



Communication and Marketing Department  
Isebe loThungelwano neNtengiso  
Kommunikasie en Bemerkingsdepartement

Private Bag X3, Rondebosch 7701, South Africa  
Welgelegen House, Chapel Road Extension, Rosebank, Cape Town  
Tel: +27 (0) 21 650 5427/5428/5674 Fax: +27 (0) 21 650 5628

[www.uct.ac.za](http://www.uct.ac.za)

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## **Ingonyama Trust financial statements vaguely reported - UCT report finds**

A new [report](#) by the University of Cape Town's (UCT) Land and Accountability Research Centre (LARC) has found that the Ingonyama Trust financial statements are vaguely reported and not compliant with the Public Finance Management Act (PFMA).

The report, titled "The Ingonyama Trust Financial Reporting – Implications For Accountability", was compiled by Janet Bellamy, former LARC research associate.

The Ingonyama Trust was created by the Ingonyama Trust Act of 1994 just as South Africa headed to its first democratic elections, to hold in Trust under the trusteeship of the Zulu monarch, the Ingonyama, all land that previously was vested in the former KwaZulu 'homeland' government. Since its inception and since the establishment of a board to administer the affairs of the Trust in 1997, one of the consequences of removing this public land from State ownership into a trusteeship arrangement has been that the rules of financial reporting of the affairs of the Trust became contested and uncertain – and ultimately changed substantively.

"For more than twenty years, the financial statements for the Trust were prepared in accordance with the PFMA which was enacted in 1999 to regulate financial management of public entities in South Africa and to secure their transparency and accountability," the report said. However, from 2015/2016 onwards, the board and its then chairperson, Mr Siphon Jerome Ngwenya, developed a narrative arguing that the Trust did not fall within the ambit of the PFMA and was therefore, instead, obliged only to comply with a Treasury regulation relating to trusts.

This discourse, the report said, began with a submission that the Trust and the board were separate legal entities, and it was pursued with a subsequent reliance on the fact that the board, and not the Trust itself, was listed on the PFMA schedule of national public entities. From 2019/2020, the board no longer prepared the financial statements for the Trust in accordance with the PFMA, and the Auditor General no longer requires it to do so.

Over the past decade, the Trust has accumulated significant resources and cash, mainly from commercial activities on the land it holds, and also from a residential lease policy. According to the report, there has been a disproportionately low ratio of distribution to the beneficiaries, and distributions, where there have been any, have been vaguely reported

and given little relevance in annual reports. "There is also little mention of how these are put to use," the report said.

The report went on: "Since compliance with the PFMA was discontinued in 2019/2020, there have also been changes in the Trust's financial reporting such that up until the 2021/2022 annual report there was no longer any reference to funds available for beneficiaries in the Trust's financial statements.

"Other significant changes in reporting practice include that Trust land is now categorised in a manner which implies that some portions are privately owned; predetermined performance objectives for the Trust are no longer presented; and the Trust has formed an investment company, Ingonyama Holdings (Pty) Ltd, which has failed to present financial statements to the parliamentary portfolio committee."

Although the report did not provide a detailed analysis of the income and expenditure reflected in the financial statements of the Trust, it explored how shifts in the criteria and categories used by the Trust in its financial reporting to Parliament over the past nine years have had far-reaching consequences for beneficiaries of the Trust and how changes have negatively impacted the extent to which the Trust and its Board have been held accountable.

"Some of these changes have been queried by the Parliamentary Portfolio Committee on Agriculture, Land Reform and Rural Development, but others appear to have gone unremarked. This report examines the record of changes in financial reporting, the Board's arguments for these changes and the difficulty that those in legally mandated structures have had in obtaining the information necessary for proper oversight," the report said.

The report argued that only by examining the premises for the changes that have been made and by reviewing, understanding, and addressing the cumulative impact of these incremental changes can the operation of the Trust and the board be properly assessed and monitored, and any problems identified be corrected.

***ENDS***

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**Ridovhona Mbulaheni**

Media Liaison and Monitoring Officer  
Communication and Marketing Department  
University of Cape Town  
Rondebosch  
Tel: (021) 650 2333  
Cell: (064) 905 3807  
Email: [ridovhona.mbulaheni@uct.ac.za](mailto:ridovhona.mbulaheni@uct.ac.za)  
Website: [www.uct.ac.za](http://www.uct.ac.za)