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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL ASSEMBLY**

### **QUESTION FOR WRITTEN REPLY**

#### **QUESTION NO. 3014**

**Mr B M Mkongi (MK) to ask the Minister of Trade, Industry and Competition**  
***[Interdepartmentally transferred from Social Development on Monday, 30 June 2026]:***

What (a) measures has his department implemented to (i) strengthen oversight and (ii) prevent the diversion of National Lotteries Commission grant funding intended for rural development projects, in light of the recent findings by the Special Investigating Unit that R13 million meant for a KwaZulu-Natal agricultural project was allegedly misused to acquire private properties and (b) steps have been taken to ensure recovery of the funds and accountability of all implicated (i) officials and (ii) entities? NW3130E

#### **REPLY:**

The Department of Trade, Industry and Competition (**the dtic**), through its oversight responsibilities over the National Lotteries Commission (NLC), notes the recent findings by the Special Investigating Unit (SIU) relating to the alleged misuse of NLC grant funding intended for a KwaZulu-Natal agricultural project. The matter is of significant concern, particularly as the funding was intended to support rural development and vulnerable communities.

The NLC has advised that the matter forms part of the broader SIU investigation into historical NLC-funded projects. The NLC continues to cooperate with the SIU and other law enforcement agencies to support recovery processes, accountability measures, and the implementation of remedial action.



**(a)(i) Measures implemented to strengthen oversight**

The NLC has implemented a number of governance, control and oversight interventions to strengthen the management of grant funding, including rural development-related projects.

These measures include the following:

1. Strengthened internal audit and forensic capacity
2. Enhanced Board and Audit Committee oversight
3. Improved grant compliance monitoring
4. Non-Compliant Grantee Committee process
5. Improved coordination with the SIU
6. Lifestyle reviews and integrity controls
7. Internal audit follow-up and consequence tracking

**(a)(ii) Measures implemented to prevent the diversion of grant funding**

To prevent the diversion of grant funding intended for rural development and other approved purposes, the NLC has implemented or is implementing the following control improvements:

1. Tranche-based funding controls
2. Verification before payment
3. Improved system controls through modernisation
4. Conflict-of-interest controls
5. 100% site visits and project verification
6. Verification of supporting invoices and suppliers
7. Withdrawal of payments where risks are identified

**(b) Steps taken to ensure recovery of funds and accountability**

The NLC has advised that the recovery of funds and accountability of implicated persons and entities are being pursued through a combination of SIU processes, civil recovery, criminal referrals, disciplinary action and internal compliance mechanisms.

**(b)(i) Accountability of implicated officials**



Where NLC officials are implicated in wrongdoing, the NLC takes action in line with applicable labour legislation, internal disciplinary processes and the recommendations of forensic investigations or the SIU.

The NLC has already implemented consequence management in a number of historical SIU-related matters, including dismissals and resignations following disciplinary processes and SIU-related referrals. Further action continues where investigations identify culpable officials.

**(b)(ii) Accountability of implicated entities**

Where grantees, entities, service providers or individuals are implicated in the diversion or misuse of NLC grant funding, the following steps are taken, depending on the facts of each case:

1. termination of the Grant Agreement;
2. withdrawal of unpaid tranches;
3. referral to the Non-Compliant Grantee Committee;
4. listing of the grantee and relevant members on the non-compliant grantee database;
5. recovery of funds paid to the grantee;
6. referral to the SIU for further investigation and civil recovery;
7. referral to the South African Police Service for criminal investigation where fraud, forgery, uttering, corruption, theft or money laundering is suspected; and
8. referral to SARS or other regulatory bodies where tax, financial or regulatory non-compliance is suspected.

In relation to the KwaZulu-Natal agricultural project referred to in the question, the SIU has secured preservation orders over properties allegedly linked to the misuse of NLC grant funding. These preservation orders are intended to prevent the dissipation of assets pending further legal processes and to support the recovery of public funds where wrongdoing is proven.



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The Department, through its oversight of the NLC, remains committed to ensuring that lottery grant funding reaches its intended beneficiaries and is used for approved public-benefit purposes. The NLC has strengthened grant oversight, internal audit, forensic investigation, monitoring, system controls, lifestyle review processes, and consequence management mechanisms. The Department will continue to monitor the NLC's implementation of corrective actions and its cooperation with the SIU and law enforcement agencies to ensure that public funds are protected and recovered where misused.

**-END-**