

Africa's Biggest Fund Manager Given More Board Independence

Investing.com - 10 Jul 2019

Africa's Biggest Fund Manager Given More Board Independence Stock Markets49 minutes ago (Jul 10, 2019 23:12) This article has already been saved in your Saved Items © Bloomberg. Commercial buildings and office property stand on the city skyline as night falls, as seen from the 50th floor of the Carlton Centre, in Johannesburg. (Bloomberg) -- South African Finance Minister Tito Mboweni increased the independence of the continent's biggest fund manager by ending the tradition of appointing his deputy to chair the custodian of government-worker pensions. The chairman of the Public Investment Corp. will instead be chosen from members of a 14-strong interim board announced by the finance ministry on Wednesday, which includes union representatives for the first time. The makeup of the board is a temporary arrangement lasting from Friday through July of next year, as a judicial commission of inquiry into allegations of PIC wrongdoing is set to present findings this month. The new board has its work cut out. The Pretoria-based manager of more than 2 trillion rand (\$142 billion) is running several internal probes on key employees and has its third chief executive officer in six months. That's on top of the ongoing inquiry, which is this week hearing from Daniel Matjila, the ex-CEO accused by several witnesses of approving questionable deals. He denies the allegations. Read More: Why Africa's Biggest Fund Manager Is Under Fire: QuickTake The previous set of board members offered to resign in early February, saying the PIC had entered a "state of paralysis" following misconduct claims against some directors. They offered to stay on until a new board was appointed. New directors include Ivan Fredericks, general manager of labor group the Public Servants Association of South Africa. Bloomberg News reported in May that the new board would have an independent chairman and union representation. Another prominent new board member is Maria Ramos, a former director general of the National Treasury and CEO of lender Absa Group Ltd (JO:ABGJ). until earlier this year. The break from the practice of appointing the deputy finance minister as the PIC chairman is probably an attempt to reduce opportunities for corruption, according to Ralph Mathekga, an analyst and author of books on South African politics. Read More: \$150 Billion in Pension Funds at Heart of S. Africa Scandal "When you impose a chairperson of the board it disrupts the normal chain of accountability," Mathekga said by phone on Wednesday. "Empowering the board to choose its own chairperson is more to indicate to them that they will be in the hot seat if things go wrong." At about the time the previous board resigned, the PIC started a forensic investigation into allegations of wrongdoing made by an anonymous whistleblower against three directors. In the past year, half of the PIC's executive committee have been suspended or resigned. In January, a former board member told the commission of inquiry that the money manager would be better off without the deputy finance minister in the role because it inadvertently leads to the perception of political interference. (Updates with ex-CEO in third paragraph)..