

Thursday, 14 November 2019

NEF CEO earns in line with sector peers

The Board of Trustees of the National Empowerment Fund (NEF) is disappointed by the misrepresentation of facts in a media statement issued today by the Democratic Alliance (DA) alleging that the Chief Executive Officer of the NEF “is most likely South Africa’s highest paid civil servant”.

“For a party that has access to information about the remuneration of executives in the public sector to make such sensational, unfounded and misleading remarks from the seat of the nation’s law-making institution, simply defies logic. As previously stated after Mr Dean MacPherson had made similar claims in the past, the CEO of the NEF is most definitely not the highest-paid public official. As a public institution the NEF is transparent and accountable about the remuneration of its executives. In compliance with good corporate governance practice the NEF publishes the CEO’s emoluments annually in the Integrated Report. In the Integrated Report 2019 this public disclosure is made in pages 147 and 148. Not only is the Integrated Report published on the website of the NEF, it is also distributed widely across the public spectrum,” says Chairman of the Board of Trustees, Mr Rakesh Garach.

NEF recapitalisation is a road nearing an end

The Board applauds the leadership of the CEO, in partnership with trustees and other executives, for efforts to secure recapitalisation and third party funding for the NEF, which last received funding from the fiscus in 2010. The NEF has not sat back, having succeeded in unlocking R8.8 billion in third-party funding from the private and public sectors for the benefit of black entrepreneurs. We are satisfied that the NEF will continue to be resplendent as a beacon of good corporate governance and operational excellence.



Mr Rakesh Garach, Chairman of the NEF Board of Trustees

A commitment to excellence

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.

NEF CEO earns in line with sector peers *...continued.*

A high-performing organisation

The CEO of the NEF has been at the helm of the organisation for the past 14 years and during this time the NEF has accomplished several operational milestones. In addition to a string of local and international awards Ms Mthethwa was recently crowned **CEO of the Decade** by the Association of Black Securities and Investment Professionals, attesting to industry acknowledgement for her sterling expertise and leadership credentials. Among the NEF's achievements under her watch are the following:

1. Approved 1015 transactions worth more than R10.182 billion across the country.
2. Over the same period the NEF has disbursed R6.8 billion into the economy.
3. The NEF has secured clean external audit opinions for 16 years running, and this attests to the NEF's commitment to good corporate governance and international best practise.
4. A total 99 736 jobs have been supported, of which 68 482 were new.
5. Together with local and international partners the NEF has developed 25 strategic and industrial projects worth R13.2 billion, with the potential to support over 55 000 additional jobs.
6. Through the ongoing investor education campaign the NEF has reached 87 000 people in villages and townships through 322 community seminars on how to save and invest, personal financial discipline, shares, dividends, bonds, the property and money markets

7. From 2012 to date Business skills training has been provided to over 3601 potential entrepreneurs who attended 210 seminars.
8. Over R3.5 billion has been repaid by NEF investees because 79% of these businesses continue to trade and to honour their obligations, with the NEF's robust mentorship programme having been instrumental in helping many to stay the course.

CEO earns at 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 is remunerated at the 50th percentile.**

These significant 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



Ms Mthethwa receiving the CEO OF THE DECADE award from Finance Deputy Minister Dr David Masedo, ARM executive Mr Thando Mkatshana and ABSIP President Mr Sibongiseni Mbatha in October 2019 in Johannesburg