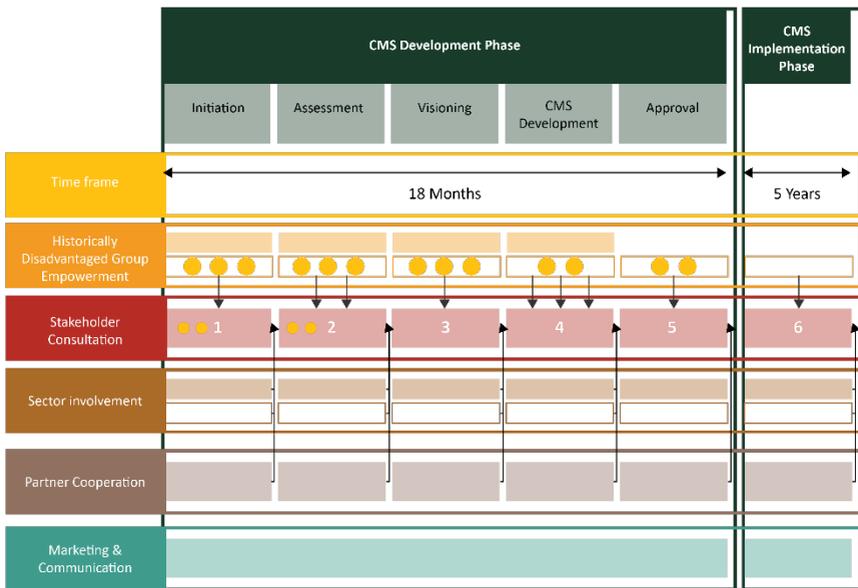


Figure 10: CMS Stakeholder Engagement Process

The CMS should be developed in a participatory manner with the aim of obtaining rich local knowledge and expert advice, as well as obtaining cooperation from the stakeholders. In order to achieve this, the stakeholder engagement process described in Figure 10 should be followed.

The initial stages of the consultation process (Stage 1 and 2) are a broad consultation of stakeholders, including previous WMA bodies. The aim of Stage 1 is to mobilise stakeholders; to inform and build capacity (such as explaining technical concepts). The aim of Stage 2 is to enable the broad stakeholder group to analyse the current conditions and also to identify issues and challenges that need to be addressed. Several meetings should occur, with the insights from these engagements, combined with the sector involvement and partner organisation cooperation provides the backdrop for the stakeholders to develop a vision for the WMA as Stage 3 of the engagement process. The vision becomes a basis for further stakeholder consultation, which is aimed at developing the final CMS.

At Stage 4, which comprises of three to four meetings, the engagement should be technical, and aimed at the development of options, sub-strategies and plans (such as the implementation plan), as well as the complete CMS. A reference group should also be nominated by the broader group of stakeholders; their function will be to finalise the CMS and also make any other necessary decisions and conclusions. Once the CMS is complete, it should be taken back to the broader stakeholders at Stage 5, prior to it being submitted to the governing authority for public comment and being gazetted.

Once the CMS has been completed and approved, the implementation plan will need to be initiated. As the engagement strategy highlights how various stakeholders will be involved in the implementation of the CMS, the engagement on implementing the implementation plan should take place at Stage 7. Continuous engagement with stakeholders with specified roles and responsibilities will be required. This will be aimed at considering monitoring activities, successes and failures of actions, adaptation options required, as well as any other matters that need to be addressed. The frequency of the meetings should also be addressed in the engagement strategy.

Disadvantaged groups as well as other water users will need to be engaged with at different scales than other stakeholders. Separate meetings conducted in local languages will assist in building capacity and gaining local opinions. It will also be necessary to conduct different specialised consultations for the key sector bodies, other sector experts and specialists. Similarly, there will also be a need to engage key partners such as local and provincial government.

There are numerous intentions and advantages that motivate the inclusion of the public and other stakeholders in the development and implementation of the CMS. These include the need to:

- Address a broad range of issues
- Improve the identification of gaps, information and data gathering
- Be transparent and accountable on matters concerning decisions and decision making processes

- Build broad cooperation and commitment to actions through meaningful discussion
- Ensure sustainability of implementation of actions by stakeholders

Ongoing communications will provide a foundational stream of work to ensure that stakeholders are aware of the CMS development process as well as the findings and developments during the process. This will largely be achieved through the development and circulation of a suite of newsletters or other means of advertising that should be produced in local languages, as well as the continuous availability of data and documentation. Continuous and effective engagement with all stakeholders will enhance cooperation through the CMS development, and also ensure efficient and effective implementation of the CMS.

6. Conclusion

The visions and objectives that are contained in CMSs are usually very high-level and provide insight into the projected outcomes of the management actions. The implementation of the management actions requires the integration of the four broad areas of catchment management processes that should be integrated in all aspects of basin planning. River basin plans should be built around four broad overarching goals or visions, namely protection, development, disaster risk and institutional aspects. These should be integrated in the CMS, as well as in the supporting thematic plans. In addition, the thematic plans should be relevant to the characteristics of the catchment and need to have a common objective as the CMS, such as environmental rehabilitation, water allocation, water quality management, or flood management.

As is evident in the review of the different approaches to river basin planning, there are certain similarities in the approaches. There is a shared feature of combining water resource concerns with catchment related socio-economic, environmental and development requirements, with the aim of obtaining a holistic overview of the current and future characteristics of the catchment. Although in a different manner, all approaches seek to define a catchment vision, objectives and management actions required to meet the stated objectives and catchment vision. A generic process for developing catchment management strategies can thus be developed, and is subsequently highlighted above.

While developing the CMS, the CMA should seek participation from various stakeholders. This allows various stakeholders to advise and inform the strategy development process and final CMS, which will ultimately aid in the implementation of the CMS.

CMSs need to set high-level visions and goals, as well as provide more detailed objectives, strategic action plans, stakeholder engagement strategies, implementation plans and any other relevant plans that assist in meeting the stated visions and goals. It is not only the CMS, but the entire suite of strategies, thematic plans and all relevant legislation that ensure effective water resource management.

Appendix A: Case Studies of International Catchment Management Strategies

1. Murray-Darling Basin, Australia

The Murray-Darling Basin (MDB), situated in Australia, is the sixth largest river basin in the world and directly supports a population of approximately two million. As evaporation generally exceeds rainfall, there has not been substantial flows to the ocean for numerous years. In addition to the high evaporation, the basin is also largely characterised by a low gradient, which further impedes the flow to the ocean. Consequently, the basin has little capacity to flush out the salts and sediments that have accumulated, thus making the system vulnerable to water quality issues.

Australia has, until recently, left the management of water resources to the states. This has been a challenge for the MDB as it comprises of five states. The new institutional arrangement (the Water Act of 2007) allowed for the establishment of the MDB Authority. The progression of the IWRM systems of the MDB is demonstrated by a spiral (as portrayed in Figure 11), which is caused by the maturing of the river organisation in response to new environmental, social, economic, and political pressures. The poor water quality, combined with the inter-related impacts of water resources, the environment and socio-economy led to the management system gradually evolving to an integrated, basin wide IWRM system. The spiral model represents a shift from historical water resources management to innovative, iterative, and adaptive management processes.

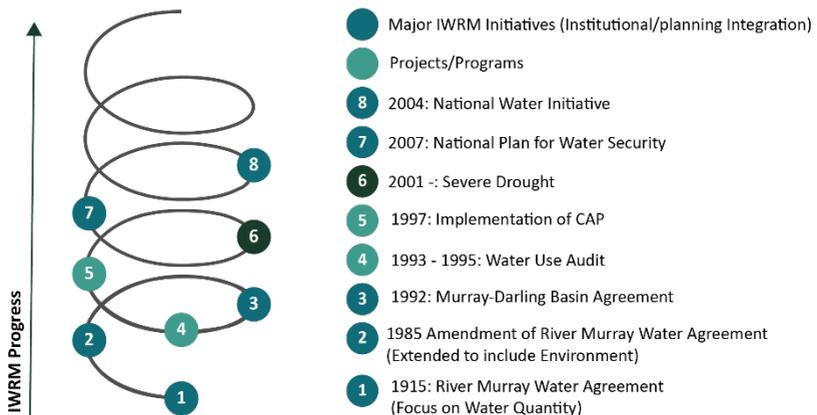


Figure 11: IWRM Spiral of Murray-Darling Basin¹⁷

¹⁷ Source: UNESCO

The key issues for MDB include water quality, the over-allocation of water resources, increasing conflict between water users, and climate variability. IWRM was facilitated through a wide range of approaches, namely basin wide resource management policies (e.g. Floodplain Wetlands Management Strategy, Basin Salinity Management Strategy, Native Fish Strategy, Algal Management Strategy, and Human Dimension Strategy), facilitating stakeholder engagement, bottom-up and consensus-based policy development, top-down governmental and institutional mechanisms, long-term planning, and adaptive management frameworks.

Challenges with the implementation of the IWRM plans in the MDB included cross-jurisdictional policy and legal arrangements; policy coherence and coordination amongst catchment management authorities and with state and federal departments; public involvement in policy and planning frameworks; and institutional capacity (financial, human, intellectual) of catchment-based institutions. Key success from the MDB resulted from community consultation and participation in decision-making, ensuring public awareness and support in implementing policy changes, contingency measures to secure critical water demands, as well as reducing the economic impacts of severe water shortages.¹⁸

2. Sacramento - San Joaquin River, California

The Sacramento - San Joaquin Delta is located at the confluence of the Sacramento and San Joaquin Rivers. The delta is the source of water for 23 million Californians, and also provides irrigation water to approximately 6 million acres of agricultural land. The high water rainfall in Northern and Eastern California is misaligned with the high demand in the semi-arid Southern California. The Northern California's Delta area is also suffering from ecological stress and thus needs to be managed efficiently. A combination of fresh and salt water, combined with the flat topography of the Delta creates a favourable environment for estuarine habitat. In addition, the Delta often suffers from flooding and seismic activity resulting in a likelihood of earthquakes. It is anticipated that sea level rise due to climate change will be a significant factor.

There are major issues in the Delta, such as high urban water demands, floods, and aquatic environment needs. When California experienced a drought from 1987 to 1994, water shortages and the perceived conflict over the Endangered Species Act and the water quality of the Delta at state and federal government were arose over confusion in water and environmental strategies to be implemented. This confusion led to the establishment of CALFED, a consortium of state and federal government, whose key objectives was water supply, ecosystem restoration, water quality, and the integrity of the levee system. In addition, a task force was established to develop a durable sustainable management vision for the Delta (i.e. the Delta Vision), whose goal is to manage the long-term sustainability of the Delta, as well as the Strategic Implementation Plan in 2008. This evolution in IWRM in this basin is portrayed in Figure 12.

¹⁸UNESCO. IWRM Guidelines at River Basin Level – Part 2-1: The Guidelines for IWRM Coordination

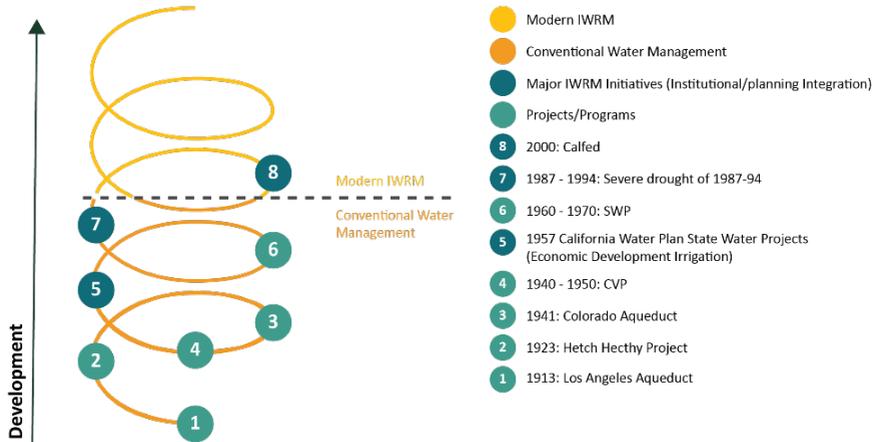


Figure 12: IWRM Spiral of Sacramento – San Joaquin Rivers ¹⁹

The key to successes to the IWRM approached in the basin can be attributed to the achievement of efficient IWRM for complex water uses and major water users, as well as effectively coordinating and integrating water management at different levels of government.

3. Volta River, West Africa

The Volta River Basin, is located in the sub-humid to arid West-African savannah zone, and is shared by six countries, namely, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali and Togo. Since 2004, the International Union for Conservation of Nature (IUCN) has implemented the 'Volta Water Governance Project' commonly known by its French acronym PAGEV (*Projet d'Amélioration de la Gouvernance de l'Eau dans le Bassin de la Volta*), which is Côte d'Ivoire aimed at addressing water management issues at the basin.

The Volta River is faced with many challenges such as soil and land degradation, eco-hydrological processes, rapid population growth, climate variability, risks of conflicts between upstream and downstream users, and the lack of a public participation framework for decision making. Communities along the river banks have, due to climate variability and poor soil quality, followed unsustainable farming methods.

To manage this, PAGEV strategies have been focused on the long-term strategies of ecosystem conservation with the aim of meeting the immediate impacts on communities. They are based on three key mechanisms, namely the community based IWRM actions to promote local participation in transboundary waters management; the compilation of knowledge and decision-

¹⁹ Source: UNESCO

support information to support planning and decision making; and the improvement of institutional and legislative instruments to promote cooperation. PAGEV also facilitated the establishment of multi-stakeholder platforms at various levels in Burkina Faso and Ghana to gain support for ecosystem restoration, such as the creation of village committees focused on riverbanks protection, and the establishment of national and local transboundary forums to resolve water use conflicts at the local level.

The key to successes to the IWRM approached in the basin can be attributed to the mobilization of stakeholders from the community, national and transboundary levels to promote shared water management, as well as motivating for conservation of ecosystems.