

The Chairperson of the Board
Western Cape Tourism, Trade and Investment Promotion Agency
18th Floor, SA Reserve Bank Building
60 St George's Mall
Cape Town
8001
Per email: figaji@vitalitybroadband.co.za

Dear Prof Figaji

WESGRO CEO REAPPOINTMENT AND SALARY INCREASE

1. It has come to my attention, and was confirmed at our meeting on 3 March 2020, that at a Wesgro Board meeting held on 21 February 2020, it was decided that the salary of the Wesgro CEO should be increased from R1.9 million per year to R2.7 million per year with a 30% maximum bonus structure. Subsequent to the said Board meeting, a five-year contract was concluded with Mr Tim Harris in terms of which he was reappointed as the Wesgro CEO at a salary of R2.7 million per year with a 30% maximum bonus structure.
2. It has further come to my attention that concerns have been raised relating to the decision to increase the salary of the Wesgro CEO, as well as relating to the reappointment of Mr Harris as CEO. In particular, it appears from the information at my disposal, and following legal advice, that: (i) the Board's decision to increase the CEO's salary may not have been rational; and (ii) Mr Harris' reappointment may not have complied with section 10(1) of the Western Cape Tourism, Trade and Investment Promotion Agency Act, 3 of 1996 ("the Wesgro Act").
3. In respect of the Board's decision to increase the CEO's salary, please:

- 3.1 Indicate what information and documentation were made available to the Board members before the decision was made to increase the CEO's salary;
 - 3.2 Provide me with copies of such documentation and information;
 - 3.3 Indicate when such documentation and information were made available to the Board members and whether members of the Board had sufficient time to consider them before the decision was made;
 - 3.4 Indicate, in the event that the salary of the CEO was benchmarked against the salaries of CEOs of other entities, (i) which entities were considered during the benchmarking process, (ii) how these entities compare to Wesgro, and (iii) how the obligations and duties of the CEOs of these entities compare to the obligations and duties of Wesgro's CEO;
 - 3.5 Indicate what other information and factors were taken into account when the decision relating to the increase in the CEO's salary was made;
 - 3.6 Indicate how the Board came to the decision that in addition to the increase in the CEO's salary, a 30% bonus structure was appropriate;
 - 3.7 Provide the minutes of the Board meeting of 21 February 2020, where the decision to increase the CEO's remuneration and the 30% bonus structure were discussed and decided on; and
 - 3.8 Indicate how the increase in the CEO's remuneration and any bonus payable to him will be funded.
4. In respect of the Board's decision to reappoint Mr Harris as CEO, please:
 - 4.1 Indicate when this decision was taken and provide me with the minutes of the Board meeting where the decision to reappoint Mr Harris as CEO was discussed and decided on; and
 - 4.2 Indicate whether the decision to reappoint Mr Harris as CEO complied with section 10(1) of the Wesgro Act, in other words, was the decision taken by "[t]he Board, in

consultation with the Minister and the executive Mayor and after following a public advertising process".

5. Please provide me with the information and documentation requested in paragraphs 3 and 4 above as a matter of urgency, but in any event within 14 days of the date of this letter.
6. Please table this letter at the next Board meeting, or distribute to the full board electronically, whichever comes first, in order to respond within 14 days.

Yours sincerely



MR DAVID MAYNIER

PROVINCIAL MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

DATE: 15 / 03 / 2020

Copied in:

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