



As CEO of MIC, Paul Nkuna knows that what he does has a dramatic and positive impact on one of the largest forces in our country

By Kerry Dimmer

## BUILDING TRUST

Well-functioning business is vital for every economy, but to be recognised as SA's 2009 Best Established Black Business, would mean a higher level of achievement than would be considered normal.

That it was Mineworkers Investment Company (MIC) that achieved the honour is noteworthy, given that 2009 was a particularly difficult year in a timid economy, more so for investment firms, let alone those with a BEE-driven focus.

One award might be enough, but this accolade follows two others. In 2006 MIC was awarded the BusinessMap Top Unlisted BEE Company of the Year; and in 2008 MIC's affiliated PeerMont portfolio was identified as Barloworld/Wits Business Schools' Top BEE Deal.

It must also be significant that MIC has been guided for 13 of its 15 years by Paul Nkuna, initially as executive chairman and for the past seven years as CEO. The core values of MIC are somewhat representative of the man himself: a high degree of professionalism, integrity, ethical conduct, mutual respect, commitment to transformation, and striving for excellence.

Before joining the mining industry in 1977, Nkuna worked as a teacher. The mid-1980s saw him serving the National Union of Mineworkers (NUM) as its treasurer general and during his tenure was instrumental in local government negotiations as chairman of the management committee of the Brakpan Transitional Local Council.

It was obvious to NUM during the late 1980s that the mining industry was beginning to bleed. Other than mining, workers had little or no other work skills. To address this, NUM formed Mineworkers Investment Trust (MIT) to offer bursaries and training/reskilling workshops to retrenched mineworkers and their dependents.

Funds were raised through the creation of MIC in 1995, a 100% BBBEE investment

company, with a mandate to identify and invest in long-term, cash-generative assets. This would ensure sustainable dividend flow to enable MIT to meet its social obligations and to actively drive transformation.

It was made clear from the outset that whatever dividends were awarded to the trust by MIC, were not to be used by union members and that while MIC was driven by capital gains within a commercial environment, MIT would be driven by social disbursement. As Nkuna says: 'The two are inherently in conflict, so there's been no need for NUM interference.'

From initial seed capital of R3 million provided by NUM, MIC has paid, to date, dividends of over R368 million to the trust which has been distributed to a number of educational and poverty-alleviation entities.

One such entity, JB Marks Education Trust, assists between 400–500 students with tertiary education fees.

'Knowing that the value MIC creates is used to uplift the poorest of the poor – such as providing bursaries for the children and dependents of mineworkers, construction and energy-generation employees – who would otherwise not be able to afford school and university fees is a key factor that inspires me daily,' Nkuna says.

Further motivation can be found from the Mineworkers Development Agency, an NGO that looks at poverty alleviation, reskilling and microenterprise development in rural areas. The Elijah Barayi Memorial Training Centre provides on-the-job training for NUM shop stewards in a variety of courses, inclusive of law and computer skills.

Separate from MIT, MIC also runs a small (R1.5–R2 million) enterprise development programme assisting emerging farmers to commercialise their operations by providing capital, training and market access with partner Pick n Pay.

Investment companies typically struggle in a nervous economy, but MIC has built a number of long-term investee relationships that have served them well, with companies such as Primedia, Peermont, BPSA, Tracker, FirstRand and Metrofile, to name a few.

'These long-term relationships form part of our investment philosophy,' says Nkuna, 'which is to invest in strong, well-managed and cash-generative assets that work towards the creation of a sustainable asset base for the trust. As opposed to disposing of assets when markets were strong, we took the opportunity to consolidate and increase our holdings in many of these assets over the years.'

Nkuna points out that there are a number of tick boxes that need to be checked when MIC is considering potential transactions and relationships.

'Key among them are that the business must be cash-generative and well-managed; there must be potential for long-term investment; there must also be strong

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commitment to transformation by management; and there must be potential for MIC to influence and control in the long term.'

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These are the types of requirements that MIC is currently applying to the property sector – a new focus for the organisation – as it explores and assesses deals for inclusion into its investment portfolio.

Adapt and survive is how MIC has weathered economic unsettlement which, Nkuna says, is why winning the Best Established Black Business award was such a great honour.

'Given that we've faced some tough competition, there's a clear message that empowerment entities can adapt over time, and that the business model of MIC, that marries a commercial focus with a transformation one, can succeed.'

There's no doubt that Nkuna has learnt some lessons during his time at MIC. 'It's important to make a distinction between intervention and interference,' he says. 'You have to strive to actively add value to the company being invested in.'

The value of Nkuna, the man, is proven by the number of directorships he holds: BP Southern Africa, the Council for Geoscience, Mathomo Group, Tracker Investment Holdings and Metrofile.

He also holds non-executive chairman positions at Primedia and PeerMont Global. He's served in executive structures within local government, including the Gauteng Association of Local Government and the South African Local Government Association. During his tenure at NUM, Nkuna helped establish the Harare Southern African Union of Mineworkers and Cosatu.

Now at MIC, Nkuna has proven that he is active in placing the focus of BEE on broader

community enhancement as opposed to individual benefit. In this position he has been able to ensure that local economies are developed, small businesses with growth potential are enhanced and that the work he is involved with is truly affirmative.

'Making a difference where it matters most, knowing that the value we create will be used to alleviate poverty and hopefully produce a doctor, an accountant, teacher or engineer who will contribute to making SA a better country, is the greatest motivator,' says Nkuna.

'MIC brings hope to the hopeless and plays a role in levelling the playing field in terms of access to education and the job market.' ■