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OVERVIEW AND ANALYSIS OF THE INGONYAMA TRUST BOARD’s 2020/21 ANNUAL PERFORMANCE PLAN AND 2020-25 STRATEGIC PLAN

1. **INTRODUCTION**

The Ingonyama Trust (hereafter is referred as the Trust) was established in terms of the KwaZulu-Natal Ingonyama Trust Act No 3 of 1994 (the Act). The Trust functions as a landowner-in-law of the Ingonyama Trust Land (previously owned by the KwaZulu Government). The land is owned communally and administer by Amakhosi. To date, such land was estimated to be 2.8 million hectares[[1]](#footnote-1) under some 1 600 individual titles in all of the 11 Districts of Kwazulu-Natal and eThekwini Metro. The Ingonyama Trust Act was amended by the National Act 9 of 1997, which provided for the establishment of the Ingonyama Trust Board (ITB, hereafter referred as the Board). The Board is schedule 3A Public Entity that reports to the Minister of Agriculture, Land Reform and Rural Development. The main objective of the Board is to administer the affairs of the Trust and its assets for the material benefit of traditional authorities and communities residing on Trust land.

The paper provides an analysis the Board’s 2020-25 Strategic Plan and 2020/21 Annual Performance Plan (APP). However, since there are no budget allocations in the APP, one cannot assess whether there is adequate financial capacity to deliver on targets set in the APP (the status of budget allocations in the presentation of the ITB to be made on the 5th May is not clear since it is not an official document tabled in Parliament). Instead of indicating budget allocation for each programme in the APP, the Board has stated that funding for its performance will be resourced in various ways. It is further indicated that internal and external resources where necessary will be utilised to achieve the planned performance with the assistance /consultation of the Traditional Councils. It should be noted that based on the Act, in terms of the Board’s disbursement policy, 90 per cent of the income earned through trading activities is to be used for the benefit of communities and 10 per cent of the income should be used for the Trust’s operational/ administrative expenses. In addition, the Board gets annual transfers from the Department of Agriculture, Land Reform and Rural Development (the Department) for its internal administrative costs, but unfortunately, in this current financial year, transfers are withheld because the Board has not submitted its budget to the Department. According to the 2020 Estimates of National Expenditure (ENE), the total budget for the Board for 2020/21 is R121 million, of which R22.3 million are transfers from the Department.[[2]](#footnote-2) This implies more clarification is needed from the Board on the issue of funding.

The paper also highlights key issues for consideration by the Portfolio Committee on Agriculture, Land Reform and Rural Development (“the Committee”) during the consideration of the Board’s APP and Strategic Plan.

1. **VISION, MISSION AND ALIGNMENT TO GOVERNMENT PRIORITIES**

**Vision**: To become a leader in sustainable communal land management

**Mission**:

* To contribute to the improvement of the quality of life of the members of the traditional communities living on Ingonyama Trust Land by ensuring that land management is to their benefit and in accordance with the laws of the land.
* To develop progressive and radical business and land tenure models for the social and economic upliftment and the empowerment of the members of traditional communities who are beneficiaries of land owned by the Trust, and administered by the Ingonyama Trust Board on behalf of the Trust.

As a public entity, the Board’s outcomes are aligned to the priorities of the 2019-2024 Medium Term Strategy Framework (MTSF) as indicated below based on its strategic plan:

**Table 1: Alignment of ITB outcomes with 2019-24 MTSF**

|  |  |
| --- | --- |
| **MTSF Priority** | **ITB Outcomes** |
| Priority 1:Economic transformation and job creation | Improved stakeholder relations  Improved Security of Tenure |
| Priority 4: Spatial Integration, Human Settlements and Local Government | Improved coordination of human settlement on communal land |
| Priority 6: A Capable, Ethical and Developmental State | Improved corporate governance and service excellence |

Source: Adapted from ITB (2020a).

**3. OVERVIEW OF SERVICE DELIVERY PERFORMANCE IN 2019/20**

In the 2nd quarter of 2019/20, the Board managed to spend only 15 per cent (R9.9 million) of its allocated R63.1 million for the quarter while it achieved 79 per cent of the planned targets.[[3]](#footnote-3)Of great concern is that the Board did not achieve targets that speaks to its mandate. For example, none of the targets set to support or capacited Traditional Councils in the 2nd quarter were achieved. Furthermore, none of the 50 planned educational awards were granted in the 2nd quarter. In addition, there was no evidence of funds or development support reaching the deserving communities living in Trust land as required by law. Therefore, this means that there was lack of commitment to ensure that Trust land was administer for material benefit and social well-being of Traditional authorities or communities living on Trust land, which has been a major contestation against the Board.

1. **OVERVIEW OF PROGRAMME PLANS AND BUDGET ALLOCATION IN 2020 MTEF**

The Secretariat is the administrative component through which the Board discharges its mandate. Since the 2018/19 financial year, the organogram of the Secretariat has been substantially reviewed to enable the Board to respond efficiently to the needs of the community. According to the APP, there are two programmes, namely, the Administration Programme, and the Land and Tenure Management Programme. In the presentation there are three programmes including the Corporate Services and Financial Administration Programme with no targets but consumes close to 58 per cent of Trust’s budget for 2020/2.[[4]](#footnote-4) It should be noted that the Traditional Council Support Programme, which was critical for distributing revenue collected through the administration of Trust land to Traditional Councils on Trust land has been discontinued. No explanation is given for this.

**Programme 1: Administration**

The purpose of Programme 1 is to provide administrative support to the Board in order to execute and discharge its mandate.

There are four targets to be achieved under this programme over the medium term. One of those is the target to support and capacited Traditional Councils, which used to be under the Traditional Council Support Programme that has been discontinued. It should be noted that there is no target on the number of educational awards to be approved that was under the Traditional Council Support Programme. No explanation is given for these changes.

The Board plans to have 10 agreements signed by relevant stakeholders in each of the five years from 2020/21 to 2024/25. It also plans to support or capacited 10 Traditional Councils each year for the five years. It would be interesting to check whether the two targets are based on proper planning. In particular, whether the target of ten Traditional Council to be supported each year speaks to the number of Traditional Councils that falls under the Board that need to be supported or capacited.

The Board plans to approve five policies each year from 2019/20 until 2024/25. It should be noted that the Board planned to approve and review 16 policies in 2018/19 but approved only 3 policies. It seems that every year there are a number of policies to be approved, it would be of interest to get the list of policies that are going to be approved and those that have been approved in the past.

While the Board has listed lack of adequate human resources as one of the main challenges facing the Board there are no targets on the percentage of vacant positions to be filled from 2020/21 although it had this target in previous years. It should be noted that in its 2018/19 annual report, the Board reported that the current structure at the time was limiting and hence a substantial review of the organogram was underway. It is reported in the presentation that the Board has finalised the macro-structure and is being costed. However, there are no targets on the percentage of vacant posts in new structure to be filled over the medium term.

**Programme 2: Land and Tenure Management**

The purpose of this Programme is to provide property management, land tenure administration and valuation services to the Board. The performance under this Programme will assist in the development of functional effective traditional Councils that will be able to utilise land for the benefit of tribal communities living on communal land.

Under this Programme there are two targets. One of those is the number of land tenure rights approved by the Board, which is 1200 in 2020/21 and 3 200 over the medium term. Since applications for tenure rights are based on demand it is not clear what informed this target. The second target is new, which is a number of Traditional Councils with human settlement plan and is in line with priority 4 of the 2020-24 MTSF. This is a good initiative to ensure that people living on communal tribal land get proper houses. However, there is a chance that it might benefit the few that are connected to traditional authorities if there is no policy guideline for allocating houses and proper monitoring of the process.

1. **ISSUES FOR CONSIDERATION**

* While according the National Treasury Framework on Strategic Plans and Annual Performance Plans, it is important that strategic plans and APPs are linked to budget to ensure that key objectives and priorities are budgeted for and achieved[[5]](#footnote-5), there are no budget allocations in the APP of the Board. This makes it difficult for one to assess where the priorities will be achieved. The Board should explain why it has not included budget allocation in the APP. It should be noted that according to the ENE, R121 million is allocated to the Board for 2020/21, of which R22.3 million are transfers from the Department.[[6]](#footnote-6) Does the Board not see it necessary to indicate how it is going to use this budget?
* It is reported in the APP that there are no funds to support the work of the Trust and therefore, there is a need for a broader engagement with stakeholders on this issue. Getting proper funding for the Trust is therefore, listed as one of its priorities over the five-year planning period. Since the Trust has been operating for many years under the current arrangement, the Board should provide more clarity on issue of funding. In previous financial years, the Board has estimated how much revenue it is going to get from leases and other sources, and how much of that is going to be used for administration and service delivery. Why was that not done in the APP? The Board should also indicate whether engagements with stakeholders have started and how much will be needed for the Trust to enable it to accomplish its mandate.
* While the Board acknowledge that it is a public entity it is questioning whether it has a Government mandate and has indicated that this is a matter for discussion. The Board should clarify this.
* The plan to amend the KwaZulu-Natal Ingonyama Trust Act in order to align the Board with the mandate to administer Trust land for the benefit and material well-being of the members of tribal authorities and communities living on Trust Land was in the pipeline for a long time. The Board should indicate how far is the process.
* It is of great concern that Board is seeking clarity on the laws that are linked to the Board getting an unqualified opinion for many years. For example, it is seeking clarity on laws relating to municipal property rates and ownership of mineral royalties. With regard to mineral royalties, the Board indicated during the presentation of its 2018/19 APP that engagements have started with the then Department of Mineral Resources to address the audit qualification on royalties. The Board should indicate whether those engagements did take place.
* While the Board plans to achieve unqualified opinion in 2020/21 and clean audit in 2022/23, it has not indicated measures that are going to be taken to ensure it achieve this target as it has failed for several years to achieve that. During its presentation of the 2nd quarter on 25 February 2020, it presented a proposed Audit Improvement Plan. The Board should indicate what actions it has taken so far?
* The Board should indicate what informed its decision to discontinue with the Traditional Council Support Programme and to put one of target that used to be under this Programme, i.e. the target to provide support/capacity to Traditional Councils under the Administration Programme as the target is not about providing administrative support to the Board.
* The Board should provide an explanation why the target to grant educational awards has been discontinued from 2020/21. This is of great concern considering that it was the main target used to distribute funds to Traditional Councils and communities living on Trust land.
* The Board should provide more details on the support or capacity to be given to 10 Traditional Councils in 2020/21, indicating the name of the Traditional Council to be support and the kind of support to be provided. This is important as the impact of the target is to capacited Traditional Council in order to be effective and efficient when discharging their duties.
* It of great concern that while the Board is complaining of inadequate capacity in the Trust, the target on the percentage of vacant posts to be filled has been discontinued from 2020/21. The Board should present to the Committee the new macro-structure indicating the number of posts filled, the number of vacant posts and the plan to fill the posts as well as the required budget needed to fill the posts when it is finalised.
* There has been reports in the news that 2 top executives have suspended in January 2020 making a total of six of its top executives suspended since last year. The Board should provide reasons for the suspension and how far is the process of investigation?
* Since the applications for tenure rights depend on demand. what informed the decision to plan to approve 1200 tenue rights in 2020/21. The Board should indicate how many of those are residential leaseholds as there has been objections against conversion of Permissions to Occupy (PTOs) to leases. It would be interesting to check whether the Board has made any plans to distribute 90 per cent of the revenue collected through commercial leases to Traditional Councils for the benefit of traditional communities and how much of the surplus recorded in previous years is going to be distributed to Traditional Councils. It should be noted that in the past, the Committee has asked the Board to provide a breakdown of funds it has allocated to Traditional Councils residing on Trust land. It should be noted that in the presentation, about R20 million of the total income (R43.1 million) of the Trust is going to be used for Community Support (R7.9 million) and Land and Tenure Management Services (R12.2 million). These are the only activities that speaks to the mandate and the mission of the Board to administer Trust land for the social and economic upliftment of traditional authorities and communities residing on Trust land.
* It is of great concern that in the Board does not have any targets for women, youth and people with disabilities in its APP.
* What is the impact of Covid-19 on the targets and budget of the Board? What measures have been taken to deal with the impact of Covid-19 on rural communities residing on Trust land.

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2. National Treasury (2020). [↑](#footnote-ref-2)
3. ITB(2020b) [↑](#footnote-ref-3)
4. ITB (2020d). [↑](#footnote-ref-4)
5. National Treasury (2010). [↑](#footnote-ref-5)
6. National Treasury (2020). [↑](#footnote-ref-6)