

MEDIA RELEASE **PIC: PSA demands action by Minister of Finance**

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The Public Servants Association (PSA) has requested the Minister of Finance to restore stability to the management of funds under the control of the Public Investment Corporation (PIC) by urgently dealing with the appointment of Directors to replace those who in February 2019 expressed a clear wish to resign.

The PSA's attorneys, on 10 April 2019, addressed a letter to the Minister of Finance, Mr Tito Mboweni, pointing out that in a media release issued on 1 February 2019, the PIC Board stated that it had requested the Minister to release the Board. The request was made by nine non-executive directors who indicated that their decision was based on various recent events that had destabilised the PIC as well as a concerted effort to discredit the board to the extent that there could not be any credibility to the work that is executed in fulfilling its fiduciary responsibilities.

In a subsequent media release by the PIC on 5 February 2019, it was confirmed that its Board of Directors was still in place and that the non-executive directors were committed to remain as directors until the Minister had appointed a new Board.

"The wish of the non-executive members of the PIC Board to resign, and the delay of almost three months in appointing replacements have created uncertainty and an impasse to the severe prejudice of the PIC, the Government Employees Pension Fund (GEPF) as its largest depositor, GEPF members, and PSA members as members of the GEPF. The controversy surrounding the PIC and the conduct of its Board is not only acknowledged by members of the Board but is a matter of public record and the subject of the judicial commission of enquiry," said PSA General Manager, Ivan Fredericks.

The PSA also reminded Mr Mboweni of the Union's High Court application, launched in August 2018, in which the Minister of Finance is cited as first respondent. "In that application, the PSA explained its significant and direct interest in how GEPF assets are invested and thus in the governance structures, management and performance of the PIC. The PSA recorded its concern that PIC board members were appointed by the Minister without a rigorous process in compliance with the *Public Investment Corporation (PIC) Act, 2004*. The PSA also expressed concern with the R5 billion bridging loan to Eskom in February 2018. Despite statements by the PIC that a government guarantee existed and that the loan had been made on behalf of and in consultation with the GEPF, no such guarantee existed nor was there any consultation with the GEPF," said Mr Fredericks.

The PSA also informed the Minister that the Union on 22 March 2019 submitted a copy of its application to the Commission of Enquiry. "In terms of the *PIC Act*, and the PIC memorandum of incorporation, the Minister must appoint the members of the board in consultation with the cabinet, after having had due regard to nominations submitted to him by depositors. It is the Minister's duty to act under the provisions of the *PIC Act* as it stands. This is not affected by the provisions of the *PIC Amendment Act*, recently passed by the National Council of Provinces. Although the amendment *Act* is not in force yet, there is no reason why the Minister's decision now should not be

informed by what is intended to be in force in due course. The PSA is extremely concerned about the Minister's delay to release present members of the board and to appoint replacements. The Minister was requested to urgently appoint directors to replace those who have expressed a clear wish to resign. Members of the GEPF deserve the assurance that their retirement savings are being properly managed," said Mr Fredericks.

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