

*Wednesday, 11 June 2025]*

No 93—2025] SECOND SESSION, SEVENTH PARLIAMENT

**PARLIAMENT**  
**OF THE**  
**REPUBLIC OF SOUTH AFRICA**

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**ANNOUNCEMENTS,  
 TABLINGS AND  
 COMMITTEE REPORTS**

WEDNESDAY, 11 JUNE 2025

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# ANNOUNCEMENTS

## National Assembly

### The Speaker

#### 1. Membership of Committees

- (1) The following committee membership changes have been made by the African National Congress:

#### **Portfolio Committee on Electricity and Energy**

Discharged: Mofokeng, Ms ML

Appointed: Sompa-Masiu, Ms NS

#### 2. Referral to Committees of Bills introduced

- (1) The following Bills are referred to the **Standing Committee on Appropriations** for consideration and report in terms of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009):
    - (a) **Division of Revenue Bill** [B15-2025] (National Assembly – proposed sec 76).
    - (b) **Appropriation Bill** [B16-2025] (National Assembly – proposed sec 77).
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# TABLINGS

## National Assembly and National Council of Provinces

#### 1. The Speaker and the Chairperson

- (a) The Draft Annual Performance Plan and Budget of Parliament of the Republic of South Africa for 2026/27.

The documents are available on Parliament's website: [www.parliament.gov.za](http://www.parliament.gov.za).

#### 2. The Minister of Forestry, Fisheries and the Environment

- (a) Government Notice No 6201, published in Government Gazette No. 52691, dated 16 May 2025: Consultation on the Intention to Adopt a Substation Exclusion Norm and to Exclude the Development and Expansion of Transmission and Distribution Substations from the Requirement to obtain an Environmental Authorisation, in terms of the National Environmental Management Act, 1998 (Act No. 107 of 1998).
  - (b) Government Notice No 6202, published in Government Gazette No. 52691, dated 16 May 2025: Adoption and Implementation of the Sandveld Environmental Management Framework Standard, 2025 and the exclusion of Identified Activities from the Requirement to obtain an Environmental Authorisation, in terms of the National Environmental Management Act, 1998 (Act No. 107 of 1998).
  - (c) Government Notice No 6168, published in Government Gazette No. 52592, dated 5 May 2025: Invitation for the nomination of two (2) suitable persons to be appointed as members of the Regulating Committee for Meteorological Services, in terms of the South African Weather Service Act, 2001 (Act No. 8 of 2001).
  - (d) Government Notice No 6204, published in Government Gazette No. 52692, dated 5 May 2025: Invitation for the nomination of two (2) suitable persons to be appointed as members of the Regulating Committee for Meteorological Services, in terms of the South African Weather Service Act, 2001 (Act No. 8 of 2001).
  - (e) Government Notice No R. 6186, published in Government Gazette No. 52688, dated 16 May 2025: Draft National Dust Control Amendment Regulations for public comment, in terms of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004).
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# COMMITTEE REPORTS

## National Assembly

### 1. REPORT OF THE PORTFOLIO COMMITTEE ON LAND REFORM AND RURAL DEVELOPMENT ON OVERSIGHT VISIT TO KWAZULU-NATAL FROM 24 to 28 FEBRUARY 2025, DATED 11 JUNE 2025

The Portfolio Committee on Land Reform and Rural Development, having conducted an oversight visit to KwaZulu-Natal Province from 24 to 28 February 2025, reports as follows:

#### 1. Introduction

This report accounts for an oversight visit of the Portfolio Committee on Land Reform and Rural Development (the Committee) to KwaZulu-Natal Province from 24 to 28 February 2025. The Committee sought to gain insights regarding the governance challenges confronting the Ingonyama Trust Board, the functionality of Communal Property Associations (CPAs), and progress in the implementation of rural infrastructure development projects.

##### 1.1. The significance of this oversight visit

In terms of Sections 55(1) and 68 of the Constitution of the Republic of South Africa, Parliament is mandated to consider, pass, amend or reject legislation. In addition, Section 55(2) mandates it to ensure oversight and accountability of the Executive. Accordingly, the oversight visit to KZN was part of the Committee's continuous accountability mechanisms seeking to assess the extent to which the interventions by the Executive (the Minister and public entities) advance sustainable land and agrarian transformation. The Committee inquired into the progress and processes of land reform and post-settlement arrangements/support. Moreover, the Committee spent a great deal of time on the governance challenges confronting the Ingonyama Trust Board, attempting to identify the factors underpinning the tensions in the ITB. The oversight visit presented a vital opportunity for the Committee, as an extension of the National Assembly, to: (i) assess the challenges of Ingonyama Trust – as institutional

arrangement to advance Section 25(6) of the Constitution<sup>1</sup>; and (ii) track implementation progress of sustainable land reform and development envisioned in the National Development Plan (NDP) and relevant priorities under the 2019-2024 Medium-Term Strategic Framework (MTSF)<sup>2</sup>.

## 1.2. Composition of the delegation

A multiparty delegation of 9 Members of the Portfolio Committee on Land Reform and Rural Development, led by Honourable MA Mncwango (the Chairperson), participated in the oversight visit (See Table 1 below). The delegation was supported by a team of parliamentary support officials responsible for secretarial and procedural work, content advice and research support, language services and protection services.

*Table 1: Delegation of Committee Members*

<b>Name of Member of Parliament (MP)</b>	<b>Political Party</b>
Lucas, Ms SE Mrharha, Mr M	African National Congress (ANC)
Nhanha, Mr ME Madikizela, Mr B	Democratic Alliance (DA)
Mngxitama, Mr A Madlala, Mr K	Umkhonto weSizwe Party (MKP)
Matiase, Mr NS	Economic Freedom Fighters (EFF)
Mncwango, Mr MA	Inkatha Freedom Party (IFP): <b>Chairperson</b>
Mahlatsi, Dr LW	United African Transformation (UAT)

## 1.3. Structure of this report

Following this introductory section, the report outlines the terms of reference that set parameters for the oversight visit, explains the Committee's approach and sites selection for in-loco inspection. It further locates the oversight focus within a context of land reform in

<sup>1</sup> Section 25(6) of the South African Constitution addresses the rights of people or communities whose land tenure is legally insecure due to past discriminatory laws or practices, entitling them to secure tenure or comparable redress, as provided by an Act of Parliament.

<sup>2</sup> P1 (Capable, Ethical and Developmental State); P2 (Economic Transformation and Job Creation); P5 (Spatial Integration, Human Settlements and Local Government)

KwaZulu-Natal, assessing implementation progress, challenges, and mitigation strategies. Inputs of stakeholders and summary of observations of the delegation are the core of the report. It concludes with the recommendations for consideration by the National Assembly.

## **2. Terms of Reference**

Section 55(2) of the Constitution provides that “The National Assembly must provide for mechanism - (a) to ensure that all executive organs of the state in the national sphere of government are accountable to it; and (b) to maintain oversight of - (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state”. The oversight visit was part of oversight mechanisms available for the Committee to exercise its constitutional mandate to hold the Executive accountable for their actions, or lack thereof, including their decisions about budgets and expenditure.

The Committee continued on its strategic choices to focus on ITB and CPAs given the ITB delays to table the 2023/24 Annual Report and a large number of CPAs that are non-compliant to the Act. The decision for the oversight visit was taken earlier in October 2024. However, the December 2024 ITB developments, discussed in detail in this report, necessitated urgent oversight attention.

### **2.1. Aims and objectives of the oversight visit**

The aim of the oversight visit was to obtain insights regarding the underlying factors underpinning widely publicised tensions and instability in the ITB and to assess whether the intervention of the Executive Authority has made any significant headway toward stability of the entity and good corporate governance. In similar veins, the Committee sought to assess the effectiveness of the Executive’s interventions to support CPAs, and to track progress with regard to rural infrastructure development. The Committee also sought to assess progress in the implementation of land reform and rural development programmes, focusing on their transformative potential and effectiveness in improving the lives of rural communities (producers, farm dwellers, labour tenants). The Committee aimed to hold the Minister and Department accountable for their decisions and actions. The key objectives included the following: assessing governance at the Ingonyama Trust Board (ITB) and its subsidiaries;

monitoring rural infrastructure development in Jozini (specifically the FPSU and Cotton Ginnery), and evaluating the effectiveness of Communal Property Association (CPA) support mechanisms and the Department's capacity to deliver such support in line with government priorities.

### **2.3 Committee approach and sites selection**

The Committee adopted an approach that allowed it to immerse itself in the lived realities of key stakeholders, including members of the ITB, Amakhosi representing traditional communities who are the beneficial owners of Ingonyama Trust land, CPA committees, and smallholder producers. During the ITB stakeholders' meetings, the Committee primarily listened to the inputs and experiences shared by these stakeholders. At infrastructure development sites, the Committee engaged by observing facilities, assessing their progress, quality, and utility.

The oversight schedule included a review of reports submitted to the Committee, briefing sessions on the implementation progress, challenges, and opportunities in agriculture, land reform, and rural development, as well as project and farm visits with on-site interactions with beneficiaries. A significant portion of the Committee's time was dedicated to addressing the issues confronting the Ingonyama Trust Board. To this end, the Committee sought an audience with His Majesty King Misizulu kaZwelithini—the Sole Trustee of the Ingonyama Trust and the Chairperson of the Ingonyama Trust Board—as previously mentioned. This engagement was a fact-finding initiative, prompted by His Majesty's public expression of concerns regarding the ITB. The objective was to solicit His Majesty's views on how these concerns might be addressed from both legislative and executive perspectives. Additional inputs were also received from the KwaZulu-Natal House of Traditional Leaders and members of the Ingonyama Trust Board.

Table 2 below outlines a range of oversight questions developed by the Committee to probe deeply into the issues affecting the ITB, land reform and rural development, cooperatives, and enterprise development in KwaZulu-Natal. These questions served as a framework for engagement but were not restrictive. Committee members and delegates were encouraged to raise any issues they deemed important, contributing to a deeper understanding of the

challenges facing the ITB, CPAs, and infrastructure development, along with the broader dynamics involved.

*Table 2: The specific objectives and questions for the oversight visit*

<b>Programme</b>	<b>Objectives</b>	<b>Key questions</b>
Ingonyama Trust Board	To assess the state of governance at the ITB, particularly how governance structures and policies have assisted the ITB to carry out its mandate successfully. and interventions, including the state of governance of the subsidiary companies of the Trust.	<ul style="list-style-type: none"> <li>• How have the governance structures and policies assisted or hindered the ITB to carry out its mandate?</li> <li>• What are the different stakeholders' perspectives to the current challenges and how do they think they can be resolved?</li> <li>• How has the ITB impacted the livelihood and development needs of the beneficiaries?</li> <li>• Is the Disbursement Policy of the Ingonyama Trust assisting?</li> </ul>
Land development support and Rural Infrastructure Development	To track progress in the development of rural infrastructure at Jozini, particularly the Jozini FPSU, the Makhathini Cotton Ginnery and supporting cooperatives and enterprise development.	<ul style="list-style-type: none"> <li>• What kinds of farmers in communal areas are supported under the FPSUs?</li> <li>• How are decisions about infrastructure development taken?</li> <li>• Are all the infrastructure development projects complete and in use?</li> <li>• What are the beneficiaries perspectives about the infrastructure build?</li> </ul>
Communal Property Associations	To assess the effect of the post-settlement support provided to CPAs	<ul style="list-style-type: none"> <li>• What are the factors that cause land reform beneficiaries to register CPAs?</li> <li>• How are the communities supported to understand CPAs and their functions as well as the CPA Act and Constitutions?</li> <li>• What the underlying factors to the existing tensions and conflicts within CPAs?</li> <li>• How is the Department intervening to support the CPAs for compliance with the</li> </ul>

		Act, their respective constitutions, and to resolve tensions/conflicts, if any?
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Over the five-day oversight visit, the Committee engaged with a range of stakeholders, project members, and beneficiaries. However, some of the planned **in loco** inspections in Jozini could not proceed due to heavy rainfall and flooding. Table 3 below outlines the scheduled activities:

- **Audience with His Majesty** (the Sole Trustee of the Ingonyama Trust and ITB Chairperson – Engagements provided insights into the underlying factors contributing to tensions between members of the Board and its Chairperson.
- **Briefing sessions** – These involved the KwaZulu-Natal Provincial Shared Services Centre (KZN PSSC), the Regional Land Claims Commission (RLCC), members of the ITB, representatives of Amakhosi, and other stakeholders. Each entity briefed the delegation on their own perspectives to the focus areas for the oversight visit.
- **Site visits** – At each location, the delegation received briefings on project operations, enterprise activities, or infrastructure developments. The Committee also interacted directly with project beneficiaries.
- **Debrief and deliberations** – The oversight visit concluded with a debriefing session, during which the Committee reflected on the achievements and challenges encountered. Due to time constraints, further deliberations on key observations and the way forward were scheduled to take place during a subsequent Committee meeting in Parliament.

Table 3: List of all project sites visited.

Date	Item	Programme
24/02/2025	• Audience with His Majesty King Misizulu kaZwelithini	ITB
25/02/2025	<b>Stakeholder Meeting</b>	ITB
	• Provincial House of Traditional Leaders • MEC for COGTA	
	<b>Briefings</b>	Land Reform Rural Development
26/02/2025	<b>In-loco inspection:</b>	Rural Infrastructure Development
	• Makhathini FPSU and Cotton Gin	
26/02/2025	<b>Site visits/ in-loco inspections</b>	Communal Property Associations
	• Zwelabantu CPA (Kwadukuza)	
	• Ubizo CPA (Mpangeni)	

27/02/2025	<ul style="list-style-type: none"> <li>Meeting with the Ingonyama Trust Board</li> <li>Meeting with Ms Mbadlanyana – Land Tenure/PTO dispute</li> </ul>	ITB Tenure Security
28/02/2025	<ul style="list-style-type: none"> <li>Committee Debrief</li> </ul>	

### 3. The state of land reform and rural infrastructure development in KwaZulu-Natal

This section summarises the presentations made by the KZN PSSC, the RLCC, and the Agricultural Development Agency (ADA). It shows how KZN has fared in respect of land reform broadly and rural development programmes.

#### 3.1 Land Redistribution

The Provision of Land and Assistance Act (Act No 126 of 1993), amended by the Provision of Certain Land for Settlement Amendment Act (Act No 26 of 1998) provides for the designation of certain land, regulates the subdivision of such land and the settlement of persons thereon, and provides for the rendering of financial assistance for the acquisition of land to secure tenure rights. Section 19 of Act 126 empowers the Minister to acquire land for redistribution, and in turn, the Department applies the Beneficiary Selection of Land and Allocation Policy to identify and select beneficiaries for allocation of land. In terms of the policy, previously disadvantaged persons and targeted groups are a priority.

*Table 4: Hectares acquired between 1994 - 2024.*

Settlement		Municipality		Agricultural			No. of Ha		Expenditure
Farm units	SLAG/Labour Tenants/ESTA	Commonage	LASS	PLAS	LRAD	Other			
960	256,054	1,637	642	206,790	132,556	21,761	619,440	R 5,973,294,117	

*Table 5: Beneficiary groups*

Beneficiaries	HH	Labour Tenants	Farm Dwellers	Military Veterans	Agric Graduates	Youth	People with Disability	Female
74,953	36,915	6,025	51,309	2	12	14,456	66	21,817

*Table 6: Hectares Acquired and Redistributed Since 1994*

1994 – 2018	2019	2020	2021	2022	2023	2024
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598 371	6 087	5 823	2 266	6 893	0	0
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Table 4 above shows that redistribution programme has undergone significant changes; from the Settlement Land Acquisition Grant (SLAG), Commonage, Land Redistribution for Agricultural Development (LRAD), and Proactive Acquisition Strategy (PLAS). It signifies a shift in policy priorities. Between 1994 and 2024, the programme acquired a total of 960 farm units, or 619,439,000 hectares at the cost of R 5,9 billion. Of the total 619 440 hectares, 598,371 000 were acquired between 1994 and 2018. One of the limitations was that whilst the cost of land acquisition has been increasing, the budget for land acquisition has been in decline and so were the amount of hectares acquired. Over the last five years, there has been a significant decrease in the number of hectares acquired, KZN PSSC recorded zero hectares under land redistribution in 2023 and 2024. Table 5 above shows that of the 74 953 beneficiaries, labour tenants accounts for 6 025 whilst farm dwellers account for 51,319. Military veterans account for 2, agricultural graduates for 12, youth for 14,456; and persons with disability account for 66. A total of 21 817 beneficiaries were women.

The Committee noted that land redistribution has been beset by many challenges, some of those can be summarised as follows:

- Some landowners' reluctance to avail land for redistribution purposes. This is demonstrated by, in some cases, landowners demanding compensation that exceeds market value whereas in other cases they reject validity of labour tenancy claims. As a result, there are lengthy negotiation and litigation processes.
- At times, valuation processes take longer than anticipated. It is further complicated by the emerging trend of rejection of property values set through the Office of the Valuer-General's valuation processes.
- Until recently, the State lacked legal instruments to deal with refusals to sell land to the State for land reform purposes. It is yet to be seen how the Expropriation Act could assist to fast-track land redistribution.
- Reduction in budget allocation for land redistribution has significantly slowed the process to acquire land for redistribution purposes. The reduction has been a gradual decline and has been compounded by reprioritisation of funds toward the Land Development Support Programme.

- Unlawful occupation of state land and lack of adequate capacity to address land rights disputes, especially competing rights over land.

### Property management: PLAS and SADT Properties

The DLRRD owns a large portfolio of properties that are being leased out to farmers. In KZN, there are 775 land parcels (PLAS) with a total of 281 projects registered as illustrated in Table 7 below. Majority of the projects are under the Vryheid District Office (96 projects on 289 farm units). With regard to the 155 SADT<sup>3</sup> properties, majority are under the Richards Bay District Office. The PSSC reported that the KZN SADT state land is faces challenges of competing rights over land by lessees, land claimants, occupiers, CPAs, and Trusts.

Table 7. PLAS Properties and SADT properties/projects

District Office	No. of Projects	No of Land Parcels	SADT: No of Projects
Richards bay	52	113	124
Vryheid	96	289	0
Ladysmith	55	168	9
Port Shepstone	31	81	15
Pietermaritzburg	47	124	7
<b>Total</b>	<b>281</b>	<b>775</b>	<b>155</b>

The Committee noted that property management was facing numerous challenges that were rendering the programme inefficient. Some of those challenges can be summarised as follows:

- Some leases have not been signed because of unresolved land disputes between lessees and farm occupiers.
- PSSC lacks capacity to monitor the properties and for timely vesting. It results in delays in the allocation of the properties. In turn, the properties are unlawfully occupied.
- There were many expired lease agreements concerning the former SADT properties and the PSSC was experiencing difficulties with the renewal of the leases due to lack of capacity to adjudicate competing land rights.
- There are policy constraints to implementation of efficient property management. The existing policy requires an applicant to appoint the Land Surveyor and Valuer to survey

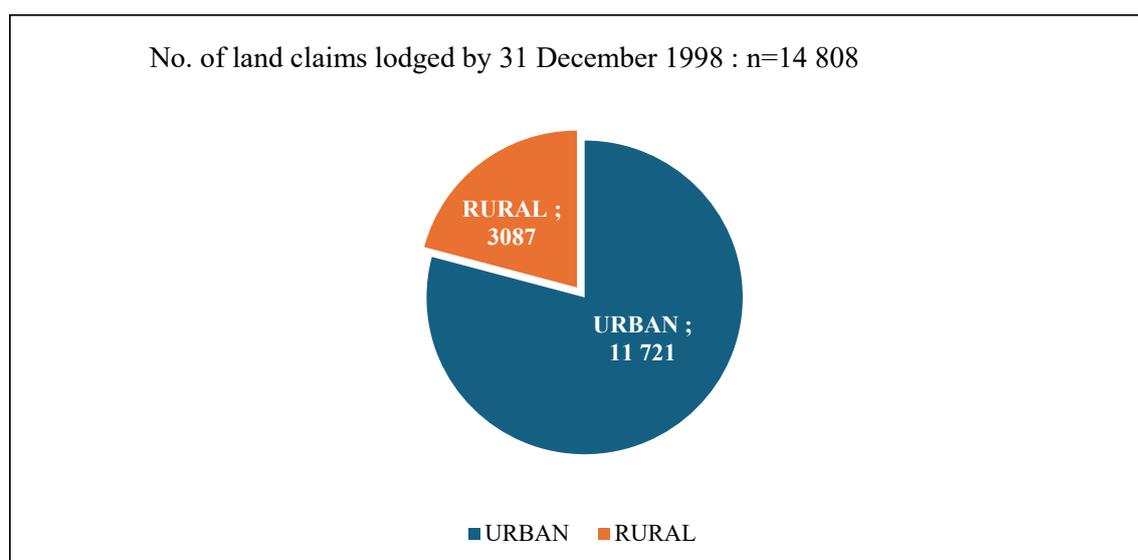
<sup>3</sup> SADT properties refers to immovable assets that were formerly held in trust by the South African Development Trust (SADT), established for the benefit of Black people in South Africa, and later vested in the former homelands and now part of State Land under the Minister of Land Reform and Rural Development

the property and determine the value of the property prior to processing of a lease. The process is costly and not affordable for majority of the smallholders.

### 3.2 Restitution

By 31<sup>st</sup> December 1998, KZN had received a total of 14 808 land claims. About 21% (3087) of those claims are rural and 79% (11721) are urban as shown in Figure 1 below.

Figure 1: Total number of land claims lodged by 31 December 1998



At the time of the oversight visit, 12 828 (87%) of the 14 808 had been settled whereas 13% were outstanding. Table 8 below, shows that the total cost for land claims settlement at the time of the visit was R13,9 billion, including cost for financial compensation, grant funding, development and solatium. A total of 1904 land claims lodged prior to 31<sup>st</sup> December 1998 were outstanding. The outstanding claims affect large communities and large-scale commercial farms, thus having a potential to impact on many previously disadvantaged communities.

Table 8: Settled claims (old order claims)

Category	Numbers
Total Number of claims settled	12 828
Land Acquisition	R8 315 771 186,38
Financial Compensation	R4 605 168 256,24
Grants	R780 937 447,55
Development	R196 279 611,73

Solatium	R6 675 000,00
<b>TOTAL</b>	<b>R13,904,531,501.90</b>

Table 9 below shows that a majority of claims lodged were in Ethekehwini (10 930), that is close to 74% of all the claims for KwaZulu-Natal. However, in terms of outstanding claims, 768 claims are outstanding, i.e. 7% of the total lodged. However, when one looks at the number as a percentage of outstanding claims, Ethekehwini accounts for 40% of all the Outstanding claims, followed by uMgungundlovu (14%) Zululand (11%) and Uthukela (10%)

An amendment to the Restitution of Land Rights Act in 2014 resulted in the reopening of the window for lodgement of land claims. A group of communities that have waited for settlement of their old order land claims approached the Court to challenge the amendment on both substantive and procedural grounds. The Constitutional Court granted an order which interdicted the Commission on Restitution of Land Rights (CRLR) from processing the new land claims until all the old land claims were settled. At the time of an interdict, KZN had recorded a total of 40 277 new order land claims.

*Table 9: Outstanding claims (old order claims lodged before 31<sup>st</sup> December 1998)*

District	No. of land claims	Outstanding land claims		
		No.	% of total lodged	% total outstanding
<b>Amajuba</b>	198	80	40%	4%
<b>Zululand</b>	524	211	40%	11%
<b>Uthukela</b>	452	187	41%	10%
<b>Umzinyathi</b>	176	67	38%	4%
<b>Ugu</b>	282	93	33%	5%
<b>Harry Gwala</b>	220	99	45%	5%
<b>King Cetshayo</b>	185	55	30%	3%
<b>Ilembe</b>	148	59	40%	3%
<b>Umkhanyakude</b>	60	27	45%	1%
<b>Ethekehwini</b>	10930	768	7%	40%
<b>Umgugundlovu</b>	1557	258	17%	14%
<b>TOTAL</b>	<b>14732</b>	<b>1904</b>	<b>13%</b>	<b>100%</b>

The Department presented a range of issues and challenges confronting land reform. Those issues can be summarised as follows:

- Restoration of commercial land to claimants without sufficient farm management.
- Refusal of the OVG offers by landowners.
- Infighting among land claimants which affect the programme pace and outcome.
- Limited budget affects capital and human resources which in turn slows restoration.

### 3.3 Tenure reform

This section focusses on Communal Property Associations (CPAs) and labour tenants' applications. The focus is in line with the Committee's prioritisation of the functionality of CPAs and oversight over the implementation of the Court order compelling the Department to process all labour tenants applications compels under the supervision of the Special Master of Labour Tenants (SMLT).

*Labour Tenants applications:* KwaZulu-Natal received a total of 11 446 applications. About 6 044 of those applications have been settled and 5 398 were outstanding at the time of the visit. The land acquired and transferred in settlement of the applications was 141,756, 000. The total cost of acquisition was about R171.8 million. The Committee noted that there was no figure disclosed in relation to development support to labour tenants, raising a question about whether they were being left on their own and set up for failure.

*Table 10: Labour Tenants Applications*

<b>District</b>	<b>No. Lodged</b>	<b>No. Settled</b>	<b>Outstanding</b>	<b>No. of Ha</b>	<b>Cost of acquisition (R)</b>
Pietermaritzburg	2 164	702	1 462	4 775	R34 662 000
Port Shepstone	341	173	168	7 086	R0.00
Ladysmith	2 741	2 793	0 (+52) <sup>4</sup>	68 337	R58 109 119
Vryheid	6 200	2 376	3 824	61 558	R79 119 460
<b>TOTAL</b>	<b>11 446</b>	<b>6 044</b>	<b>5 398</b>	<b>141 756</b>	<b>R171 890 579</b>

<sup>4</sup> The district settled more land than it has received claims for due to unpacking of claims and securing rights of other labour tenants in the area.

NB: Oversight visit did not target ESTA occupiers, but the Department continues to respond to request of intervention when occupiers are faced with eviction or threats thereof.

*Communal Property Associations:* At the time of the visit, KwaZulu-Natal had registered a total of 439 CPAs, owning about 301, 029, 1473 hectares. In terms of compliance with the key provisions of the CPA Act, only 50 of the 439 CPAs (or 11%) were compliant whilst 89% were not compliant. About 11 CPAs had made significant strides in their commitment to compliance with the CPA Act but fell short of achieving the compliance status. A total of 26 of the established CPA completely abandoned their constitutions and were being run without consideration of the constitutions.

*Table 8: Communal Priority Associations*

<b>DISTRICT NAME</b>	<b>No. CPAs</b>	<b>Complying CPAs</b>	<b>Partial Comply</b>	<b>Non-Comply</b>	<b>Ha</b>	<b>No. sold land</b>	<b>Manage land contrary to Constitutions</b>
Umgungundlovu	54	14	0	40	21 438.6932	0	6
Uthukela	189	12	3	173	128 328,3456	1	3
Zululand	155	13	6	137	115 493,1482	0	14
<b>Ugu</b>	35	9	2	24	27471,1431	0	3
<b>King Cetshwayo</b>	6	2	0	4	8297.8172	0	0
<b>TOTAL</b>	<b>439</b>	<b>50</b>	<b>11</b>	<b>378</b>	<b>301 029,1473</b>	<b>0</b>	<b>26</b>

The Department reported about numerous challenges associated with the CPAs. Those issues can be summarised as follows:

- There is a great deal conflicts and infighting over resources and leadership positions. The conflicts emanate from poor governance; for example, failure to facilitate elections as provided for in their respective constitutions, refusal of committee members to vacate office when their term ends; and lack of accountability of the executive committees.
- In some cases of restitution, people have been grouped into CPAs whilst in actual fact they have never been a community.

Similarly, large group claims consolidation and formation of one CPA is another major contributor to the governance challenges.

The Tenure branch presented mitigation strategies for the entire Branch, including the following:

- *Training of CPAs:* The Department reported that it was training Executive Committees on governance matters; this includes understanding their respective constitutions.
- *Land rights awareness campaigns:* The Department established a task team of various government and non-government actors to promote land rights awareness.
- *Development of farm dweller programme:* The programme brings together various stakeholders to fulfil different constitutional obligations to uphold tenure security and improving the quality of life on farms; including provision of housing, municipal services, and economic opportunities in agriculture.
- *Human resource capacity:* The Department reported that it intended setting up a dedicated team in every District office to focus on various components of the land tenure programme.

### 3.4 Rural development

The programme of rural development is implemented in three different sub-programmes; namely, National Rural Youth Service Corps (NARYSEC), Rural Infrastructure Development and Technology Research and Development. This section only addresses infrastructure development since it was the focus for the oversight visit.

*Table 9: Number of Infrastructure Projects Completed*

<b>District</b>	<b>2019 - 2024</b>	<b>Rand Value</b>
uMkhanyakude	74	R155 424 844,58
King Cetshwayo	15	R47 535 736,26
Zululand	26	R41 438 886,18
AmaJuba	5	R2 05895,10
Harry Gwala	23	R81 081 959,85
uGu	1	R8 338 500,50
iLembe	3	R43 158 893,16
uMgungundlovu	1	R 3 247 672,35
uMzinyathi	10	R17 442 142,53
uThukela	6	R12 491 587,76
<b>Total</b>	<b>164</b>	<b>R410 366 118,27</b>

Table 9 above shows that, between 2019 and 2024, the PSSC completed a total of 164 infrastructure projects at the cost of R410.3 million, creating 639 jobs. The detail of the programme will be discussed under section 8 of this report.

#### **4. Audience with His Majesty, the Sole Trustee of the Ingonyama Trust**

On 24 February 2025, the Committee was welcomed at Khangelamankengane Palace in Nongoma, KZN. Following a brief greeting with His Majesty King Misizulu KaZwelithini, the Committee held a meeting with a team delegated by His Majesty. The recently appointed Royal Chancellor, HE Mbambo, led His Majesty's delegation. He advised that His Majesty had been advised to take a rest because of ill health. The delegation appreciated the visit of the Committee so that Parliament could obtain firsthand information about the Ingonyama Trust.

Nkosi Chiliza, the Deputy Prime Minister of the Zulu Nation, briefed the Committee about His Majesty's views on the Ingonyama Trust. His input can be summarised as follows:

- Having appreciated a rare platform for engagement with the lawmakers, he advised that there was greater awareness by the Royal Council about what was happening in the Ingonyama Trust and believed that the visit by the Committee could address their concerns.
- An outcome of the consultative Imbizo (*iSibaya sa Makhosi*) held two days prior to the oversight visit, reflects the concerns of His Majesty. Over 200 Amakhosi, the beneficiaries of the Ingonyama Trust, gathered to discuss the Ingonyama Trust which affect more than 23 million people in KwaZulu-Natal.
- He also announced that His Majesty would be meeting the Minister of Land Reform and Rural Development on 4 March 2025 to discuss governance of the Ingonyama Trust.
- In the main, His Majesty was unhappy with the Ingonyama Trust Board. Nkosi Chiliza reiterated the message from *iSibayeni* that the Board must be disbanded without delay.

Mr Ndamane, Chief Director in the Private Office of His Majesty, highlighted five crucial points that summarise the message from *iSibayeni*, and is as follows:

- Government must conduct forensic investigation into the affairs of the ITB.
- The Minister must disband the Board and establish of a new accounting authority.
- Parliament should consider legislative amendments to bridge the gap between customary land administration and the current regulatory framework governing the ITB.
- The Minister must facilitate resolution of the existing impasse at the ITB.

In conclusion, Nkosi Chiliza assured the Committee that His Majesty wanted the matters to be resolved amicably, and in the interest of the beneficiaries of the Ingonyama Trust.

## **5. Stakeholder meeting: MEC for Cooperative Government and Traditional Affairs and the Provincial House of Traditional Affairs**

On 25 February 2025, the Committee met with the MEC for Cooperative Government and Traditional Affairs and the Provincial House of Traditional Leaders.

### **5.1 Input from Rev. Thulasizwe Buthelezi, MEC for COGTA in KwaZulu-Natal**

Rev. Buthelezi, the MEC, addressed the Committee on the traditional affairs and local government perspectives on corporate governance of the Ingonyama Trust Board. He started off by alleging that members of the current Board of the Ingonyama Trust were appointed for political expediency rather than the real work of the Ingonyama Trust, suggesting that the Board was not performing the tasks for which they were appointed. He further alleged that it had given itself powers that go beyond what is expected in the statute.

The MEC shared some insights from the four consultative meetings with Amakhosi, the beneficiaries of the Ingonyama Trust. The insights can be summarised as follows:

- There is a need for legislative amendments to address the disproportionate powers of the Sole Trustee, the Executive Authority, and the Accounting Authority. The amendments should ensure that no entity usurps the power of another. In his view, the current Board has usurped the powers of Amakhosi to take decisions about their land. Traditional leaders believe that the Board should simply be an administrative arm of the Trust. Currently, legislation has made the Board more powerful than Amakhosi.
- The legislation governing the Ingonyama Trust should be transferred to the Provincial Legislature of KwaZulu-Natal and the ITB must be accountable to KZN Legislature. The current legislation provides for Board membership to include people referred to as “outsiders,” i.e. those with no links with KZN and reside outside KZN. Those people make decisions about land ownership of the Zulu nation. He believed that the legislation should not contain such provision.

- Since 2023, the Board has had many challenges because it has not visited a single Traditional Council. Further, he alleged that members of the Board continuously insulted His Majesty the King.
- There was no intergovernmental cooperation between the ITB and COGTA, the Department that is responsible for traditional affairs.
- There was a problem in the way in which the Board was constituted and how it works. He alleged that the current Board failed to engage with stakeholders. Even when invited, it just does not show up.
- The relationship with His Majesty was irreparable and, therefore, the only solution was that it should be dissolved.

Rev. Buthelezi highlighted that the Board ought to adhere to the principles of administrative justice and fairness, suggesting that the current Board has failed to do so. In respect of land governance, the question of land and its ownership under the Ingonyama Trust was not only about administrative efficiency which is a concern for many. He said that it was about a deep spiritual connection to land, connection that is mediated by the Amakhosi. Therefore, dislodging Amakhosi from land governance was a huge mistake. The Ingonyama Trust Act correctly places iSilo as the custodian or a Trustee of the Trust assets, including the land. In other words, he represents the aspirations of the Zulu Nation. However, the MEC reported that the ITB, and not the Trustee, had more power over the assets than the King.

The MEC also submitted a wide range of allegations against the Board which can be summarised as follows:

- For the past two years, the Board has conducted itself as the owners of the land and not the Ingonyama, e.g. the ITB allegedly sold land in Balito to the value of R19 million without consulting Amakhosi.
- The Board does not recognise the authority of His Majesty over the ITB, and this factor might be main issue underlying the current tensions.
- The ITB signed hundreds of leases on land presided over by Amakhosi without their consent. Further, no benefits have been accrued to those communities.
- Lack of engagement with Amakhosi has resulted in strained relations. The previous boards used to engage amakhosi on quarterly basis to feedback on a range of issues such as Permission to Occupy certificates (PTOs), leases and potential development. In

contrast to its predecessor, the current Board has had no consultation with Amakhosi nor His Majesty. The MEC accused the Board of lack of transparency.

- The Richards Bay Minerals is one example where there is no transparency. The Department of Mineral Resources collects royalty revenue, but that revenue does not return to the community. It is estimated that the revenue collected is about R14 billion.
- The attitude of the Board toward those it should represent has led to a breakdown of trust between the Board and the Chairperson of the Board alongside Amakhosi.

Regarding the administration of land, the MEC reported that the Minister of Agriculture, Land Reform and Rural Development had stripped COGTA of powers to sign PTOs. Only the national Department could issue PTOs. Despite KZN COGTA having infrastructure and capacity to issue PTOs at Ulundi, and the PSSC lacking such capacity, the Minister decided to centralise land governance and administration. The national office should not be taking decisions about local land use and tenure rights.

To sum up his input, the MEC said the Board must be dissolved without any delay; Parliament should consider legislative amendments to recognise Amakhosi as custodians of the land and to empower them to administer their land under the Ingonyama Trust; transfer the Ingonyama Trust Act to the provincial legislature and to account under COGTA. Legislative amendments should take into consideration that land is not only an economic commodity, but also a symbol of identity and belonging of the Zulu nation.

## **5.2 Inputs from the Provincial House of Traditional Leaders (KZN)**

The Chairperson of the Provincial House of Traditional Leaders (PHTL), Nkosi RS Shinga, presented the PHTL's viewpoint regarding the ITB. The input drew on the resolutions of a consultative imbizo convened by His Majesty three days prior to the meeting. The PHTL's input can be summarised as follows:

- The input was located within the context of the current socio-economic challenges of poverty, unemployment, and crime. Government alone cannot solve all the challenges, there is a need for partnerships with Amakhosi, amongst other stakeholders. The ITB

ought to lead development in communities that it supports; it must partner with the PHTL to contribute to equitable access to land and rural development.

- The current legislative framework, though recognising the place of Amakhosi in South Africa, does not give traditional leadership any role. The same is true for the regulatory framework for the Ingonyama Trust where traditional leaders have no role except for consultations when decisions about land are being taken. Therefore, the Committee should consider legislative amendments to allow for greater participation of Amakhosi in land governance. For example, an increase in the representation of Amakhosi in the ITB.
- The meeting that Amakhosi met with His Majesty at the imbizo took important resolutions. Amakhosi want the ITB that works for all Amakhosi and traditional communities. The PHTL endorsed the resolutions from eSibayeni.

Additional inputs by other traditional leaders can be summarised as follows:

- They expressed confidence in the Committee's processes to resolve the impasse at ITB. They reiterated the proposal for legislative amendments to strengthen the ITB by introducing representation of Amakhosi, at least one per district.
- Traditional leaders do not like the Trusts and CPAs, especially those established to hold land restored to communities under Amakhosi. These institutions are seen as competing with the existing land governance structures in communities.
- The ITB must recognise that there have been changes in the institution of traditional leadership. Those that were present at the inception in 1994 have passed on and a new generation has taken up the role. There is a need to bring the new ones onboard through capacity building and sharing information about the purpose of the Ingonyama Trust.
- There is a need to look into the objectives of the Act. Initially, the main aim was to protect the land of KwaZulu. "Now the question is: why are we suffering whilst we have the land?" said one traditional leader. The Committee must assess the ITB to see if it was operating in line with the objectives of the legislation and the purpose for which it was established. For example, adherence to policy provisions on revenue and disbursements. According to Policy, 75% of the revenue should be disbursed to the area from which it was collected, 10% must be retained for ITB operations, 10% should go to the traditional leader, and 5% must be for the King to support communities that do not have these

businesses on their land. The policy was not being implemented and traditional leaders questioned if there was a will in the ITB to implement policies.

- There must be clear delineation of roles and responsibilities, including the role of Amakhosi and His Majesty as the Sole Trustee and the Minister.
- The Ingonyama Holding was not clearly articulated and explained to Amakhosi. They were informed that it was an investment arm and the ITB would be able to make more money. And since then, Amakhosi were never informed about its business.

## **6. Meeting with the Ingonyama Trust Board**

On 27 February 2025, the Committee met with the Board of the Ingonyama Trust. In similar approach to engagements with other stakeholders, the Committee continued with its fact-finding mission in order to deepen its understanding of the governance complexities in the Ingonyama Trust.

### **6.1 Introductory remarks by the Deputy Chairperson, Adv Linda Zama**

Adv Zama set the scene for discussion by highlighting that the ITB was a creature of Statutes that set out the regulatory framework for the Ingonyama Trust and the Ingonyama Trust Board. Importantly, it is a public entity listed in Schedule 3A of the Public Finance Management Act (PFMA). It is thus subject to the regulations and reporting requirements outlined in the PFMA.

The widely reported tensions in the ITB are partly a result of an interface of governance based on statutes *vis-à-vis* the customary systems of governance. Harmony could be realised only if the founding legislation is alive to that reality and the removal of one Board and replacing it with another, without addressing the underlying issue, might not result in the desired end goal because any Board that will follow the letter of the law will find itself at odds with the Amakhosi and the Sole Trustee. Whenever the Board refuses certain transactions or decisions of Amakhosi, on the basis that such decisions contravene the legislation or policy provisions, it could be misconstrued as disrespectful to the authority of the King who, customary practices, is referred to as “*Umlomo ungathethi ’manga*” (the one who tells no lies, his word is final).

In December 2024, the Sole Trustee unexpectedly suspended all, but one, members of the Board together with the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Despite all that was happening and being reported, the Board had decided that it was not going to issue statements publicly or be seen contradicting the Chairperson, the Sole Trustee. However, when the Board started receiving the correspondence from Attorneys, it is when it decided to respond to the Attorneys and the details can be found in sub-section 6.3 follow.

## **6.2 Input by the CEO, Adv. Vela Mgwengwe**

Adv. Mngwengwe, the ITB CEO, presented the ITB's perspectives on governance challenges confronting the Ingonyama Trust and Ingonyama Trust Board as an accounting authority for the Trust. His submission ranged from scrutiny of the affairs of the Trust by oversight bodies, processes for nomination of the members of the Board, revenue and disbursement, asset management, procurement, and recruitment of staff.

- ***Executive authority and parliamentary oversight over the Ingonyama Trust and ITB***

Since its establishment, scrutiny of the work of the ITB was almost non-existent. It was not until 2012/13/ when the Portfolio Committee on Rural Development and Land Reform started asking questions on how the ITB conducted its business, scrutinising the statements and requesting reports on the material benefits accruing to the beneficiaries and how the ITB contributed to improvement of the lives of people living on the Ingonyama Trust land. Over the years, the ITB held a view that Parliamentary oversight should be limited to funds voted for by Parliament and transferred to the ITB by the Department. It believed that Ingonyama Trust revenue should not be subjected to Parliamentary scrutiny. This posture resulted in a standoff between the Committee and the ITB until recently when the current Board adopted a different posture and aligned itself with accountability measures required in terms of the relevant laws and Parliament.

In respect of Executive oversight, different Ministers appear to have had little concern with the Ingonyama Trust, what it did and whether its existence was in line with the purpose it was established for. However, in 2019 some improvement has been observed when the Minister took interest in what was happening at the ITB. The absence of Executive oversight resulted in a situation where His Majesty had full control of the Board, notwithstanding the regulatory

framework which empowers the Minister as the ultimate Executive authority. For example, by 2019/20, there were perennial poor audit outcomes, and the Department consequently set up a Task Team to assist the ITB. However, the proposals of the Task Team would be taken to the Board but not receive any consideration. Former Minister, Mrs Thoko Didiza, had keen oversight interest on the recommendations, especially in regard to an efficient administration that works for the people, an independent and objective administration. There was little progress in the work the Task Team sought to champion.

- **Board nomination and appointment.**

The Board appointment processes are regulated under the Ingonyama Trust Act. Besides the fact that members appointed to the Board largely remained unchanged until 2013, it was Ministers who appointed them as set out in the legislation. An established practice entailed a letter by the Chairperson reminding the minister about an end of a term for members and suggestions about who, among the existing members of the Board, should be discharged and a replacement. Always, ministers obliged. Such an approach resulted in a situation where Board members realised their membership was contingent to their allegiance to the Chairperson (His Majesty's nominee) because of his influence on appointments. Board members, as a result, lost their independence to an extent that there would be no articulation of different views on matters except the view of the Chairperson. For example, the CEO who at some point served as a Board Member representing the Department/Minister, would be the only person with a different view on matters. Some members would only express contrary views after the CEO had sponsored such an alternative view.

Toward the end of the Board term ending 31<sup>st</sup> August 2020, former Minister Didiza initiated consultation process on membership of the Board as provided for in the Ingonyama Trust Act. Section 2A (3) of the Ingonyama Trust Act provides for appointment of *“four members appointed by the Minister after consultation with the Ingonyama, the Premier and the chairperson of the House of Traditional leaders of KwaZulu-Natal; and four members appointed by the Minister, with due regard to regional interests, in consultation with the Premier, who shall consult with the Ingonyama and the chairperson of the House of Traditional Leaders in this regard”*. Due to the lengthy process, on 1 September 2020, the Minister appointed an Interim Board to allow for further consultation process on appointments. One of the issues that the Minister wanted the Interim Board deal with was the critical governance

issues raised by both Parliament and the Auditor-General as well as the Task Team of the Department mentioned above.

By the end of November 2022, after the Minister had invited responses from His Majesty on members nominated in terms of Section 2A (3)(b) and having received no response, the Minister appointed four members. However, she could not proceed with appointment in terms of Section 2A(3)(c) because that process required the Premier to consult His Majesty about the four 4 Board Members taking regional interest into consideration. It meant that by 1 December 2022, only 4 Members had been appointed. The Minister wrote follow up letters about provincial nominations led by the Premier.

By the end of 2022 and early 2023, in spite of provincial consultation process, media started to report about lack of consultation. Nonetheless, the provincial process resulted in nomination of Mr Jacob Mnisi, Nkosi Tembe, Dr Dlamini. However, Mr Mnisi declined the nomination due the fact that he was considered an ‘outsider’ to KZN. His Majesty then nominated Nkosi Mzimela, Nkosi Tembe, Dr Dlamini and the Provincial Government nominated Ms Lisa Del Grande and Nkosi Molefe from the PHTL. These people were added to the Board in May 2023. Further, Nkosi Mzimela was appointed as His Majesty’s nominee to chair the Board. As a result of the delay, there exist an anomaly of Board members appointed at various times, i.e. 1 December 2022, 1 March 2023 and May 2023. Their term of office similarly expires at various times in 2026 and 2027.

By April 2023, the late Prince Mangosuthu Buthelezi objected to the appointment of Nkosi Mzimela because he believed that the position of the chairperson required someone with experience in corporate governance, running boards and ought to have legal background. This view, amongst others, pitted the late Prince Mangosuthu Buthelezi against His Majesty. Prince Mangosuthu convened a meeting of traditional leaders and political leaders at Empangeni to discuss the matter. The meeting then rejected the Board, subsequently a delegation from the Royal Family went to Pretoria to request the Minister to dissolve the Board.

- **Ingonyama Trust revenue and disbursements**

The ITB’s 2015 Disbursement Policy provides that 75% of the revenue must be allocated to the traditional communities from where the investment came; 10% must be allocated for an

Inkosi of that traditional community; 10% must be allocated for the Trust's administrative expenses; and 5% must be allocated for the Trustee to use for communities with insufficient resources. Despite the policy clarity on disbursement, its application left much to be desired. In practice, the 5% to be used for the Trustee to support communities with no sufficient resources. However, it is alleged that the previous Board had approved the use of the benefit for purposes other than those provided for in policy. Such approvals took place whilst there was a dispute to the throne. The provincial government, faced with comparable situation, had taken a resolution that government would not make resources available to support the King because His Majesty was not yet recognized by the President. However, Prince Mangosuthu Buthelezi had argued that in the Zulu tradition the King was already on the throne and the recognition by the President was ceremonial. Consequently, traditional communities funded traditional ceremonies. One notable ceremony was the King Shaka Day in 2021 where His Majesty could not appear because of the lack of funding from government. The ITB at that time was funding his movements, hotel accommodation and day-to-day operations of his office.

In July 2021, Adv Mngwengwe took the office of the CEO. He reported that he found many expenditure irregularities. For example, there were expenditures not related to the ITB work submitted to the Board for approval. The CEO's questions about the use of Ingonyama Trust funds other purposes resulted in tensions between the CEO and the Chairperson of the Board (Mr J Ngwenya). The blurring of lines between the Sole Trustee with fiduciary responsibility was so evident that at time, there were requests to fund the private office of the King. For example, in 2016 the provincial government took a decision to remove the Office of the King from the Royal Trust and place it under the Office of the Premier. However, the Office of the Premier could not absorb the Personal Assistant (PA) in its structure. The official remained in the Royal Trust where she could not be supported due to the change. The PA was then placed in the ITB, yet she was not working for the Ingonyama Trust Board.

On one occasion, there was a request for the ITB to make a booking for all Amakhosi of KZN and also fund catering for an imbizo to be held on 23 May 2024. The CEO indicated that the matter ought to be approved by the Board. Because of that response, the following Monday one of the employees of the ITB was called for a meeting at a Hotel in Umhlanga. She was instructed to do many things to support the imbizo. The CEO requested the instruction in writing so that they could be processed accordingly because they required Board approval. The

Chairperson (His Majesty) did not call the Board meeting to consider the expenses. Therefore, no funds were made available for that imbizo. At that imbizo, the Board was attacked, specifically the Deputy Chairperson and the CEO who were accused of not supporting the King.

Conflating the Royal Trust and the Ingonyama Trust was such a problem that in some instance, the CEO could at any day receive a call that says a prince was at a hotel attending business of the Royal Family and that he needed accommodation. Because of all these irregularities, the CEO together with the CFO started to put in place systems to ensure that the Ingonyama Trust revenue was used for purposes for which it was intended. It meant that they had to question and refuse authorisation of payment of some expenses or require Board approval before authorisation. Support to the Royal Family under the ITB had to be stopped. However, the 5% provided for in the Disbursement Policy was still payable to His Majesty despite concerns about its use. The payment was done through the Chairperson of the Board who had powers to sign the allocation and not the CEO. The moment the Board was changed, and the current Board stopped spending money on His Majesty in his personal capacity because His Majesty, as the Sole Trustee, has fiduciary responsibility to the Trust and its assets. Funding for his Private Office was not provided for in the regulatory framework of the ITB, that the Office of the Premier was funding His Majesty, and the Royal Trust was responsible for the Royal duties.

- **Asset management**

When the current Board took office, it found three vehicles bought in 2010, 2015, and 2011. The Lexus (2011) was used to transport the Trustee when he promoted the Ingonyama Trust's work and not for personal use because of his fiduciary responsibility to the Trust and beneficiaries (i.e. traditional communities as the beneficial owners of the Ingonyama Trust land). The maintenance of those cars was becoming increasingly expensive. Previous Board resolution to dispose of the cars was never implemented. The use of those cars outside the ITB began to harm the business of the ITB because their petrol cards were being used for purposes not related to the ITB, despite the fact that the Office of His Majesty was supported under the Office of the Premier. At times, the account would be depleted and official ITB vehicles would not be able to refill whilst in the field conducting the business of the ITB.

On 30 November 2021, the Board approved a submission for disposal of the three vehicles. In line with the Board Resolution, the CEO collected the vehicles. Consequently, there were

media reports accusing the ITB of taking vehicles from His Majesty. The Board, in response to backlash, reversed its decision in January 2022. The then Chairperson distanced himself from the collection of cars and alleged that the collection of cars was aimed at creating a wedge between His Majesty and himself. It became an issue of the ITB administration, despite the Board resolution. In the end the Board apologised and subsequently returned the vehicles to His Majesty in January 2022.

In September 2023, after full briefing and induction, the new Board took a decision that the three vehicles ought to be donated to His Majesty because the ITB continued to incur expenditure on cars that do not serve its purpose. The Board delegated two members to approach His Majesty about the decision. The delegated members of the Board, for an unknown reasons, did not approach His Majesty with the decision of the Board. It would become clear at a later stage that, although Inkosi Mzimela was the His Majesty's nominee, he had no relationship with His Majesty, the Sole Trustee of the Ingonyama Trust. It meant that the bridge between His Majesty and the Board did not exist. Failure to have His Majesty's audience about the decision resulted in non-implementation of the decision. Further it meant that no reports about the operations of the ITB were being submitted to the Sole Trustee. On the other hand, the Board discontinued petrol cards for those cars in November 2023. This stance created tensions when someone wanted ITB to book the car for service, but the CEO could not authorise.

- **Appointment of legal representatives for His Majesty and the ITB**

Around May 2023, during the time of legal disputes about the rightful heir to the throne, His Majesty appointed a Johannesburg-based Cavanagh & Richards Attorneys as his legal representatives. The Attorneys of record, Strauss Daly, were under pressure to file the papers and Cavanagh & Richards committed that the legal fees would be paid by the ITB. Strauss Daly however refused on the basis that the ITB was a separate juristic person from His Majesty. This demonstrated another area of conflation of the King and his position as the Sole Trustee of the Ingonyama Trust.

Around mid-May 2023, Cavanagh & Richards Attorneys requested Inkosi Mzimela (the Chairperson) to sign a letter committing the ITB to pay R3.7 million to Strauss Daly for His Majesty's legal fees. At that time there was already controversy regarding the legitimate

chairperson of the ITB. The total cost for legal representation was R21 million and the ITB was using the 5% of the Trust revenue set aside for His Majesty to cover the legal fees. Therefore, some of the fees for attorneys were paid but His Majesty's account had insufficient funds to pay Strauss Daly Attorneys. Strauss Daly Attorneys then drafted a Board Resolution to commit the ITB to make payment.

During the Board induction programme (facilitated by the South African Institute of Directors), a special Board Meeting was convened to discuss His Majesty's legal costs. In attendance was Mr Mnisi, Ms Sibongile Mdletshe and Inkosi Tembe who were the negotiating team for the payment of the legal fees. Both Nkosi Mzimela and His Majesty were present but quiet throughout. The position of the Board was that it could not negotiate with Strauss Daly about R1 million to be paid by the ITB so that the files could be released and ITB to commit to pay a further R205,000.00 monthly.

On 15 June 2023, Nkosi Tembe invited the CEO to a meeting with His Majesty to be held on 16 June 2023 at Zimbali. In attendance was Mr Mnisi, Ms Ntombenhle Tembe, the Lawyers and His Majesty. They expressed unhappiness about Inkosi Mzimela's decision with regard to the payment to the legal fees. Further, the meeting outlined a vision for mining in KZN. It was at this meeting that a certain Mr Mandla Ntuli was introduced to the CEO as the Secretary of the Board. It appears that Mr Ntuli, an attorney, was to be brought on consultancy basis because he had his own law firm. The appointment of the Board Secretary, a position that was not vacant, was done outside the normal ITB processes and structures and therefore irregular. Mr Ntuli, in his purported role as the Board Secretary, started to issue letters for the Board.

Whilst the Board was dealing with Strauss Daly legal fees issues, Mayson Attorneys informed the Board in writing that Cavanagh & Richards Attorneys were henceforth the Attorneys for the ITB. Further, they were instructed to commence with an investigation into the affairs of the ITB. During this investigation, Cavanagh & Richards enquired from Mayson Attorneys about the R10 million transferred to them. It emerged that the former Chairperson, Mr J Ngwenya had transferred a certain amount of money to Mayson Attorneys for capitalising the Ingonyama Holdings. The processing of the fund summarised below.

On 11 March 2023 during the Tenure Committee meeting, the Chairperson of the Board met with Amakhosi who formed part of the Board with a submission prepared by Ms Sue Wellen

(ITB staff member) for approval of the seed capital to Ingonyama Holdings without any recommendation from the CEO. Irregular as it was, it had been a practice because Mr J Ngwenya wielded so much authority as longstanding Chairperson what he said was taken as is without questioning. The investigation uncovered that R10 million was paid to Jaffer Attorneys, R10 million to Mayson Attorneys and R10 million to Cavanagh & Richards Attorneys. It should be noted that the investigation took place without the knowledge of the Board; it only surfaced in July 2023 when the Board sought clarity on some of the issues that Mayson Attorneys enquired about.

On 15 March 2024, a special Board meeting was convened where His Majesty wanted to instruct the Board to dismiss the ITB Attorneys on the Prince Mbonisi matter and to appoint Cavanagh & Richards who were also were in attendance. Further, in attendance of the meeting was the Deputy Traditional Prime Minister and other Royal Family members. However, His Majesty did not allow them to attend the meeting. As stated earlier, Cavanagh & Richards were His Majesty's Attorneys in the Prince Mbonisi v His Majesty matter. So, they were being given an extra work at the ITB. When the Board questioned the presence of non-Board members and their interest in the matter, it led to the cancellation of the meeting though the reason was that the Deputy Chairperson ought to be physically present at the meeting.

On 23 April 2024, another special Board meeting with an identical agenda to that of the 15<sup>th</sup> was convened. His Majesty reported that his case was to be heard on 26 April 2024; that there was no need to change the attorneys. However, he informed the Board that Cavanagh & Richards must be appointed to conduct investigations on ITB. He brought with him a Board Resolution to that effect with an endless scope of the investigation. The Board had some concerns with the scope and also the fact that it was Cavanagh & Richards. It should be borne in mind that His Majesty had already appointed them to conduct the same investigation in May 2023. At the end of the discussion, he gave the Board members to time to consider the Resolution and would reconvene at a later date to discuss the Resolution.

During the hearing of the matter on 16 and 17 May 2024, the plaintiff sought to interdict the ITB from making payments of personal nature to His Majesty. The ITB, the Ingonyama Trust and His Majesty were respondents, and specific orders were being sought against the individual entities. His Majesty's Attorneys were of the view that His Majesty was entitled to be funded and benefit from the ITB because he was the Sole Trustee of the Trust. Because of the

regulations and strict adherence to good corporate governance, separating a Trustee from the beneficiaries and insisting on his fiduciary responsibility towards the Trust, and arguing the case along those lines, His Majesty, his attorneys and other perceived the Board and Executives as supporters of Prince Mbonisi against His Majesty. Amongst others, this stance contributed to the severing of the relations between the Board and His Majesty.

- **Staffing irregularities**

In the ITB, the CEO has no authority to hire staff. Appointments are made by the HR Committee which interviews people and make decisions about appointment. This is the regulatory framework governing the Board as an accounting authority. The authority to appoint staff is not delegated. In 2019, Mrs Ndlovu (Head of Tenure Section) was removed from her position and a staff member at level 8 was elevated to be the head of the section to manage the section. This created a perception within the organisation that she was being rewarded for all the work she has been doing for the Chairperson. This report has also shown irregularities regarding the appointment of the Secretary to the Board as well as funding of a position in the Private Office of His Majesty.

- **Relationship with the KZN Provincial House of Traditional Leaders and KZN COGTA**

The ITB has had good working relations with COGTA, just as it had with the PHTL for years. With regard to the PHTL, the ITB has had regular engagements with the traditional leaders on a range of issues, including capacity building and other support initiatives. For example, recently the ITB has had series of engagements about the court order in the *CASAC v Ingonyama Trust Board* matter<sup>5</sup>. The Court ordered that the ITB ought to refund the lease rentals collected from the residents as part of the ITB's residential lease programme. Since the funds had already been spent, the ITB would have had to recoup the funds from the Traditional Councils concerned and could not do so without the consent of the relevant Traditional Councils. The ITB, therefore, had to conduct consultations and first of all was for the Board to present the plan to the PHTL with a programme for consultations scheduled to take place from 10 to 24 May 2024. However, the plan was put on hold due to the national elections.

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<sup>5</sup> <https://www.saflii.org/za/cases/ZAKZPHC/2021/42.html>

After the elections, the former Traditional Prime Minister of the Zulu Nation was appointed as the MEC for Cooperative Governance and Traditional Affairs. After the appointment of the MEC and following the engagements between the MEC and the PHTL, it would appear that the PHTL was discouraged from meeting with the ITB. The ITB sent iNkosi Molefe, as a Board member and a member of the PHTL, to brief the PHTL on the matter. On 13 June 2024, iNkosi Molefe met the PHTL at COGTA in Mayville to present the plan. In addition, the ITB wanted disseminate information and creating awareness about funds to izizwe and the purpose of the funds, including capacity building for the traditional councils. In the main, the Board wanted to build trust and stronger working relations. Despite attempts to build the relations with the MEC, the PHTL and COGTA, the MEC who was at that time the Traditional Prime Minister, continued to attack the Board in the media, accusing the Board of lack respect for His Majesty and the Traditional Prime Minister.

On 9 January 2025, Amakhosi at the PHTL requested a meeting for further discussion on issues affecting the Ingonyama Trust. About 40 Traditional Leaders were in attendance of the meeting. The meeting was held at Mayville. The discussion also touched on the following:

- The Ingonyama Holdings, its status and role in the broader scheme of things in the Ingonyama Trust and current challenges with the Ingonyama Holdings.
- The sale of land in New Castle. Available evidence shows that the land was sold by Mr Ngwenya, the former Chairperson of the ITB.

Whilst all these engagements took place and the Board was continuing with attempts to build the relations with the PHTL, but the Traditional Prime Minister/MEC continued to accuse the ITB of lacking interests of the people of KZN, disrespecting Amakhosi and not engaging them or meeting them.

- **The Ingonyama Holdings**

The Ingonyama Holdings is a commercial or investment arm for the Ingonyama Trust. Its mandate is understood to be about initiating business activities on Ingonyama Trust land, working with private sector partners with capital and technical expertise to realise business value on the Ingonyama Trust land. The Directors for the Ingonyama Holdings were the

members of the Ingonyama Trust Board and the Chairperson of the ITB was the Chairperson of the Board of Directors for the Ingonyama Holdings.

In November 2019, the ITB awarded R41m as a start-up capital (a loan) to the Ingonyama Holdings with an expectation that it would be paid back. The Board approval of the payment was also done at the fictitious Board meeting of 11 March 2021 in the sense that it did not comply with the process of convening board meetings. The meeting was called as a tenure committee meeting but turned into a board meeting. To date, the start-up capital has not been paid back to the ITB. The Board, on behalf of the shareholder, requested financial statements on numerous occasions without any success. The Directors of the Ingonyama Holdings have taken a hostile approach toward the ITB. They do not respond to request for meetings or any engagement regarding the Ingonyama Holdings.

Between July and August 2023, the Board attempted, on separate occasions, to reach out to Directors of the Ingonyama Holdings without any success. Consequently, in December 2023, the Board decided to appoint additional directors to the Ingonyama Holdings. A notice for the meeting for this purpose was issued, and the Directors of the Ingonyama Holdings were also notified to attend. However, they neither responded nor attended the meeting. On 11 January 2024, the Board (acting for the shareholder) resolved to remove the Directors from directorship of the company and the Companies and Intellectual Property Commission (CPIC) was also notified. The directors were also informed of their removal from directorship of the company. They were also given an opportunity to come and make representation as it is normally the case when a director is to be removed from a company.

On 5 February 2024, the Board started the removal process. The process, as detailed in the CPIC regulations, requires that when a shareholder removes a director, the shareholder must lodge a COR which then generates an OTP to the Director who in turn must respond within 96 hours to accept the removal. If no response is received, the CPIC assumes that they rejected the removal and therefore no change would be affected. On the 6<sup>th</sup> of February 2024, the ITB received letters from the attorneys accusing the ITB attempting to remove the Directors of the Ingonyama Holdings unlawfully, it was clearly a response triggered by the lodgement of documents to remove the directors. As anticipated, the period for acceptance lapsed. Another attempt on 12 February 2024 led to the acceptance of removal by Mr Mkhwanazi. However,

two days later, on 14 February 2024, Mr Ngwenya approached attorneys yet again accusing the Board of unlawful action in attempting to remove him as a director of the Ingonyama Holdings.

Apart from refusal to be removed from the directorship of the company, the directors continued to transact without any mandate from the shareholder. The Board discovered that the address for Ingonyama Holdings was changed from the ITB offices in Pietermaritzburg to Saxonworld in Johannesburg. Given the fact that the shareholder has removed the directors from the Board of the Ingonyama Holdings, it meant that the ITB on behalf of the shareholder had to engage in other processes to regain control of the company. This process is provided for in the Companies Act Regulations which allows for expungement of fraudulent submission of documents to CPIC (i.e. submission of documents without a mandate). The ITB followed that process, using the CR 1168 to deal with the removal of directors appointed by the ITB because the new directors appointed by the ITB were removed from the CPIC register on 29 April 2024 and Mr Mkhwanazi who had accepted the removal was reinstated. Again, another director was appointed in April 2024 without any involvement of the shareholder.

Having realised that the Ingonyama Holdings has completely been hijacked, the ITB therefore lodged a complaint in terms of the CPIC's form COR 135.1 in respect of contravention of the Act regarding directorship of the Company. At the time of the oversight visit, the investigation by the CPIC were at the advanced stages.

- **The sole trustee as the Executive Chairperson of the Board and impact on governance and parliamentary accountability and oversight**

When His Majesty assumed his position as the Chairperson of the ITB, the Board and Administration of the ITB began to face difficulties regarding securing meetings with the Chairperson. The position of an Executive Chairperson requires His Majesty to be direct and involved; he is expected to sign off crucial documents and decisions of the Board. For example, the Annual Performance Plan (APP) requires the Chairperson's signature, and the Chairperson (His Majesty) was requested for a meeting to brief him and to sign the APP. On 22 March 2023, the CEO was invited to meet His Majesty for this purpose in Ulundi. At the meeting, there was His Majesty, Prince Simphiwe, the Traditional Prime minister – Rev. Thulasizwe Buthelezi. His Majesty spoke about many things except the APP, and he left the meeting without an opportunity to brief him about the APP.

In the absence of the Chairperson, CEO realised that he had no business as the CEO for the ITB to be there, but he stayed on, nonetheless. The Traditional Prime Minister instructed the CEO to buy cars to His Majesty. He also enquired about the reasons for the ITB to not fund His Majesty's traditional ceremonies. It should be borne in mind that at the time there was a court case and the ITB was also part of the respondents because they were being interdicted from spending the funds on His Majesty in His personal capacity as discussed above. The ITB was independently deposing affidavits and had to appoint attorneys. Rev Buthelezi complained that the CEO was responding to these matters without consulting His Majesty. There was an agreement that there would be another meeting with His Majesty on 4 April 2024 to discuss the issues that the CEO wanted to raise. As a result, the ITB failed to table its APP on time and in most cases, it could not submit reports on time because it was still struggling to secure signature of the Chairperson.

There are a number of transactions that the Chairperson wanted to proceed without following the set procedures in the regulations and policies of the ITB. One of the concerns was an attempt to use people outside the ITB to obtain authorisation of the payments. For example, Nkosi Mzimela was put under pressure to sign authorisation that would have committed the ITB to paying R40 million to attorneys (whereas it was disguised as R12 million). When things were difficult, there were other ways of using staff of the ITB to get the authorisation through. For example, an attempt to use the Head of Legal Services - Ms Mkhize - to obtain certain authorisations.

The failure of Nkosi Mzimela to authorise certain payments for the benefit of the Trustee resulted in him being discharged from the Ingonyama Trust Board. In September 2023, the Board started hearing rumours that Nkosi Mzimela was discharged from the Board yet there was no formal communication neither from the Chairperson nor the Minister. The situation caused so much instability in Board because of uncertainty. At some point Inkosi Tembe informed people that he was appointed as the Chairperson yet there was no official announcement and Nkosi Mzimela had not been formally discharged.

By November 2023, the CEO was under immense pressure to pronounce that Nkosi Mzimela was no longer the Chairperson. At that time, Ms Sibongile Mdlentshe and Mr Mnisi were communicating that Mzimela has been discharged whereas the Communication Official in the

Royal Office, Mtwana Afrika, was saying that the information about the removal of Nkosi Mzimela was a fabrication. When the CEO refused to pronounce on these issues, it was seen as a defiance of the authority of His Majesty. Eventually, Advocate Zama in her capacity as the deputy chairperson, had to request for clarity on the matter. It was only in February 2024; the Sheriff arrived with a letter from His Majesty discharging Inkosi Mzimela of his responsibilities.

On 14 February 2024, His Majesty assumed the position of the Chairperson of the ITB. With this development, new challenges emerged regarding Board communication with the Office of His Majesty. At that time, the Premier's Office had informed the CEO that Ms Sibongile Mdletshe was no longer employed by the Premier's Office, whereas His Majesty did not want to use services of Mr Chris Nxumalo, the Chief Director in the office. It was only after the CEO contacted the Minister and the Department about the developments that an announcement was made about appointment of Prince Simphiwe as a person through whom they could communicate. All these dynamics caused so much instability in the Board and governance.

By 2024, there was a new trend of singling out officials of ITB to give them instructions on what should be done. On 12 April 2024, Mr Madondo (an official at Tenure Section of the ITB) was requested by the Traditional Prime Minister to write a letter to Vodacom (which owes Ingonyama Trust some money) and have put their mast without approval of the traditional council. Upon investigation, the ITB found that His Majesty and the traditional leader had started having meetings with clients outside the formal ITB processes. They already had met with Vodacom and MTN. Further, it was alleged that the Traditional Prime Minister had also requested Mr Madondo to transfer a certain amount of money to the account of the Ingonyama Holdings – meaning that he had to the Directors of the Ingonyama Holdings. At the same time, the Auditor-General of South Africa (AGSA) had a finding against the Ingonyama Trust relating to the finances of the Ingonyama Holdings as elaborated above.

One the major challenges was that the Chairperson of the Board, the Sole Trustee, was not available for engagements about what was happening. In the interest of the organisation and its beneficiaries, the Board decided to litigate the matter of the Ingonyama Holdings directors. The difficulty was that the Board did not want to go public without the counsel of His Majesty as the Sole Trustee. Unfortunately, he was not available for meeting and even Nkosi Tembe could not get hold of His Majesty. The Board went ahead to lay charges but the local police station,

refused to take the matter but recommended that the matter be reported at South African Police Services Commercial Crime Unit. At the time of the oversight visit, there was no case number and there had been no response by SAPS. It thus meant that criminality continued unabatedly. The matter related to the funds transferred to the Ingonyama Holdings was referred to the Hawks. The challenge was that with the Commercial Crime Unit, the National Prosecution Authority had to make the decision. At the time of the oversight visit, the decision was still pending.

- **Other transactions**

There are a number of other transactions that have been processed contrary to the regulatory framework but approved by the Board. Some of those are:

- In 2019, the then Chairperson sold land to Zwelibanzi Utilities. At the time of the visit, funds generated from the sale of the land had not been paid into the account of the ITB. The ITB has been working with the conveyancers to understand more about the transaction and what has happened to the funds. The former chairperson, Mr Ngwenya, has ignored any attempt by the Board to discuss the matter in order to bring it to finality.
- The Head of Secretariat was also being put under pressure to authorise certain transactions on the land without following due process. For example, a certain Simphiwe approached Inkosi Mzimela and said that he had presented a business proposal to His Majesty who wanted to invest about R3 million into the business. The cost of the business was R40 million. Little was known about the company except to say that they engaged in the smelter.
- The name of the company to be funded was Newcastle Calcium Carbide & Alloys PTY(LTD) located in Hilcrest, and the Seller was Silicone Technology PTY (LTD). Another company involved and owned by the seller is known as Silicon Smelters based in Witbank, Mpumalanga Province. The Board did not know those companies, nor the people involved, and it had no relationship with them at all, yet the Board was requested to guarantee the smelter on the basis that there is a partnership with the buyer.

## **7. Violation of tenure rights of Mbadlanyana Family**

Mrs Nokwanda Mbadlanyana, from Butterworth in the Eastern Cape who currently reside in Durban requested a meeting with the Portfolio Committee to present her case of violation of informal land tenure rights at a site in Mquma Local Municipal area in the Eastern Cape. The matter related to the Permission to Occupy (PTO) issued by the Department of Land Affairs on 25 September 2005. Alongside the PTO, the family also received all the supporting documents and commitment letters from the Provincial Department of Cooperative Government and Traditional Affairs and Mr Matanzima. The PTO was issued in the name of her mother.

The land is located at Indabakazi Junction and covers ten hectares. The family had detailed plans for the development of a petrol station, a mall, and a cultural village as the initial phase. The family had applied to the Mquma Municipality for approval of land use and development plans for a petrol station. In 2006, after the death of the complainant's mother, the project application was ignored. Since then, the state institutions, including Mquma Local Municipality, began to sideline the family/project owner.

In 2010, the family began to see notices of development and calls for people with interest to approach the municipality. It was people that the family did not know claimed ownership of the land that government had issued PTO in the interest of the Mbadlanyana family. The family approach Mr Galawe, an attorney who oversaw the legal matters of Mrs Mbadlanyana. There was no information to help the community because it appeared as if there were matters, he dealt with without consulting the family. Between 2012 and 2014 there were legal processes taking place but there was no clear response in relation to what actually happened, yet someone was proceeding with development on the family plot.

In 2015, the family consulted with the Chief Director in the Eastern Cape Provincial Shared Service Centre. None of the officials approached were willing to help, except a few who also stopped helping after realising that there were some things that could potentially affect their seniors. In fact, Mrs Mbadlanyana alleged that the family was not even allowed in the Land Reform Offices, especially after the matter was published by Daily Dispatch. Often, they would

be attended by security guards at the foyer/entry area and sent back because of non-availability of officials.

In 2016, after the passing of her brother, Ms Mbadlanyana started to follow up on the matter. She found that there was a lease agreement between the municipality and Ms Dube on the land that the family owned in terms of the PTO. However, it was not clear how the lease could be issued without the involvement of the rightsholders to the land. What was clear was that both the Mquma Municipality and the Department of Rural Development and Land Reform were involved. In 2016, Mrs Mbadlanyana approached the national department to meet the Director-General, Mr Shabane. Mr Shabane returned the matter to the Eastern Cape where they were not being helped.

Whilst all this was happening, in October 2016, a R32 million project was launched taking up some of their land. This was done with the municipality. In 2018, Ms Mbadlanyana approached the Eastern Cape Provincial Land Reform Office (Provincial Shared Service Centre) again. She was assisted by Mr Mr Pityi who eventually left the Depart. A number of officials were involved: Mr Mgedezi, Mrs Muntukathandwa (EC) and Mr Ramasodi, Mr Shilote (Pretoria) but no success.

A garage was built on the land but is not functional because the family objected, and SANRAL was also using part of the land because of the current construction on N2. The family expressed unhappiness with the fact that they were the legal land rights holders, yet the land was being used without their consent. Evidence in their possession suggests that the municipality has transferred, with the help of the DLRRD, the land in its name, and issued a notarial lease to Mrs Dube. They allege that in 2009, someone authorised that the 2005 PTO rights be nullified. These were done in spite of the PTO rights. It also involves the local traditional leader. It was also alleged that SANRAL was paying rent to Inkosi for the use of the land.

## **8. Site visits**

The Committee visited Makhathini flats where it received briefing on the irrigation scheme and heard from farmers, visited the Jozini FPSU and Cotton Ginnery. Below is a summary of the inputs received as well as observations from in-loco inspections of infrastructure.

## 7.1 Makhathini Irrigation Scheme

The Committee visited infrastructure development projects at Jozini FPSU and Makhathini Cotton Gin. The summary of key observations at Makhathini is preceded by a brief background to the scheme and major developments to date.

### 7.1.1 Overview of Makhathini Irrigation Scheme by ADA

Makhathini Scheme covers 4 572 hectares of irrigated arable land. As shown in Table 10 below, there are 312 farmers and twenty-six cooperatives operating under Makhathini, each with 10ha of arable land. It started in 1971 when government constructed the Pongola Dam. In 1978, further development of irrigation canal system resulted in the current scheme. Further, in 1988 and 1993 there were further expansions under the management of Mjindi Farming Pty (Ltd). It was listed in Schedule 3D of PFMA, focussing on supply of irrigation water, maintenance of infrastructure (pump stations, water network, infield roads), training and advisory services. These major infrastructure development initiatives caused the area to hold tremendous agricultural potential that is still yet to be fully realized.

*Table 10: Total land area claimed in the Makhathini Irrigation*

Land (owner)	Hectares
Ntenga Trust	2413
Silwane Trust	2213
Remaining	-
Ingonyama Trust	-
Average plots 10ha, there are 312 individual farmers & 26 cooperatives.	

The Department of Agriculture and Rural Development in KwaZulu-Natal (DARD) is the main funder for the project, especially administration and maintenance work. The provincial government established Agribusiness Development Trust (ADA), a public entity, to implement operational activities on behalf of farmers. Sometimes, the Scheme receives grant funding for minor rehabilitations of irrigation infrastructure; for example, Ilima-Letsema.

Table 11: Development support initiatives

Project	Description	Cost
Sub-surface drainage (Block 15)	Installation of 500ha sub-surface drainage system. Occurred between 2020/21 and 2021/22	R20 038 087,12
Soil analysis (4500ha)	Soil irrigability to address operational challenges.	R3 165 375,00
	- Nisinde-Silwane Irrigation Scheme (15 000ha) - only 1604 ha is irrigable (R2 284 475,00)	
	- Nondabuya Irrigation Scheme (1500 ha) – only 965,7ha is irrigable (R974 625,00)	
Clearing of Block 15 Canal	Removal of debris and reed to improve functionality of the sub-surface drainage system. (2023/24)	R940 062,20
Block 6A Sub-surface drainage	Installation of 600ha sub-surface drainage system (multi-year project) - 2023/24, site clearance, removal of trees on 12 ha, excavation of 20km and install granular material, and 20km of 110 perforated drainage pipes R5 555 768,38 - 2024/25, install 6.5km of 110 perforated drainage pipes and 50 concrete utility holes	R26 174 900.91
Rehabilitation of Pumps	Rehabilitation of pump stations. multiyear project, in 2023/24 – 2024/25 (R3 539 000.00)	R18 919 345,76
<b>TOTAL</b>		<b>R 69237 770,99</b>

- *Performance of ADA:* At the time of the oversight visit, ADA reported that it met targets on water leak repairs; maintenance of pump sets and roads, vegetation clearance and removal of sludge and canal maintenance. As of December 2024, there were about 64 pumps, but operational set was 29 - a performance rating of 45%.
- *Tariff charges and farmer payment:* ADA was experiencing challenges with regard to revenue collection. By December 2024, collection rate was at 56.5% (RR3.9m instead of R6.9m of tariffs). Similarly, Eskom charges *vis-à-vis* collections showed a performance of 17.9% (R3m instead of R22m)

- *Production:* The most dominant field crop at Makhathini is sugar cane. In the first quarter of 2025, about 70% of all producers were planting. Fruits and vegetables also do well at Makhathini, but they are winter crops.
- *Funding:* The scheme depends on funding from DARD. In 2024/25, ADA as an implementing agent, it had a budget of R65m including R4.5 m from revenue collection. About R35% goes to salaries and 34% goes to electricity, 11% for water cost and 7% for irrigation.

Makhathini faces a number of challenges; some of those are water disruptions due to aged irrigation infrastructure and outdated technology. Furthermore, the cost of electricity and water is also affecting the farmers, hence poor revenue collection. Some of the recent government support mechanisms (DARD) include supporting farm development through sub-surface drainage, soil analysis, soil irrigability (2 projects), clearing of block 15 canal, block 6A sub-surface drainage, rehabilitation of pumps.

### **7.1.2 Challenges and future plans**

The vision to transform Makhathini irrigation scheme into commercial farming has not been realised yet. As a result, many in communities and among stakeholders were beginning to question achievability of the goal. Most infrastructure, especially pumps, has reached its life span, thus impacting negatively on service delivery. It is also becoming too costly due to frequent repairs and maintenance. The scheme is also confronted by budgetary constraints. It is estimated that it will cost over R1,5 billion to overhaul the entire infrastructure. The operations and maintenance strategy of the Makhathini irrigation scheme need to be revised to improve efficiency and effectiveness in line with modern technologies available on the market.

One of the major challenges is irrigation. For this, a decision was taken to transfer the scheme assets to the Department of Water and Sanitation. In response, the Minister of Water and Sanitation launched the Makhathini Lower Pongola Water User Association on the 13th of December 2023. The transfer will enable organisation of all water users within the area of jurisdiction in order to collectively manage shared water resources for the benefit of diverse users in an effective and efficient manner. The DALRRD was in the process of transferring

portion of land where the infrastructure assets are located, i.e. land owned by the state and the land owned by the ITB and the Silwane Trust.

## 7.2 Rural Infrastructure Projects: Jozini FPSU

Jozini FPSU is found in ward 5 of Jozini Local Municipality. It supports 1 240 sugar cane small-scale growers. They plant on 2 278 ha and are within 30 km radius of the FPSU. Government has partnered with SAFDA, and the project cost the State R31.5 million. Farmer Production Support Units are rural service centres aimed at decentralising development to offer small-holder farmers services like mechanisation, storage, packaging facilities and facilitation of access to production inputs. As part of agriparks, FPSUs aims to integrate producers in the economic value chain. FPSUs align with objectives of the Agricultural Agro-processing Masterplan (AAMP) of upscaling agricultural production thereby creating a sustained impact and improving livelihoods of communities residing in rural areas. The Jozini FPSU further responds the South African Sugarcane Master Plan which is a cornerstone for development with a specific focus of transforming the industry.

The Jozini FPSU is one of the FPSUs that developed as part of the partnership between the DALRRD and the South African Farmers Development Association (SAFDA). The partnership is guided by a service level agreement signed by the two parties. This partnership culminated in the establishment and construction of 6 *Farmer Production Support Unit* (FPSUs) in KwaZulu-Natal. The FPSU benefits 1518 people, amongst whom there are 948 women and 570 men. Of these 117 youth and 46 are persons with disabilities. Farmers involved in cotton are from Jozini and uMhlabuyalingana local municipalities under the district of uMkhanyakude.

As shown in Table 12, the Committee also heard about developments at Makhathini Cotton gin, an enterprise that involves 32 farmers associations. As shown, infrastructure has aged and requires urgent attention. The Makhathini Sugar Mill planning has also started as shown in the Table below and the Feasibility Study is expected to be completed during 2025/26 fiscal year.

*Table 12: Rural Infrastructure Development at Makhathini*

<b>Project</b>	<b>Description</b>
Makhathini Cotton Gin	<ul style="list-style-type: none"> <li>- A cooperative of 32 farmers associations based in uMkhanyakude and Zululand District (Ubongwa Farmers Association)</li> <li>- Started in 1970s, currently primary coop and secondary cooperatives represent 1 518 smallholder cotton farmers.</li> <li>- In 2022, a project to rehabilitate the cotton gin was started. There is high maintenance cost of the existing gin, hence a need for replacement of the equipment. Equipment has been procured and was stored at Durban port for installation in 2025/26</li> </ul>
Makhathini Sugar Mill	<ul style="list-style-type: none"> <li>- In line with Agri-parks concept and the Sugarcane Value Chain Masterplan and the Agriculture and Agroprocessing Masterplan.</li> <li>- Project to support 2000 black small-scale sugarcane growers, producing an average of 172 400 tons of cane, but no facility in the area. They transport produce to Felixton, located some 200km away, Umfolozi (100km) and Pongola Sugar Mill (70km)</li> <li>- Minister pledged R10 million to support feasibility study for establishment of Ethanol Sugar Mill.</li> <li>- Collaboration with Government Technical Advisory Consultancy (GTAC). The study is expected to be completed in 2025/26.</li> </ul>
Jozini FPSU	<ul style="list-style-type: none"> <li>- Construction of a storage shed, mechanical shed and managers residents, training centre, office block and basic services for Jozini FPSU.</li> <li>- The project cost R31 million and R19.7 million in cooperatives and enterprise development.</li> <li>- At the time of the visit the project was 99% complete. They were just waiting for ESKOM to connect power</li> </ul>

### 7.3 Summary of farmers' inputs

- In 2022 former Minister Thoko Didiza promised that she would fund the development of a mill in the area. Two years later, the feasibility study is not complete yet. A mill and other infrastructure initiatives could assist in the improvement of production and revitalization of the economy of the area.

- The concern about water. Whilst the presentation of ADA showed that people do not want to pay or the collection rate is low, the concern from the farmers was that how can they pay for water they do not have? For most of the season, the pipes are broken, and their crops die. But ADA sends them debt collectors.
- Jozini Dam is also a problem for dryland farmers because when it is full and they open the valves, the water floods the fields of smallholder farmers. But farmers requested government to expand the scheme, irrigation to cater for more farmers.
- All the 52 cotton producers cooperatives need support. Apart from the revitalisation of cotton gin, including the replacement of the machines, they would like assistance to improve productivity. At the moment, they produce 15000 tons on 3700 ha instead of 5000. If they were supported, they could improve tonnage by expanding production from 3000 to 5000ha. Assistance in the form of production inputs, including those on the dryland.
- There are problems with the manner in which government develop infrastructure, without involving local communities. For example, COGTA built a packhouse some ten years ago. Farmers reported that that facility was not working. They also expressed a concern with the new FPSU, whether it was not going to be like the other white elephants in the area.
- Government lacks follow up or monitoring of areas where it invested funds. For this reason, some of the infrastructure development has not benefited communities. For example, repairs on pipes but a few months down the line they do not work. They allege contractors do shoddy work so that they could continue tendering for jobs.

#### **7.4 Communal Property Associations**

This sub-section summarises site visits to CPAs and captures inputs of CPAs and conversation of CPA members and the Committee, inputs for clarity from the PSSC and the RLCC.

##### **7.4.1 Ubizo CPA: Mhlathuze, King Cetswayo District**

A land claim was lodged by Inkosi Nsikayezwe Cebekhulu on behalf of Ubizo claimant community on 20 April 1995 in terms of Section 11 of the Restitution of Land Rights Act (1994). The claims involve 894 beneficiaries and 149 households. Having accepted the claim,

the CRLR published the claim in the Government on 28 November 2008. The KZN regional office KZN conducted a comprehensive name verification exercise and established that approximately 149 households suffered dispossessions with 894 estimated number of beneficiaries. The Ubizo CPA was register as the landholding legal entity on 19 October 2015.

The CRLR negotiated the settlement of the claim, and a settlement agreement dated 23 November 2022 and made an Order of Court on the 19 December 2022. In terms of the agreement, a total of 5327,15025 ha (16 portions) were acquired at the value of R262.1 million. The land was restored to the community, registered in full title under the Ubizo CPA. Including grant to the value of R18.5 million, the cost of total settlement was R287 886 943.00, R262.1 million. Further, the CPA also received state land to the value of R7.1 million.

In April 2018, Ubizo CPA signed a 10-year lease agreement with Tongaat Hulett. The Lease Agreement contains several objectives which include accelerating sugarcane development on the leased area; supporting education, capacity building and training programmes; providing contracting opportunities to qualifying service providers; and fostering socio-economic development programme; Rental Arrangements and New lease incorporates a 10% rental based on gross proceeds. As a strategic partner, Tongaat Hulleets assists the community with Study Assistance Programme, community training programme, sport and recreation programmes and health and welfare programmes.

At the time of the visit, the CPA executive committee reported that the Development Fund has been able to achieve some of the targets. For example, training 2 managers. One of the trainees was already working as an assistant manager.

#### *Land use and production*

- The CPA uses the land for sugarcane production on 1 829.40 ha with 500 ha under irrigation and also 5030.68 ha of game reserve in partnership with the Thulathula game reserves, and 10ha yard of the office space.
- The CPA has a lease with Tongaat Hulleets South African Limited. Their enterprise (joint venture), at the time of the visit, employed 200 workers and 90% of those were from the

Ubizo community. They are general workers, tractor drivers, loaders etc. The number exclude about 132 cutters employed in season.

- At the time of visit, the CPA had planted 34 ha and was planning to complete 134 ha in a week's time. They were progressing in line with their projections.
- The CPA, with the rentals and other revenue generated, distributes dividends to all members; supports local schools within Ubizo, supports matriculation camps by providing catering to the student. Some of the revenue is used cover the operations of the CPA.
- Ubizo CPA also constructed a clinic for primary health care to the community.

With all the promising stories, the Committee learnt that there was a concerned group which had sought intervention of the DG to place the CPA under Administration. However, the Department has appointed the mediator to intervene between the CPA committee and the Concerned group. At the time of the visit, the tensions were not yet resolved. However, the project was still operational and yielding satisfactory results albeit the challenges.

#### *Summary of challenges*

- The CPA plans to also produce vegetables but there is shortage of water. There was about 200 ha of dryland that needs to be planted. However, the previous allegedly owner sold water rights prior to the transfer of land.
- The concerned group has in the past attempted to push livestock into the fields. However, the matter was addressed. Currently, there is a group of people that have organised, challenging the legitimacy of the current executive committee. They have approached the Director-General, requesting him to place the CPA under administration and to investigate their concerns.
- The property has a dam, but it has not been regularly maintained; and it requires maintenance of every three years. The previous owner did not provide maintenance for the dam. The CPA need chemicals to clean the dam. The CPA approached the Department of Water and Sanitation, requesting engineers to assist by assessing the dam, and provide a report with recommendations of areas of intervention, including advice on what chemicals to use. However, the Department has not responded favourably. Although Tongaat-Hullet tries, there is a need for government agencies to assist rather than incurring cost on private sector whilst government can provide the same service.

#### **7.4.2 Zwelabantu CPA: Kwadukuza, Illembe District**

The claim was lodged in 1998 by Nkosi Dube for the Dube Community that had lost land rights in the 1950s. In 2006, the CRLR accepted the claims as a valid with about 782 beneficiaries. In 2014, the Minister of Rural Development and Land Reform then, acquired about 15 portions to settle the claim in terms of Restitution of Land Rights Act (Act No.22 of 1994). The Dube community registered a CPA named Zwelabantu to hold and manage land communally and in a committee elected in 2009. The sugarcane fields and timber plantations.

The CPA has been managing all the operations of sugarcane but has signed an agreement with Sappi to manage Timber. The Department of Social Development (DSD) has also entered into agreement with the CPA to sending youth to work on a nursery project. The rent from the leases goes to CPA bank account then once a year each CPA member receive dividends.

Whilst the Department presented a story of a CPA that was functional, having had AGM and elections as per the Constitution, it papered over the challenges confronting the CPA. It was the members of the CPA that unearthed a litany of challenges and problems that confronted them daily as detailed below. The RLCC and PSSC presented different reality of dynamics of the CPA, each not wanting to take responsibility of what was happening in the CPA.

##### *Summary of input from CPA members*

- Firstly, the initial verification of claimants leading to settlement of the land claim was 782 claimant households that would become members of the CPA. However, at the time of the registration, the Chairperson had reduced the number to 687. No proper resolution was taken around the change of the membership numbers.
- The facilitation of the settlement of the land claim leaves so much to be desired. After the settlement of the land claim (with a settlement agreement in place), the CPA committee facilitated ancillary agreements that resulted in the acquired land being sold back to the very same owners who had sold the land to the State under the pretext that the CPA would hold 20% shares in the company and 80% would be distributed amongst different other companies that would hold state in the development company. The

companies that the State bought land from are: Blythedale Coastal Resort (Pty) Ltd and Royal Shaka Estates (Pty) Ltd at the cost R200 million and R400 million, respectively. Subsequent these companies took over the land at no cost. The promise of employment and other benefits did not materialise hence the emergence of concerned groups.

- In 2014, the CPA removed the Chairperson but there were already so many other irregularities that have taken place. The CPA was not functional; there were no resolutions for major decisions to an extent that in 2017 the concerned group intensified its activities. In 2021, there was an election of an interim committee and by July 2022 there were elections that brought the current office into office.
- The new Committee had challenges because the previous committee refused to hand over documents like minutes and different records of the CPA such as lease agreements and donations of land to the traditional leader. The new Committee discovered that its predecessor had given the chief a portion of the land without seeking a community mandate through a resolution, about 272ha were given to the chief.
- There were different leases that were not authorised by the CPA, it thus meant that the rental fee was likely not to be accounted for in the CPA books. In some cases, people occupied the properties that the CPA has no knowledge of. As alleged, the traditional leader was also allocating land, and to some extent involved in the sale of the CPA land. On the CPA land, one finds properties allocated security companies such as IPSS and ER ambulance company, storage facility. Some of the leased farms were not being maintained, for example the houses.
- The property has raked R4 million debt in electricity, the CPA was trying to cancel some of the leases.
- There were allegations of involvement of COGTA, municipality because of the induna has allocated himself a house and use a COGTA official to collect payments from tenants or those that have been allocated land on the CPA land. The CPA has opened a case against the Induna, but their challenge is that there are police men who have been allocated land as well, as a result there is a perception that their complaints were not being dealt with because law enforcement officers were involved.
- With all the other challenges, the CPA has been sidetracked instead focusing on development of a 60ha field that was lying fallow. There are plans in place to develop the land.

- There is a challenge with transfer of their property without their knowledge, emanating from IDCPA and Royal Shaka Estate (a shell co). This company believes that it has some development rights. They appear to have secured bonds using the land as a collateral. All these the CPA was not aware of these issues.

### ***Challenges and future plans for Zwelabantu CPA***

- The Commission appointed a Forensic team was appointed to investigate fraudulent activities in the CPA, beneficiaries were not receiving any monetary compensation. The RLCC did not present the outcome of the forensic investigation. It undertook to present the report to the Committee.
- The CPA executive committee entered into agreement with Mark Taylor without the consent of the Department or the Commission. All the leases and sale of land of land was not supported by the Committee nor the Department.
- Some of the companies used were shell companies and some were insolvent. The CPA was misled by its partners.

## **9. Summary of the observations and conclusions by the Committee**

Following previous sections that summarised the presentations and to some extent initial observations, this section summarises key observations and conclusions of the Committee.

### **8.1 Ingonyama Trust Board**

The Committee, through the oversight visit to the ITB, sought to assess the state of governance of the ITB. It was particularly interested in gaining insights in how governance structures and policies have assisted the entity, and all subsidiary companies, to successfully conduct its statutory mandate and interventions to improve good corporate governance. The following points summarise key observations and conclusions.

- ***Conflicts and tensions in the Ingonyama Trust Board exposed longstanding gaps and weaknesses in the governance framework of the Ingonyama Trust.*** As detailed in record of inputs from the delegation of the Ingonyama, aMakhosi and Members of the

Board, the ITB was undergoing serious test arising from a breakdown of trust between the Ingonyama and the members of the Ingonyama Trust Board. The tensions emanate, in part, from the failure to distinguish between the Ingonyama Trust property as a property of the people and not a private property of the Sole Trustee. Further, having the Sole Trustee/the Ingonyama as the Chairperson of the Board has created a challenge of corporate governance due to a series of accountability majors imposed by the regulatory framework of the ITB.

The situation at ITB did not occur overnight, it was a lengthy process aided by an almost absent oversight by the Executive, except for the appointment of the members of the Members of the Board. Years of inadequate Executive support and/or oversight over the ITB created a fertile ground for the current governance challenges contributed to the tensions overtime. Whilst Parliamentary oversight has at times been robust, it required to be complemented by Executive intervention that implemented the recommendations of the National Assembly.

Having the Sole Trustee as the full-time Chairperson of the Board, as opposed to another member acting as his nominee Chairperson, has unintended consequences in respect of accountability and robustness of engagements in the Board due certain traditional protocols that need to be adhered to. The Committee observed that the Sole Trustee's assumption of his duty as the chairperson created governance challenges never witnessed since the establishment of the ITB the previous Trustee always nominated another Board member to be the Chairperson. The Board is currently confronted with a situation where the Trustee, as the Chairperson, would like the Entity to conduct certain transactions that the Trustee with fiduciary responsibility would not ordinarily permit. When the Administration or other Board members express contrary views backed by legislation and ITB policies, the Ingonyama and traditional leaders who follow the customs and traditions of the Zulu nation interpret it as an act of defiance or undermining the authority of the Ingonyama. Further, it has created a challenge of robust parliamentary oversight over the entity because the Ingonyama is the King, and there are certain traditions and customs regulating how people engage with hum. The current impasse, which Amakhosi consider irreversible, could potentially render the Board fully dysfunctional and/or not serve the purpose for which it was established.

- ***Undue influence of private business on the Trustee and the Board poses an existential threat to the Ingonyama Trust.*** The Committee heard of instances where private businesses and law firms could approach the Trustee, the ITB and/or Executive of the ITB to sign into deals that were unlikely to benefit the traditional communities, and even if they were, not following the procedure set out in the regulatory framework of the ITB. The refusal by the Board or the Executive to authorise some of these transactions has been misconstrued that it demonstrated disrespect and indifference to the position of the King and His role in the Ingonyama Trust.

Whilst there have been allegations of disrespect for the Sole Trustee, the Committee could not establish any facts to suggest such disdain for the Royal office. What is at the heart of the tension is the Board and Executive of the ITB upholding their fiduciary responsibilities and having to engage with the office of the chairperson of the ITB vis-à-vis the King.

- ***Requests for funding of His Majesty's Royal duties, over and above the 5% allocated in terms of Policy undermines the established regulatory framework.*** Approval of funds for use by the Office of the Ingonyama in his capacity as the King carrying royal duties not linked to the Ingonyama Trust is indicative of the lack of understanding of the Ingonyama Trust, what it was set up for and the position of the Ingonyama as the Sole Trustee with fiduciary responsibility over the Trust and Trust Assets. Because the Ingonyama's fiduciary responsibility to the Trust (i.e. communities as his clients), the Ingonyama acts on behalf of communities and is required to put the clients' interests ahead of his own interest, with a duty to preserve good faith and trust. When the ITB is requested to accommodate members of Royal Family attending funerals or maintaining cars that do not serve the ITB, its clearly not in the best interest of the business of the Trust.
- ***Good corporate governance includes allowing for diversity in the Board of Directors.*** The current Board of the Ingonyama Trust comprises of diverse individuals from Amakhosi, Businesspeople, Legal Professionals. The representation in the Board is in fact in line with the legislation that allows a process of nomination led by the Minister, and a regional interest catered for by a nomination process led from the Provincial

Government, which is the Premier. As demonstrated in the report, the fact that the Board membership includes people not resident in KwaZulu-Natal, specifically non-Zulu, has been a cause of disagreement among some of the stakeholders. However, some have also countered the argument on the basis it is based on narrow ethnic and tribal grounds for belonging. A persuasive case for nomination of the Board Members beyond KZN was made in that it allows the Board to draw from expertise elsewhere in the Country.

## 8.2 Communal Property Associations

The Committee sought to assess the effectiveness of post-settlement support to the CPAs. In line with the terms of reference, it specifically asked the following questions: what are the processes undertaken to establish and register CPAs? What forms of government support systems toward CPAs exist? It also probed members' understanding their constitutions and their functions as well as roles and responsibilities of the Executive Committee members. Of foremost importance was identifying the underlying factors to the existing tensions and conflicts within CPAs and government interventions. The following points summarise the committee observations and, in some instances, key conclusions.

- Where there is a good working relationship between the CPA Executive Committee and the Traditional Leader or the Traditional Council, the CPAs tend to work well. It is mostly where there is an understanding that CPAs are not in competition with the Traditional Leader, but rather they are just a landholding entity for the community. Further, that the CPA property is not a private property of a traditional leader, but it is people's property. The challenge arises where there is a competition for access and control over resources within the Executive or the CPA and/or between the CPA and the traditional leader, often leads to factions and concerned group.
- The DLRRD lacks adequate human resources capacity to manage and support CPAs. The situation is exacerbated by lack of coordinated approach in the setup and registration of CPAs, especially processes of verification which are driven by the Commission on Restitution of Land Rights without involvement of the Department (or the PSSC) which then take over the support role. It appears, as observed at Zwelabantu, the Department is

concerned with compliance in terms of submission of financial statements, AGMs, committees established in terms of the Constitution and the Act, rather than the functionality of the CPA. As heard, the PSSC reported that the CPA was compliant and according to them all was in order. It was only after the input of the CPA members, that it became quite clear that there are serious challenges. The CPAs will not function as intended in the legislation until there adequate and comprehensive support mechanisms that transcend more compliance to the Act and the Constitution. Inadequate capacity of the Department means that CPAs are not supported, challenges go unnoticed for a long time, resulting in deep conflicts that are difficult to resolve. Capacity is required, as anticipated in the CPA Amendment Act.

- Some officials have a limited view of what post-settlement support entails, it is interpreted to mean compliance with requirement for election of committees, submission of reports and holding AGMs. The PSSC's narrow view of their role in the CPAs is Transactions that are not constitutional, or other challenges are seen as part of the Commission's job, thus will be dealt with under restitution. This disjointed approach to setting up of CPAs and support mechanism after the land restoration in terms of the Restitution of Land Rights Act results in failure of CPAs, especially when no one wants to take responsibility. This is evidenced by numerous reports of matters being escalated to Pretoria instead of being addressed by the PSSC.
- CPAs experience a challenge of elite capture where CPA executive Committees often refuse to facilitate AGMs and election of new Committees, or collaboration of CPA Executives and Traditional Leaders. These dynamics give rise to phenomena of concern groups, which in most cases is a faction of the CPA that feels sidelined from key decisions and access and control of resources.
- Strategic partnerships between private sector have proven to be of assistance in machining farm productivity as the case of Ubizo CPA has demonstrated. Backed by a sound and functional CPA, partnerships can result in material benefits to members of the CPAs. However, it little disputes which become major conflicts, if not addressed, that has a potential to render the entire enterprise dysfunctional. The case of Zwelabantu also

demonstrates that little disputes can become a major conflict if there is lack of support and monitoring of CPAs, especially interventions when there is a need to.

### **8.3 Farmer Production Support Units (FPSU)**

The Committee had sought to track progress in the development of rural infrastructure to support smallholder farmers/producers in Jozini, especially Makhathini. It especially sought to find out the kinds of producers or farmers that the FPSU supports, how decisions about infrastructure are taken and state of readiness or use of the infrastructure, and beneficiary perspectives about the development and use of the facilities.

- The Committee commended the DLRRD for completion of the Jozini FPSU. However, the facility was not yet in use, thus causing a major concern among members of the Committee. Given the reports about other infrastructure development projects that were completed by other departments and lying unused as white elephants, the Committee was concerned that delays in the handing over of the facility to the farmers and coordination of farmers could result in a white elephant and ultimately vandalization of the property. It noted that there were already farmers identified to supply the facility and cooperatives that would be involved in the running of the infrastructure, supported by SAFDA.
- The presence of ADA in Makhathini presents an opportunity for greater support to the producers. However, concerns about the billing system, water availability, infrastructure challenges have also created a situation where producers are unwilling to pay for services that they do not see the benefits from. For example, being billed for irrigation and water, yet the farms can stay for more than half the year without water.
- Old infrastructure impacts negatively on operations. For example, the Makhathini Gin was not operating at its optimum level, hence a need for total replacement of machines because maintenance has become very costly. Continuous monitoring was required. Intergovernmental coordination is working and there has been a lot of investment in the Makhathini flats, but the oversight visit was not structured to quantify the benefits, further study of the area is required.

## 10. Recommendations

Having interacted with the officials of the Department of Land Reform and Rural Development, Provincial Shared Services Centre i.e. KZN office of the DLRRD, and the Department of Agriculture and Rural Development; further having visited projects and interacted with beneficiaries; and in view of the conclusions of this report, the Committee recommends that **the Minister of Land Reform and Rural Development** must -

### *Ingonyama Trust Board*

- 9.1 Together with the ITB, initiate legislative review to enhance the regulatory framework of the Ingonyama Trust, the Ingonyama Trust and all the subsidiary companies established to under the Ingonyama Trust. The regulatory framework should explore the following:
  - 9.1.1 Clarification of the role of the Sole Trustee vs the Chairperson of the Ingonyama Trust Board. Further address in legislation the contradictions of the His Majesty and the Sole Trustee of a public entity as a way for a long-term solution to the current tensions.
  - 9.1.2 Consider introducing mechanisms, legislative or otherwise, that encourages the Sole Trustee to appoint a nominee to chair the ITB in order to promote good corporate governance and parliamentary oversight over the ITB. Further, introduce mechanism for an interface between the Nominee chairperson and the Sole Trustee in order to close the information gap between the Sole Trustee and the Board.
  - 9.1.3 Introduction of a reporting requirement on the distribution of revenue or benefits to deserving traditional councils and/or communities, including reporting on the Disbursement Policy which includes a 5% allocation for the Sole Trustee.
- 9.2 Enhance Executive oversight and support over the Ingonyama Trust Board, firstly to gain insights into the underlying challenges confronting the entity and the legislative or policy limitations. Linked to these, also analyse the status of the organisation and its operations against the existing legislation and to determine the extent of policy review and other interventions required. Having completed the review, the Minister should also report to Parliament with a clear time bound plan to address the concerns and issues.

- 9.3 Consider reviewing the legislation to strengthen the independence of the Board and ability to withstand any undue external influence in relation to the use of the resources and assets for purposes other than those the entity was established for. Further, there is a need for assessment of the unity of the position of the Sole Trustee and the Chairperson of the ITB which has often been contradictory since the Trustee assumed his role as the Chairperson.
- 9.4 Conduct forensic investigations into the finances of the Ingonyama Trust for the period between 2009 and 2024 before the end of the 2025/26. Further, the Minister should also trace all transactions, including sale of land and transfer of funds to different entities, including different firms of Attorneys and the Ingonyama Holdings. It is also vitally important that the funds that have been unlawfully syphoned from the Trust be recovered, and all involved in unlawful activities must be held accountable.
- 9.5 Facilitate an engagement between the KZN Provincial House of Traditional Leaders and the ITB in order to iron out differences as well as the perceptions around alleged misconduct or what has been perceived to be a disrespect of the King.
- 9.6 Together with the MEC for COGTA and considering the Order of Court in the CASAC matter, work out a solution to address the challenges of PTOs experienced by the KZN government and Amakhosi with intention to strengthen tenure security in communal areas.

#### *Communal Property Associations*

- 9.7 Consider increasing human resources capacity within the Department to focus on CPA support in line with the CPA Amendment Act (2018). There is also a need for reprioritisation of budget to support the implementation of the CPA Amendment Act.
- 9.8 Develop mechanisms to monitor all the CPAs, their operations, and their capabilities to comply with the CPA Act and respective Constitutions.
- 9.9 Conduct assessment of all CPAs in KwaZulu-Natal, detailing the state of affairs in each. Where there are conflicts or terms of CPA Executive Committees have expired and allegations of maladministration, the Minister should also institute litigation to safeguard the assets of communities and ensure that there are fresh free and fair elections of the new executive committee.
- 9.10 Consider developing a project to produce evaluation report on the functionality and impact of strategic partnerships and mentorship projects in CPAs, assessing amongst

others the contracts and agreements and the extent to which they are being implemented. Of foremost importance is the capacity building programme run by the strategic partner companies and mentors and the extent to which they empower land reform beneficiaries to manage their agricultural enterprises independently.

- 9.11 Intervene in the Zwelabantu CPA matter, to address all the complaints including theft of assets. Support the Executive Committee's litigation initiatives in order to ensure that land of the Zwelabantu CPA is returned.
- 9.12 The Minister to follow up on the criminal and civil cases opened by the Zwelabantu CPA to ensure that justice is served, further report on quarterly basis about the progress on this matter.

#### *Farmer Production Support Unit*

- 9.13 Where FPSU smallholder farmers have shown excellence, consider expanding their production by acquiring land for them, and provide support so that they become sustainable middle to large-scale commercial farmers (in smallholdings). It includes purchasing large agricultural land subdivided for them as Makhathini farmers have argued.
- 9.14 Without delay, the Department of Agriculture and Rural Development together with ADA, the Provincial Shared Services Centre and SAFDA should ensure that the facility is being used and secured so that vandalization or general dilapidation is prevented.
- 9.15 Cotton Ginnery must be renovated without any further delay in order to assist the farmers of the area. Project cost and timelines must be submitted to the Committee for oversight and monitoring.
- 9.16 ADA must collaborate with the producers to address the water challenges; invest in infrastructure to address the water reading and billing system.

*Unless otherwise indicated, responses to the above recommendations should be submitted to the National Assembly not later than 3 months after the adoption of this report by the National Assembly.*

Report to be considered.

## **National Council of Provinces**

### **1. REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND PUBLIC ADMINISTRATION (TRADITIONAL AFFAIRS, WATER, SANITATION AND HUMAN SETTLEMENT ON CONSIDERATION OF 2023/2024 GENERAL CONSOLIDATED REPORT ON LOCAL GOVERNMENT AUDIT OUTCOMES: DATED 10 JUNE 2025**

The Select Committee on Cooperative Governance and Public Administration (Traditional Affairs, Water & Sanitation and Human Settlements, having considered the 2023/ 2024 General Consolidated Report on Local Government Audit Outcomes, reports to the National Council of Provinces as follows:

#### **1. Constitutional Mandate**

- 1.1. Chapter 9 of the Constitution establishes the Auditor-General as one of the institutions that supports the South African democracy. The Constitution also guarantees the independence of the Auditor-General, stating that it must be impartial and must exercise its powers and perform its functions without fear, favour, or prejudice. section 188 determines that the Auditor-General must audit and report on the accounts, financial statements and financial management of all municipalities and municipal entities.
- 1.2. The functions of the Auditor-General are further regulated in the Public Audit Act (no 25 of 2004) and the regulations issued in terms thereof.
- 1.3. Section 4 and 20 of the Public Audit Act prescribes the mandatory regulatory audit which provides an opinion on the fair presentation of information in the financial statements, reflections on internal control, good governance practices and compliance with key legislation and regulations.
- 1.4. Section 62 of the MFMA prescribes that the Accounting Officer is responsible for managing the financial administration of the municipality and must take all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of internal control and internal audit. Section 126 (1) of the MFMA determines that the Accounting Officer must prepare the financial statements and submit

them to the Auditor-General within two months after the year ended to which those statements relate.

- 1.5. The Accounting Officer of a parent municipality is also required to submit the consolidated annual financial statement to the Auditor-General within three months after the end of the financial year. Section 126 (3) of the MFMA requires that the Auditor-General to audit the annual financial statements and submit the audit report within three months of receipt thereof. The audit report must be submitted to the Accounting Officer. Section 126 (4) of the MFMA requires that the Auditor-General to promptly report reasons for any delay if they are unable to complete the audit within the timeframe.
- 1.6. The Auditor-General is required by law to submit the Municipal Audit Report to the Municipality, Municipal Entity, Provincial Treasury and Parliament.
- 1.7. On the 28 May 2025, the Auditor-General tabled to the Speaker of the National Assembly and the Chairperson of the National Council of Provinces the 2023/2024 General Consolidated Report on Local Government Audit Outcomes.
- 1.8. As part of enabling parliamentary oversight through the application of Auditor-General's reports as accountability tools, the Select Committee on Cooperative Governance and Public Administration scheduled a briefing session with the Auditor-General to brief members on 2023/2024 General Consolidated Report on Local Government Audit Outcomes.

## **2. BRIEFING ON 2023/2024 GENERAL CONSOLIDATED REPORT ON LOCAL GOVERNMENT AUDIT OUTCOMES**

- 2.1. On the 29 May 2025, the Auditor-General of South Africa briefed Members of the Select Committee on the 2023/2024 General Consolidated Report on Local Government Audit Outcomes.
- 2.2. The presentation focused on the state of local government, dealing with overall audit outcomes, risks to municipal service delivery, metropolitan municipalities, material irregularities (MI), a call to action for all role-players in the accountability ecosystem to address the root causes of municipal failures, the state of local government in each of

the nine provinces, an audit fact sheet that provides information on the audits that the audit had performed and an explanation of the numbers used in the report

### **3. Overall Audit Outcome**

- 3.1. The Auditor- General reported that the trend of poor audit outcomes continued, with regressions offsetting improvements. Out of 257 municipalities, 41 obtained unqualified with no findings (clean), 99 unqualified with findings, 90 qualified with findings, 6 adverse with findings, 11 disclaimed with findings and 10 with outstanding audits. According to the 2023/2024 report, since 2020-21, the audit outcomes of some provinces have regressed, some have remained the same and some have improved but the overall status continued to be far from desirable

### **4. Audit Outcomes of Metropolitan Municipalities**

- 4.1. The Auditor-General indicated that Metros and their municipal entities are responsible for Expenditure budget of R350,88 billion (57%) and Households of R8,9 million (46%). The Auditor-General reported that out of the 8 metros, only the City of Cape Town obtained clean audit, City of Johannesburg, eThekweni Metro, Buffalo City Metro and Nelson Mandela Bay Metro obtained unqualified audit with findings, City of Ekurhuleni, City of Tshwane Metro and Mangaung Metro obtained disclaimer with findings

### **5. Municipalities with Clean Audit**

- 5.1. The Auditor- General reported that when a municipality receives a financially unqualified opinion with no findings (also referred to as a clean audit), it means that its financial statements and performance report give a transparent and credible account of its finances and its performance against set targets.
- 5.2. According to the Auditor-General, the accountability reports present a reliable picture of that municipality's performance, whether good or bad and enables the council and stakeholders, particularly residents, community organisations, and those in national and provincial government that need to oversee the municipality's performance and provide support for it to succeed to determine how the municipality is doing and to act where necessary.

- 5.3. A clean audit also means that the municipality complied with key legislation that applies to it and, where transgressions did occur, they were rare or no material findings. The Auditor-General however, emphasised that a clean audit is not always an indicator of good service delivery and does not always reflect the lived experience of all communities in a municipal area.
- 5.4. However, a clean audit positions a municipality to transparently communicate to communities about whether and when their needs will be met through accurate records, which also enables the different role players in the accountability ecosystem to make informed decisions.
- 5.5. The Auditor-General indicated that the audits findings have observed that municipalities with institutionalised controls and systems to plan, measure, monitor and account for their finances and performance, and to stay within the rules, often have a solid foundation for service delivery to their communities.

## **6. Municipalities that repeatedly submit financial statements and performance reports late**

- 6.1. The Auditor-General reported on municipalities in the provinces that repeatedly submit financial statement and performance reports late. These include Ubuntu Local Municipality in Northern Cape Province Makhadu Local Municipality in Limpopo Province, Mafube, Kopanong, Mohokare, Masilonyane and Maluti A Phofung Local Municipalities in Free State Province.
- 6.2. According to the Auditor-General the failure of the municipalities to submit late the financial statement and performance reports has contributed to the failure in transparency and accountability for funds used and services delivered
- 6.3. The 2023/2024 Audit Outcomes Report has shown that the late or non-submission of financial statements was most prevalent in the Free State. Five of the 13 municipalities that submitted their financial statements late are in the Free State and have been repeat offenders over the last three years. Limpopo (33%), Mpumalanga (32%) and KwaZulu-Natal (30%) are the provinces in which the highest percentage of municipalities have

obtained an unqualified audit opinion each year since 2020-21 by correcting the material misstatements that Auditor-General had identified.

## **7. Municipalities with disclaimed audit opinions**

- 7.1. The Auditor-General reported on municipalities per province that have obtained disclaimed audit opinions for consecutive years. These include Makana, Sunday River Valley, Chris Hani and Walter Sisulu Local Municipalities in **Eastern Cape Province**. Nketoana, Kopanong, Masilonyana and Maluti A Phofung Local Municipalities in **Free State Province**
- 7.2. Endumeni, Nguthu, Inkosi Langalibalele Local Municipalities and Umkhanyakude District Municipality in **KwaZulu-Natal Province**. Thabazimbi, Bela-Bela Local Municipalities and Mopani District Municipality in **Limpopo Province**.
- 7.3. Dipaleseng, Dr JS Moroka and Lekwa Local Municipalities in Mpumalanga Province. Kareeberg, Tsantsabane, Joe Morolong, Renosterberg, Kgatelopele and Ikheis Local Municipalities in **Northern Cape Province**
- 7.4. Lekwa Teemane, Ditsobotla, Ratlou, Greater Taung, Kgetlengriver, Madibeng, Mamusa, Magaussi Hills, Naledi and Ramotshere Moiloa Local Municipalities in **North-West Province** and Kannaland Local Municipality in **Western Cape Province**.

## **8. Financial statement of accounting for financial performance**

- 8.1. The Auditor General reported on the status of financial statement accounting for financial performance of the municipalities. The key observations made by the Auditor-General include non- improvement of the quality of financial reporting, continued reliance on audit process and consultants, non-reliability of in year reports used for monitoring and decision making,
- 8.2. Some of the causes that affected the quality of financial statements mentioned by the Auditor-General include: vacancy rate, lack of financial management skills, non-functioning of basic management processes (i.e. accounting practices, record keeping, independent reviews and reporting), failures of action plans to address the root cause of

misstatement, inadequate information system, lack of governance controls and failures of the internal audit units and committees to provide required assurance.

## **9. Ineffective use of consultants for financial reporting**

- 9.1. The Auditor-General reported on the ineffective use of consultants by municipalities for financial reporting. In terms of the report by Auditor-General the reasons for appointing consultants in 111 municipalities included lack of skills, high vacancy rate in 16 municipalities and combination of lack of skills and vacancies in 92 municipalities.
- 9.2. According to the Auditor-General the nature of consultants works at municipalities included preparation and review of financial statements, asset management, tax services and accounting services. Some of the problems and challenges mentioned by the Auditor-General in relation to the appointment of consultants and value for money include work of consultants not adequately reviewed, lack of records and documentation, auditees ineffectiveness, failure of consultants to deliver, poor project management of the work of consultants and late appointment of consultants.

## **10. Risk of Financial Management**

- 10.1. The Auditor-General reported on risk of financial management in municipalities. The findings reported by the Auditor-General include unfunded budgets in 113 municipalities and for 3 consecutive years in 86 municipalities, unauthorised expenditure R31.79 bn related to overspending, revenue losses, consumers not billed, debt not collected, distribution losses, inadequate indigent management processes, written off debt and failure to comply with Eskom debt -relief programme by 84% participating municipalities
- 10.2. According to the Auditor-General, the state of financial losses has been caused by poor payment practices, unfair procurement processes, limited benefit from the money spent, weakness in the management of projects, fraud committed by officials, water and electricity losses.
- 10.3. Some of the impact emanating from the risk of financial management mentioned by the Auditor-General include on-going concern of uncertainties at 20% of municipalities,

average of 286 days to pay creditors, insufficient spending on repairs and maintenance resulting in infrastructure deterioration and arrears (including interest) owed to Eskom and water boards R55,4bn and R21,24bn

## **11. Performance planning and reporting for service delivery**

- 11.1. The Auditor-General reported on the status and findings of performance planning and reporting for service delivery in municipalities. The key observations mentioned by the Auditor-General relate to continued reliance on audit process, material findings on compliance with legislation on strategic planning and performance management, material findings on performance reports, lack of reliability of 36% of reported achievements and 24% of indicators and targets not well defined, verifiable or measurable.
- 11.2. According to the Auditor-General the findings have been caused by Inadequate systems, processes and controls for recording and measuring performance, ineffective in-year monitoring with unreliable information, lack of standardisation for planning and reporting, lack of institutional capability for credible performance reporting, internal audit units and audit committees not providing required assurance, unreliable or incomplete reporting and underachievement tolerated by council

## **12. Risk of infrastructure delivery and maintenance**

- 12.1. The Auditor-General reported on risks associated to infrastructure delivery and maintenance in municipalities. The Auditor-General provided findings on the oversight visits conducted on infrastructure projects in the municipalities during the period under review. In terms of findings, the Auditor-General indicated that the onsite visits have found challenges related to project delays, poor-quality construction work of 19 municipalities, significant overspending of 9 municipalities not put into use for intended purpose / not used optimally in seven municipalities and inadequate maintenance of municipal infrastructure.

- 12.2. According to the Auditor-General the risks associated to infrastructure delivery and maintenance have been caused by inadequate monitoring of infrastructure projects by project management units, significant vacancies in key infrastructure positions, ineffective procurement processes and lack of due diligence to ensure appointment of contractors with proven track record, limited accountability for non-performance by contractors and professional service providers, inadequate budgeting and prioritisation of preventive maintenance, lack of performance agreements and standard operating procedures for staff in project management unit
- 12.3. In the opinion of the Auditor-General, the impact of risks to infrastructure delivery and maintenance has contributed to delayed delivery of basic services to residents, increased costs and financial losses due to poor quality of spend and harm to public

### **13. Material findings on compliance with key legislation**

- 13.1. The Auditor-General reported that the areas in which the most municipalities had material compliance findings remained the same since 2020-21 with little movement in most areas other than findings on compliance with expenditure management which was much lower in 2020-21 due to the relaxation of legislative requirements for payments within 30 days during the covid-19 period.
- 13.2. The most common areas of material compliance findings in 2023/2024 reported by the Auditor-General relate to prevention of unauthorised, irregular and/or fruitless and wasteful expenditure, material misstatement or limitations in submitted financial statements, procurement and contract management, environmental management (audited at metros only), expenditure management, consequence management, performance management and asset management

### **14. Weaknesses in procurement and contract management**

- 14.1. The Auditor-General reported on weaknesses in procurement and contract management in municipalities. In terms of the 2023/2024 audit outcomes, the finding according to the Auditor -General include uncompetitive and unfair procurement processes, non-compliance with contract management , limitation of scope, awards to suppliers owned

or managed by close family members/associates of employees/councillors, awards to providers who are in service of other state institutions, awards to suppliers owned or managed by employees /councillors and irregular expenditure related to SCM.

- 14.2. According to the Auditor-General, the weaknesses in procurement and contract management in municipalities have resulted to financial losses which reduced fund for service delivery, market price not tested, contractors not adequately monitored, unfair procurement resulting to litigations, negative impact on suppliers and government socio-economic objectives, reduced transparency and accountability.

**15. Material Irregularities (MI) not having desired impact due to unresponsiveness**

- 15.1. The Auditor-General reported on the status of 446 Material Irregularities identified on non-compliance and suspected fraud in municipalities which resulted to material financial loss of R8.74 bn, substantial harm to public sector institution, substantial harm to public and misuse of material public resources.
- 15.2. The Auditor-General indicated that as the result of the process of material irregularities, the impact made has resulted to financial recovery of R1,32 bn, recovery of R709, 26 m, prevention of R244,12 m and R370, 24 m of financial loss in process of being recovered.
- 15.3. The other impact made as reported by the Auditor-General has included improvement of internal control to prevent recurrence, identification of responsible officials and completion of disciplinary process, submission of overdue financial statements, institution of fraud/ criminal investigations, prevention of repeat disclaimed opinion, stopping of supplier's contract where money was being lost and submission of overdue performance reports.
- 15.4. In terms of the status, the Auditor-General reported that 217 Material Irregularities (MI) have been resolved, 71 appropriate actions being taken to resolve MI and 71 not pursued further.

## **16. Legislated Role of the Minister and MEC for Local Government**

- 16.1. As part of encouraging the Members of the Select Committee to ensure executive accountability and perform oversight on local government audit outcomes, the Auditor-General provided a legislative information on the role of the Minister and MEC for Local Government.
- 16.2. The MEC for local government monitors submissions of annual reports and oversight reports by municipal managers to provincial legislature (MFMA S132(3)). MEC for local government assesses all financial statements of municipalities in province, the AGSA audit reports and any responses by municipalities thereto and determines if municipalities adequately addressed issues raised in report; a report is submitted to the provincial legislature on any omissions by municipalities to adequately address those issues (MFMA S131(2)), and
- 16.3. MEC for local government compiles and submits consolidated report of municipal performance in province which identifies municipalities that underperformed and proposes remedial actions to be taken to provincial legislature and National Council of Provinces (MSA S47).
- 16.4. The Minister for local government annually compiles and submits to Parliament a consolidated report on local government performance, which includes a report on actions taken by MECs of local government to address issues raised by the AGSA on financial statements in audit reports (MSA S48 and MFMA S134).

## **17. Recommendations of the Auditor-General**

- 17.1. The Auditor-General indicated that in the previous general report and through engagements with national, provincial and municipal leadership across the country, she called on all role-players in the local government accountability ecosystem to work deliberately and with urgency towards a culture of performance, accountability, transparency and institutional integrity.

- 17.2. The Auditor-General indicated that only a year remains for mayors, speakers and council members of municipalities to leave a legacy of improved governance and service delivery, and there is still much to be done to address the root causes that are holding back progress.
- 17.3. The Auditor-General has reconfirmed that the root causes of poor audit outcomes to be associated to governance failures, inadequate institutional capability, lack of accountability and consequences. The Auditor-General has therefore recommended that the role- players in the accountability ecosystem all have different but complementary roles to play to address the root causes of poor audit outcomes based on their functions, responsibilities and mandates

## **18. Observations of the Select Committee**

- 18.1. Having considered and deliberated on 2023/2024 Consolidated Report on Local Government Audit Outcomes, the Select Committee has welcomed the report presented by the Auditor-General on 2023/2024 Consolidated Local Government Audit Outcomes and noted that the report has provided insights on the deteriorating financial health, ineffective financial reporting practices, procurement and payment transgressions, ineffective use of consultants, and lack of consequence management for wrongdoing in municipalities .
- 18.2. The Select Committee has also noted that the Auditor-General has again repeated the call from previous general reports that all role-players in the local government accountability ecosystem should work deliberately and with urgency towards a culture of performance, accountability, transparency and institutional integrity.
- 18.3. The Select Committee has further noted that the 2023/2024 Audit Outcomes has identified governance failures, inadequate institutional capability and lack of accountability and consequences as the root causes of poor audit outcomes and the main shortcomings in local government that hold back progress.
- 18.4. The Select Committee has noted with great concerns that the recommendations made by the Auditor-General in prior years to build capable institutions with intergovernmental support from all spheres of government, to professionalise and capacitate local

government and to instil an ethical culture and accountability have not adequately been implemented in municipalities.

- 18.5. The Select Committee has noted that the provinces in which the Auditor General has raised these findings are also those that received poor audit outcomes, namely the Eastern Cape, Free State, Limpopo, Northern Cape and North-West.
- 18.6. The Select Committee noted that the skills deficit and absence of proper planning and sound financial management has led to unfunded budget and unauthorised expenditure and contributed to poor financial management and hence unsatisfactory audit outcomes in local government
- 18.7. The Select Committee has also noted that the internal Audit Units and Audit Committees did not have the required impact, mostly because their recommendations were not implemented. The interventions and support initiatives provided by some coordinating institutions, and the reporting by the members of the executive council for local government to provincial legislatures, also had limited impact.
- 18.8. The Select Committee further notes municipal councils have failed to act against municipal officials and leadership for wrongdoing and poor performance. This can be seen most clearly where councils did not deal effectively with unauthorised, irregular, and fruitless and wasteful expenditure; and where municipal managers and senior management took limited action in response to the AG findings.
- 18.9. The Select Committee has also noted that the Auditor-General has issued Material Irregularities Notices in terms of Public Audit Act, to some Municipal Managers in relation to value for money for appointments of consultants, project delays, un-spending of infrastructure grants, non-compliance with procurement legislations, wastewater management, pollution of water resources, housing development projects.
- 18.10 The Select Committee has further noted that the Auditor-General has referred other Material irregularities issued to municipalities to Law Enforcement Agencies for investigations and prosecution.

- 18.11 The Select Committee has welcomed the call made by the Auditor General to the role-players in the accountability ecosystem, namely, the Premiers, Provincial Governments, Municipal Public Account Committees, Accounting Officers and Chief Financial Officers to play their roles in dealing with challenges in the municipalities related to infrastructure, service delivery, sound financial management, capacity of municipal officials, use of consultants, implementation of consequence management; corruption, irregular expenditures, political and administrative instabilities and implementation of remedial actions to deal with the findings and recommendations contained in the 2023/2024 Local Government Audit Outcomes.
- 18.12 . Members of the Select Committee have however noted with serious concerns the late submission of financial statements, ineffective use of consultants, lack of consequence management, lack of skills, non-functionalities of the Municipal Public Accounts' Committees, Audit Committees, recurrence of fruitless, wasteful and irregular expenditures, governance failures and lack of accountability, lack of capacity of junior officials reporting to Chief Financial Officer, lack of skills transfer during the appointments of consultants, departmental debts to municipalities, high vacance rate at the level of senior management, fraud committed by some municipal officials and non-adoption of the forensic investigation reports in municipal council.
- 18.13 .Members of the Select Committee have therefore expressed a need to ensure during oversight visits to municipalities that the delegation of the select committee interact and engage with Members of the Municipal Public Accounts Committees, Audit Committees, Disciplinary Boards, Accounting Officers and Mayors on matters related to audit outcomes and municipal action plans to deal with the findings emanating from the 2023/2024 Consolidated General Audit Outcomes in Local Government including reports on the use of consultants in municipalities

## 19 **Recommendations of the Select Committee**

- 19.1. Having considered the 2023/2024 Consolidated Report on Local Government Audit Outcomes, the Select Committee recommends to the National Council of Provinces as follows:

- 19.1.1 That the Auditor-General to table to the NCOP the Material Irregularities Report and the Law Enforcement Agencies (SIU, HAWKS& NPA) to table report on the status of investigations, opening of criminal cases and prosecutions in terms of Material Irregularities referred by the Auditor-General for investigation and prosecution
- 19.1.2. That the Coordinating Institutions, namely the Premiers, Provincial Department of Cooperative Governance and Traditional Affairs and Provincial Treasuries to develop and intensify mechanisms to reduce over reliance by municipalities on the use of consultants.
- 19.1.3. That the MECs of North-West, Eastern Cape and Northern Cape, Free State and Limpopo Provincial Treasuries and Departments of Cooperative Governance and Traditional Affairs to brief the Select Committee during the 2025 parliamentary second and third term on section 47 reports in terms of Local Government: Municipal Systems Act and support in terms of section 154 of the Constitution on remedial actions and development of municipal action plans to deal with the findings and recommendations of the Auditor-General as contained in 2023/2024 Consolidated Report on Local Government Audit Outcomes.
- 19.1.4. That the Minister of the Department of Cooperative Governance and Traditional Affairs in line with the provisions of section 134 of the Municipal Finance Management Act (MFMA) to collaborate with the MECs of Local Government and South African Local Government Association to provide post audit support interventions in terms of section 154 of the Constitution to municipalities to address issues raised by the Auditor-General in audit reports on financial statements of municipalities.
- 19.1.5. That the National and Provincial Departments of Cooperative Governance and Traditional Affairs, National and Provincial Treasuries, South African Local Government Association, and Auditor-General to strengthen their monitoring responsibilities to ensure the functionality of oversight committees in the municipalities.
- 19.1.6. That the coordinating institutions, namely, the National and Provincial Treasuries and Departments of Cooperative Governance Departments to help municipalities in the Eastern Cape, Limpopo, Northern Cape, Northwest and Free State provinces to reduce their reliance on the use of consultants.

- 19.1.7. That the National and Provincial Departments of Cooperative Governance and Traditional Affairs as well as the South African Local Government to implement the Framework on Professionalization of the Public Service as approved by Cabinet in November 2022, to ensure that qualified and competent officials are appointed within the municipalities.
- 19.1.8. That the Departments of Cooperative Governance and Traditional Affairs and National Treasury in collaboration with Provincial Department of Local Government and South African Local Government Association to ensure functionalities of the Municipal Public Account Committee (MPAC) and the Disciplinary Boards through capacity building initiatives to ensure consequence management, accountability, understanding of legislations and proper existence of governance documents.
- 19.1.9. That the role- players within the accountability ecosystem to ensure the institutionalization and the implementation of the District Development Model to improve planning, budgeting, coordination, accountability, and monitoring in municipalities on matters related to service delivery.
- 19.1.10 That the Department of Cooperative Governance and Traditional Affairs should fast track the implementation of the record management projects in selected municipalities to assist with the development and strengthening of record management practices to help municipalities improve their audit outcomes and reduce the number of disclaimed audits opinions.
- 19.1.11 That the Minister of Department of Cooperative Governance and Traditional Affairs should during the 2025 parliamentary fourth term table to NCOP, the section 48 Report on the State of Local Government in terms of the legislative requirement of the Local Government: Municipal Systems Act of 2000

***Report to be considered.***