

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

2943. Mr D W Macpherson (DA) to ask the Minister of Trade and Industry:

- (1) With reference to his response to question 2249 on 11 November 2014, (a) what are the reasons for a certain person's (name furnished) salary increasing from R2 500 000 to R3 505 234 in the 2013-14 financial year, (b) who approved this increase and (c) was he informed of this increase;
- (2) (a) what were the reasons for the specified person being awarded bonuses and performance payments of R1 593 288, (b) who approved these payments and (c) was he informed of these payments;
- (3) (a) what are the reasons for the payment of R637 315 which was a long-term bonus payment and (b) was he informed of this payment;
- (4) what qualifications does the specified person hold;
- (5) (a) what process was undertaken in terms of recruitment for a certain position (name and details furnished), (b) how many applications were received and (c) what were the full names of all applicants who were (i) interviewed and (ii) shortlisted for the position? NW3587E

Response

The NEF has put out a media statement that responds to points 1-3 (This is attached for ease of reference). Ms Philisiwe Mthethwa has obtained a MBA in Corporate Finance from the University of Sheffield, Sheffield, United Kingdom, as well as a B.A. in Economics from the University of the North, Pietersburg, South Africa.

the dti's recruitment process relating to CEO and board appointments are sent to Cabinet for approval following an advert being placed in the media and interviews being conducted. An external service provider was appointed to assist with the process and an interview panel was appointed and comprised of dti officials and external members. Five candidates were shortlisted to be interviewed, however, one candidate withdrew the application and four were interviewed. Ms Mthethwa was unanimously selected to the position of CEO: NEF.


Jodi Scholtz
Group COO

Date 27/11/2014


Lionel October
Director-General

Date: 20.02.2014

Response supported/not supported

Dr R Davies, MP
Minister of Trade and Industry

Date: 2014

Response approved/not approved



MEDIA STATEMENT

Slug: (NEF REMUNERATION)

November 2014

NEF CEO earns in line with sector peers

The misrepresentation of facts in a media statement attributed to the Democratic Alliance (DA) in respect of the remuneration of the Chief Executive Officer of the National Empowerment Fund is disappointing and unfortunate, says the Board of Trustees of the development financier.

"The CEO of the NEF is most definitely not the highest-paid public official, and her salary did not increase by 44,75%. Also, the CEO did not 'reward herself with bonuses', as claimed in the statement. As a public institution the NEF is transparent and accountable about the remuneration of its executives and trustees, and the details about this are published annually in the financial statements of the organisation," says Acting Chairman of the Board of Trustees, Mr Rakesh Garach.

CEO has earned a 10% increase

He says the CEO's remuneration increased by 10% in April 2014. In the year ending 2013 the CEO did not receive any salary increase, therefore on average the CEO of the NEF received an increase of 5% over the past 2 financial years. All this information has been in the public domain.

"In accordance with good corporate governance practice, the authority to grant performance bonuses rests exclusively with the Board of Trustees of the NEF. The Board exercises this authority independently, and neither the CEO nor the executives of the NEF possess the operational authority to alter their remuneration or to grant themselves any performance rewards," adds Mr Garach.

A high-performing organisation

The CEO of the NEF has been at the helm of the organisation for the past 10 years, and during this time the NEF has accomplished several operational milestones, including the following:

- **Approved 549 transactions** worth more than R5,4 billion for black-empowered businesses across the country.
- Secured **unqualified external audit** opinions for 9 years running.
- Supported in excess of **47 000 jobs** countrywide.

- * Together with local and international partners the NEF has developed 20 strategic and **industrial projects** worth R30 billion, with the potential to support over 80 000 jobs.

Funding black entrepreneurs to become industrialists

"We must assert that during the period of the moratorium the NEF did not shut down. Instead the NEF disbursed more than R600 million and approved over R400 million for black enterprises, and established the Turnarounds, Workouts and Restructuring unit, which is responsible for rehabilitating and stabilizing distressed businesses. The cash collected during the period amounted to 84% more than 2013 collections, having grown to an unprecedented R351 million. The NEF also progressed half of its industrial projects to commercialisation. Examples are BusaMed, which began the construction of the first of its four hospitals, and important milestones were reached on the renewable energy front, where a potential industrial giant, Mabele Fuels, will begin the process of converting sorghum into biofuel. When the moratorium was lifted the NEF announced that R950 million was available to fund entrepreneurs and to help develop black industrialists. The NEF has been and will continue to discharge its mandate with merit," said Mr Garach.

When the CEO was appointed to her portfolio the NEF had approved only 16 transactions worth R35 million. The Board of the NEF is satisfied that the executives of the NEF are valued assets to the organisation and possess the necessary track-record, leadership credentials and qualifications worthy of retention. It is the view of the board that the CEO earns comparatively in line with her peers in the financial services sector and among state-owned commercial enterprises. We are confident that the annual reports of the various institutions will corroborate this assertion.

CEO earns below 50% percentile

The NEF maintains a compensation and remuneration system which provides for the remuneration of employees on a scale comparable to those paid for similar positions in the industry. As directed by the Board of Trustees, the NEF remunerates its employees at the 50th percentile of the industry survey. The survey includes both private and public entities, comprising in excess of 700 companies. In accordance with standard industry practice, the NEF remunerates high-performing employees between the 50th and 75th percentiles in order to retain individuals that are highly sought-after in the financial services sector. **The CEO, however, is remunerated below the 50th percentile.**

As outlined in the Annual Report 2014, tabled at Parliament in August 2014, the NEF is a high-performing organisation that has continued to register new and significant milestones in the implementation of its mandate. These meaningful accomplishments are a direct result of a competitive skills-management strategy that has ensured that the NEF attracts and retains rare and highly competitive talent for the pursuit of its mandate, which is to strive for an inclusive economy.

Issued by the Board of Trustees of the National Empowerment Fund

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