



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## MEDIA STATEMENT

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### GOVERNANCE ISSUES AT THE PUBLIC INVESTMENT CORPORATION (PIC)

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I have completed the review of the documents<sup>1</sup> and evidence regarding the governance issues at the Public Investment Corporation (PIC), as well as the allegations against the CEO of the state-owned fund manager.

Taking these into account, as well as other developments that have unfolded recently, I will announce the decisive steps to be taken to address the PIC's governance issues and allegations against the PIC CEO before the end of this week, after I have met with the PIC's board of directors.

My approach to the oversight of state-owned entities is that the shareholder ministry should ensure that a board of directors and management with the requisite skills and experience are appointed, and that the shareholder ministry conveys (through a shareholder compact) to the board its expectations of the public institution.

Once this is done, and the entity lives up to expectations, the shareholder ministry should have no business second-guessing decisions by the board, so long as these decisions are in line with the mandate of the public institution and in keeping with the compact the board of directors entered into with the shareholder ministry. Of course, when the board and management of the entity fail to live up to expectations, the shareholder ministry should intervene appropriately, following due process.

This approach should also inform interventions aimed at rebuilding state-owned entities. Political office bearers should not act in a manner that undermines good governance and due process. Indeed, it is the meddling in the affairs of state-owned entities, the second-guessing of the decisions of the governance structures of these entities, and failure to adhere to good governance practices, that have contributed to

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<sup>1</sup> The Minister of Finance asked the Chairperson of the PIC board on 14 May 2018 for the board's detailed response (including relevant documents) to the allegations raised in a media article, all internal audit and other reports relating to these allegations, and the board's view on whether disciplinary action should be taken against the CEO and other PIC executives.



the mismanagement of state-owned entities and enabled the malfeasance that we have seen.

I am mindful that some in our society believe that I have taken longer to deal with the PIC matters. However, the need for transparency and accountability in dealing with state-owned entities must be balanced against the need to follow due process and ensure that proper governance is observed.

I believe that the measures I will announce this week will ultimately strengthen the PIC's governance and restore public trust in this important public institution.

**Issued by the Ministry of Finance**

**Date: 23 July 2018**

