

Secondary Sector

SECONDARY SECTOR



Basic Industries

- Chemicals
- Construction and Building Materials
- Other Manufacturing
- Forestry and Paper
- Steel and Other Metals

General Industries

- Aerospace and Defence
- Diversified Industrials
- Electronic and Electrical Equipment
- Engineering and Machinery

Cyclical Consumer Goods

- Automobiles and Parts
- Household Goods, Clothing and Textiles

Non-Cyclical Consumer Goods

- Beverages
- Food Producers and Processors
- Health
- Packaging
- Personal Care and Household Products
- Pharmaceuticals
- Tobacco

TOP WOMEN IN BUSINESS & GOVERNMENT 2006

The changing *face* of the secondary sector

“Women are the greatest resource any country has. Providing encouragement and opportunity for girls and women in science and engineering is one the most powerful ways for harnessing this resource for the development of the country.”

Made up of basic and general industries; cyclical and non-cyclical consumer goods, South Africa’s secondary sector is robust, and with continuing relationship-building on the part of the government with China, as well as the foci of the Accelerated and Shared Growth Initiative of SA (Asgi-SA), the various sub-sectors within the broader sector look set for increased investment and opportunity. Out of the secondary sector, Asgi-SA has targeted chemicals; clothing and textiles; and wood, pulp and paper for development.

The Secondary sector basic and general industries comprise the following sectors and sub-sectors:

- **Basic Industries;** i.e Chemicals: Commodity, Advanced Materials and Speciality; Construction and Building Materials: Building Merchants, Building and Construction Materials, House Building and other, Forestry and Paper, and Steel and Other Metals
- **General Industries;** i.e. Aerospace and Defence, Diversified Industrials, Electronic and Electrical Equipment; Engineering and Machinery: Commercial Vehicles and Trucks, Engineering Contractors, General and Consultants

The South African Women in Corporate Leadership Census of 2006 indicates that women make up 52 percent of the adult population in South Africa, with only 41 percent of those women working, and an even smaller percentage contributing as executive managers, chief executive officers and board chairs. Compare these statistics to those of 2005 and we see an increase in the number of women in executive management positions and directors. The increase of women in corporate leadership positions can be linked directly to government initiatives of black economic empowerment and gender equality, which generally add awareness to driving private sector capital reform.

Technology for Women in Business (TWIB), established in 1998 – the year of science and technology – by the department of trade and industry (the dti), supports the advancement of women in business through the application of science and technology. Much of the reason for glaring gaps when it comes to female representation at executive level within the secondary sector (across the board) is due to broad skills gaps in the fields of mathematics, science and technology.

TWIB is a national initiative that focuses on growth acceleration for women-owned enterprises through technology access, transfer and support networks with other government enterprise support institutions and private SMME support initiatives. TWIB aims to promote innovation, and bridge the digital divide to encourage more and more women to become affiliated with technology. In so doing, it encourages young women

to choose careers in science, engineering and technology to create a greater participation of women in these industry sectors overall. These industries include but are not limited to agriculture; construction; mining; minerals and energy; tourism; arts; textiles and crafts; information and communications technology (ICT).

With TWIB’s vision ‘to move women in business from the periphery into the mainstream of the economy through the use of technology’, this initiative, under the umbrella of the dti, will continue to be a successful one with its ongoing focus on women entrepreneurship and the creation of women role models.

Chemicals

South Africa has transformed its role in the chemicals industry market in recent years to an internationally competitive one; whereas during the apartheid years, SA tended to focus chemical production inwardly with its primary focus on local production. SA now gears itself toward international markets and consumption.

Many smaller local companies are changing the face of the chemical and petrochemical industries by pushing the boundaries of traditional business practice and incorporating more and more women into leadership roles. Isixa PureChem (Pty) Ltd is one such company that is instrumental in changing the face of the chemical industry into a more diverse one. The company was established in 2003 following research which indicated a growing need for a black empowerment chemical companies that possessed a strong gender composition. Today the company is structured so that women own a large percentage of the business and are directly involved at senior level partaking in important strategic interventions that affect the overall organisation’s effectiveness and profitability. Isixa PureChem has been exemplary in this regard and today women own 50 percent of the business; and comprise 60 percent of all employees.

The Nuclear Energy Corporation of South Africa Ltd (Necsa) is another organisation that stands out for its gender empowerment policies within the framework of the chemicals industry. Necsa is a wholly state-owned company that undertakes to promote research and development in the fields of nuclear energy and radiation sciences and technology. According to the BWA’s Census, Necsa has two women directors out of an overall six directors. The corporation aims to improve women’s participation in the economy and development of their skills in alignment with the other company initiatives and aims to have 40 percent of its overall workforce female by 2010.





There are many overwhelming challenges that face women in the industry and these must be addressed at grassroots level where girls from a young age are taught to dream big and look to a prosperous future in the new South Africa. Today there are many more young women studying the sciences at school and university than five years ago, and if this trend continues there is undoubtedly a positive future for women in the chemical industries.

Throughout the chemicals industry this desire for transformation is evident, and it is only through the continued effort of such companies and parastatals like Isixa PureChem and Necsa that gender empowerment will become the rule, and no longer the exception.

Women in construction

Construction is a historically male-dominated sector, and seldom leaves room for female contribution, particularly at its current level. Globally, there is effort being made to reverse this trend and incorporate more women into the sector. A most notable contribution was from the late minister of public works Stella Sigcau, who launched the South African Women in Construction (SAWiC) Business Trust in 1998. This campaign was launched to pioneer the cause for women and "strengthen efforts to empower and grow women in the built environment", Sigcau is quoted to have said.

Annual reports released since 1999 demonstrate the increasing role of women in the sector, and continue to show that through empowerment and enterprise, women continue to pioneer their own futures in the industry. According to the SAWiC website www.sawic.co.za, "Since SAWiC's inception several women contractors have been the subject of SAWiC's reward and recognition in a tough industry where they are still in the minority, but where they are steadily closing the gap. Women in South Africa are increasingly turning to construction as a career and to earn their keep, making their mark as successful entrepreneurs."

Women for Housing (WFH) is an initiative with an empowerment focus for women. WFH was launched in 1995 by a group of women who were concerned about women's access to housing opportunities as decision-makers, economic participants and consumers. In 2001, the current executive director and board of directors began to develop WFH to enable the organisation to play a greater role in the creation of opportunities for women through advocacy, training and support. Today, Women for Housing has carved a niche for itself and will continue to work closely with the government and various organisations to facilitate opportunities.

Empowerment in electronics

The information and communications technology; and electronics (ICT and E) sectors are a vibrant part of the South African economy. Rapid growth in

mobile and data communications, and IT, has spurred the sector to develop new and innovative applications, products and services. Key to the success of the sector has been the surge in black economic empowerment (BEE) companies bringing fresh ideas to market. With an increasing number of international key players represented locally, job creation and empowerment continue to increase. In 2004 the dti launched an online database of black economic empowerment companies in the ICT – E sectors to help players identify potential business and trade partners, and provide BEE companies with a marketing platform to showcase their companies to local and international players.

ABB Holdings (Pty) Ltd and ABB South Africa (Pty) Ltd, in support of government's black economic empowerment initiative, implemented steps that lead to 20 percent of the company being owned by WIPHOLD, a financial services company owned and run by black women and the widely regarded 2005 Businesswoman of the Year, as awarded by Top Women in Business & Government, Gloria Serobe. Serobe, together with the other founding members of WIPHOLD wanted to bring South African women into the mainstream economy and create business opportunities for them. Their focus remains gender-centric rather than race-centric.

Engineering diversity

Simunye Consulting & Implementation Partnership (Pty) Ltd (SCIP) is an equal opportunity, black economic empowered and women-owned multi-disciplinary engineering company that has also become somewhat of a pioneer in the empowerment of women. The company's black shareholding currently stands at 51 percent, and black women equity rests at 25.1 percent (www.scip.co.za). SCIP is well represented in South Africa with offices in three of its provinces namely Gauteng, Limpopo Province and Mpumalanga.

The Association of South African Women in Science and Engineering (SA WISE) is a dynamic association for all those who support the idea of strengthening the role of women in science and engineering in South Africa. According to their website www.sawise.co.za, they aim to strengthen this role by:

- Raising the profile of women scientists and engineers
- Highlighting and addressing problems faced specifically by women in these fields
- Lobbying for the advancement of women in science and engineering
- Providing leadership and role models for young people wishing to enter the fields of science and engineering

Africa, at present, has a critical shortage of trained technological specialists and SA WISE believes that incorporating more women into the industry only strengthens future prospects for South Africa and Africa, saying "Women are the greatest resource any country has. Providing encourage-



ment and opportunity for girls and women in science and engineering is one of the most powerful ways for harnessing this resource for the development of the country."

Forestry

The department of water affairs and forestry's (DWAF) minister Lindiwe Hendricks has created a transformation program with the specific aim of continued focus and objectives leading towards a greater and more diverse working environment within this basic industries sub-sector. The DWAF transformation program is driven by five R's: Restructuring; Representivity; Responsiveness; Racism and Respect.

Of notable interest regarding gender empowerment is the SA Forestry Company Ltd, which at present has a 28.57 percent female directorship.

It is in order to recognise the role that women have played and continue to play in water, sanitation and forestry management in South Africa that the department of water affairs and forestry, the Water Research Commission and the Water Institute of South Africa have jointly developed the Women in Water awards, now called the Women in Water, Sanitation and Forestry awards. This initiative honours and celebrates the hard work of women within these industries, while highlighting the participation of professional and community-based women and the key role women play in poverty eradication, education and sustainable development in both urban and rural settings.

Secondary Sector: Non-Cyclical and Cyclical Consumer Goods

The Secondary non-cyclical and cyclical consumer goods sectors comprise the following sectors and sub-sectors:

- **Secondary Non-Cyclical Consumer Goods;** i.e. Beverages: Brewers, Distillers and Vinters, Soft Drinks; Pharmaceuticals and Biotechnology; Health: Health Maintenance Organisations, Hospital Management and Long-Term Care, Medical Equipment and Supplies, Other Health Care; Food Producers and Processors: Farming and Fishing, Food Processors; Packaging; Personal Care and Household Products; Tobacco
- **Secondary Cyclical Consumer Goods;** i.e. Household Goods; Clothing & Textiles; Automobiles and Parts

Vibrant living: Health care in South Africa

Health care in South Africa continues to be a controversial and highly debated topic with the continued emphasis on the HIV/Aids pandemic. Much of what is known or talked about in terms of South African health care falls within the parameters of HIV/Aids and its related diseases. South Africa's

health care system consists of a large public sector and a smaller but rapidly increasing private sector. Due to the income bracket between earners, health care varies from the most basic and routine, to the highly specialised services provided to those of a higher income bracket.


In terms of the government's empowerment initiatives and the role that black economic empowerment, and the empowerment of women play in the industry, one can see a marked effect. Leading black-owned and managed medical aid administrator, Sigma Health Fund Managers (Pty) Ltd is a gender empowered company that has dedicated itself to offering affordable health care to hundreds of thousands of South Africans, primarily from previously disadvantaged backgrounds. Sigma successfully administered one of the largest medical aid schemes in the country, the Pro Sano Medical Aid Scheme and has a 57 percent black shareholding, allocated six percent shareholding for their black staff; 74 percent of who are female. The company's board is 70 percent black, and includes a female component of 35 percent.

HMI Healthcare Corporation (Pty) Ltd (HealthCorp) is a South African owned (46 percent BEE ownership) investment corporation with a specific focus on dynamic and entrepreneurial health care funding and risk management. Several of the most pioneering efforts in the health care industry during the past decade have been attributed to some of the operating entities that fall within the HealthCorp sphere. HealthCorp has focused a great deal of its innovative efforts on funding models, technology and mechanisms that allow for turning around medical schemes that were previously in dire financial situations, focusing on the demand and supply side of the health care environment and ensuring that members obtain the finest quality health care.

HealthCorp has a large focus on gender empowerment with more than 70 percent of staff and 40 percent of managers being women. The company has substantially enhanced its role as a leading health care organisation through the continuous training and development of its female staff members.

**HMI Healthcare Corporation (Pty) Ltd (HealthCorp) was a category sponsor for the Top Woman in Government Agency award at the 2005 Top Women in Business & Government awards gala event. The award was presented to Thembi Nwedamutswu.*




Medihelp and Network Healthcare Holdings Limited (Netcare) continue to boast great credentials with regard to black economic and gender empowerment. Medicare, as the third largest medical scheme in South Africa, has a 15.38 percent representation of women directors, and 10 percent female representation at the level of executive management, with women making up more than 50 percent of their staff. Netcare boasts similar statistics, with approximately 82 percent of its workforce female, with one

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Sector Introduction

woman director and six women out of 39 people in executive management positions.

Women government ministers: Secondary Sector		
	Minister of Health	Dr Mantombazana Tshabalala-Msimang
	Minister of Housing	Dr Lindiwe Nonceba Sisulu
	Minister of Water Affairs and Forestry	Lindiwe Hendricks

Textiles

Since 1994 over US\$1-billion has been spent on upgrading and modernising South Africa's textile, clothing and footwear industry, making it efficient and ready to compete internationally. South African market demands reflect the sophistication of developed markets, and the local textile industry has grown in stature to supplying a full range of services from natural and synthetic fibre production to non-wovens, spinning, weaving, tufting, knitting, dyeing and finishing.

The South African clothing and textile industry contributes to 2.5 percent of South Africa's total manufacturing output, however there is still a great deal of work to be done within the industry with regards to labour relations and income packages. Even with an increase in market size there has still been a greater loss of jobs by those in the textile industry. More than 43 500 jobs have been lost from the start of 2003. This loss can be attributed to the market influx of Chinese products that are manufactured and sold at more competitive prices. However, the department of trade and industry's (the dti) defensive interventions will see the pressure from this start to ease.

The industry is a significant employer of women and figures captured by the CTFL Sector Education and Training Authority (the SETA) show that 66.1 percent of workers in the industry are women; much higher than the proportion of women in the other manufacturing industries. This statistic brings to light the influence of job losses on the women of South Africa where in the textile industry they continue to be the majority. The textile industry is labour-intensive and involves traditionally 'female' work (such as sewing) that is regarded as unskilled work where the average salary is less than R1 000 per month.

Over the past few years, the South African government has adopted economic policies aimed at global competitiveness. Measures adopted as a result of these policies included the lowering of import tariffs and the creation of a more 'flexible' labour force. Local manufacturers agree that it is becoming more difficult to produce products that equal the quality of imports at competitive prices. Factories are therefore forced to close because local businesses cannot compete with cheaper imports and illegally imported goods. (Textiles can be produced more cheaply overseas, particularly in Asia where the cost of labour is much lower and fewer labour regulations exist).

South Africa has a competitive edge in the industry due to its access to raw materials like cotton, leather, vegetable fibres, wool and mohair, and produces in the region of 40 000 tonnes of cotton a year with above world average lint, providing the potential for the local cotton pipeline to become increasingly export-oriented. South Africa also has greater access to the raw materials needed to produce any type of footwear, from low-end to high-end. Bovine, ostrich, Nile crocodile, game leather, textile and PVC and PU synthetic raw materials can all be sourced locally without difficulty. The country is successfully growing and processing natural fibres such as flax and hemp, in response to increasing demand from the automotive and aeronautics industries for environmentally friendly body parts. And finally South Africa is the largest mohair producer and the fifth largest producer of wool in the world.

The Frame Textile Group is one of the largest textile and textile-related product manufacturers in southern Africa, with plants situated in KwaZulu-Natal. The Frame Textile Group and its operating units is an equal opportunity employer, with some 4 200 employees. With one woman in a directorial role, TD Koning, the marketing director of frame fabrics is in the minority; however her position is one of many transformative changes being incorporated into the structure of the Frame Textile Group.

Adonis Knitwear Holdings Ltd was named a 'Top Performing Company 2006' by the South African Women in Corporate Leadership Census. A company is considered to be a top performer if 25 percent or more of directorship positions and 25 percent or more of executive manager positions are held by women. Adonis Knitwear is a role model for gender empowerment with two out of four directors being women, and two out of five women in executive management roles.

Food processors and beverages

South Africa's food and beverages industry comprises 18 percent of business in South Africa, where the food industry's export market is worth approximately R5.8-billion, and the industry making in excess of R42-million





per annum while employing some 204 000 people. Recent growth statistics reveal the industry to have grown by six percent, largely as a result of global competition.

With technological advances in the industry such as electronic production-control systems that rival other implementations in any other industry; as well as automated process control which affords greater oversight of production lines, local companies in the sector are able to compete internationally.

SABMiller plc dominates in sales and marketing revenue and continues to be at the forefront of alcoholic beverage production in SA. With gender equity and black empowerment policies in place, SABMiller is on track with government initiatives; with one female director out of a total 13, and eight women executive managers out of a total 46 (BWA Women in Corporate Leadership Census 2006).

South Africa has always had a well-developed food and beverage industry, in part due to the country's major agricultural activity. The country's staple food crop is maize, of which 6.7 million tonnes are consumed annually, whilst production ranges from between two and 10 million tonnes, depending on the vicariousness of rainfall. Under drought conditions it becomes necessary to import, whilst in good years there is sufficient excess production to export.

Logistics considerations are particularly crucial in the food and beverage processing industry, since perishability is a factor in moving raw materials to processing plants and in transporting finished goods to market. Demand for faster, more frequent delivery of smaller stock units, coupled with the need for special packaging to fulfill promotional requirements increases the need for supply chain improvements.

The South African wine industry is well-marketed with international interest being key in the production of local wines. The South African Wine Industry Trust (SAWIT) is mandated with two primary objectives namely the transformation and growth of historically disadvantaged individuals within SA's wine industry; and commercial development and promotion the industry to ensure global competitiveness and sustainability. In order to fulfill these objectives SAWIT set up the following bodies:

- BUSCO (Wine Industry Business Support Company),
- DEVCO (Wine Industry Development Support Company), and
- WIECO (Wine Industry Empowerment Company), which it guides.

WIECO specifically promotes and facilitates the economic empowerment of previously disadvantaged communities through ownership changes, ca-

capacity building, the development of management structures and increasing their access to economic activities and infrastructure. This transformative strategy has only one flaw, as it fails to address the issue of gender empowerment within the wine industry. At present there are less than 100 women in the wine industry.

Pharmaceuticals

More than US\$1-billion worth of pharmaceuticals are sold in South Africa annually, and the market is expected to grow substantially. Where top international companies used to dominate the local industry with more products at competitive prices, now SA has moved into a more international arena with 43 percent local market share. The country has a relatively well-developed pharmaceutical industry, comprising a complex network of pharmaceuticals manufacturers, distributors and dispensers.

Over the past few years, the South African health industry has undergone significant change. Given the challenges the country faces, change is likely to continue in the areas of the funding and structure of the industry with a view to providing increased access to health care for all of South Africa's people as efficiently and cost-effectively as possible.

Changes which have already occurred are the introduction of the new Pharmacy Act in some sectors, the introduction of free medical care to pregnant women and children under the age of six years, and a range of free primary health care services to the general population.

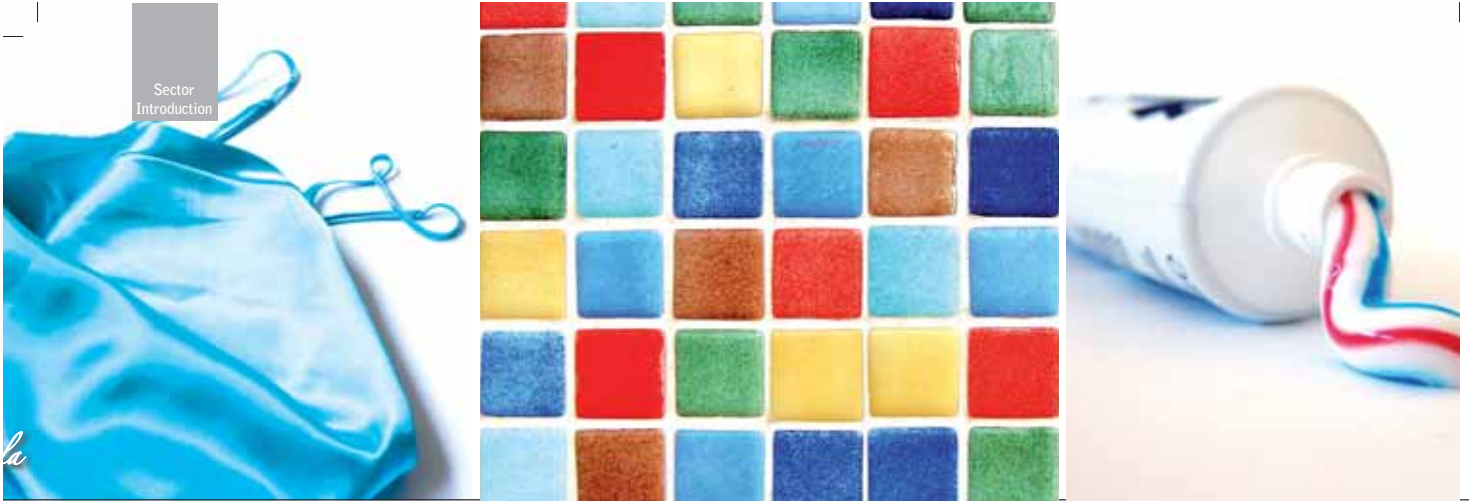
As membership of medical schemes has been declining in recent years, largely because medical aid rates have been increasing more rapidly than inflation, it is likely that more and more employers will contract health care services to health maintenance organisations (HMOs).

There is also likely to be increased demand for primary health care level drugs such as generic antibiotics and over-the-counter (OTC) drugs, particularly in view of the fact that a number of drugs are due to lose their patent protection.

Pfizer Inc. is one of South Africa's most notable pharmaceutical suppliers that discovers, develops, manufactures and markets leading prescription medicines for humans and animals and many of the world's best-known consumer brands. The company has three business segments: human pharmaceuticals, animal health and consumer health care with their products being available in more than 120 countries.

In terms of the women equity initiatives that are in place, Pfizer has made those initial steps to empower women in the workplace. Pfizer places focus





on making the workplace safe and secure for all employees but with women specifically in mind; they also include packages like maternity and study leave for their women employees, offer workshops on health and employment wellness, and balancing the rigours of home and work life. Pfizer's Employment Equity Policy has increased the percentage of women employed at the company from 51 percent (2003) to 54 percent (2005)

Adcock Ingram Consumer Products Ltd is the largest pharmaceuticals company in South Africa. Adcock Ingram Pharmaceuticals enjoys market leadership in the total private pharmaceutical market and is the second largest player in the generics market. They boast gender empowerment credentials that show four women directors out of a total 25.

Aspen Pharmacare Holdings Ltd has put drastic steps in place in terms of gender empowerment and employment equity. Aspen's approach to human capital is aligned with the principle that "the right people are our greatest strength". The group's employment equity programme, which prioritises the recruitment, training and promotion of historically disadvantaged individual's (HDIs) is designed to accelerate its culture of diversity and at the same time ensure that recruitment and advancement are based on merit. With one female director out of a total six, steps have been taken in the right direction.

Tobacco

The Tobacco Institute of South Africa (TISA) formed in 1991 represents the non-commercial, common interests of both the manufacturers of tobacco products and tobacco growers in South Africa. The tobacco industry at present falls under many restrictive bans that prohibit smoking in designated areas and alike. In recent times, changes in local and global markets highlighted the need for a more consolidated focus within the South African tobacco industry in general.

During 1998, the Tobacco Products Control Amendment Bill was tabled before Parliament and the main focus of Trade and Investment South Africa (TISA) over the next three years was dealing with issues related to the changes in the tobacco legislation (the Act and regulations) and the consequences thereof for the tobacco industry and related stakeholders, e.g. the hospitality industry. Job losses and the effects on those involved in the production of the cigarettes are also at stake with each new amendment to the tobacco regulations in South Africa.

Research has shown that after peaking at two billion packets of cigarettes a year in 1991, total cigarette consumption dropped to 1.3 billion packs in 2001, the latest available figure. This decline is demonstrative of the effects government taxes like sin tax have on the consumer prices of cigarettes,

where statistics show that smoking prevalence among the adult population decreased from 36 percent in 1996 to 22 percent in 2003. Smoking among the youth decreased from 23 percent in 1999 to 18.5 percent in 2002.

British American Tobacco (BAT) is the world's most internationally-recognised tobacco group, with brands sold in 180 markets around the world. They specialise in high quality tobacco products for the diverse preferences of millions of consumers, and as a company are committed to embedding the principles of corporate social responsibility group-wide. The South African division of BAT is responsible for its own gender empowerment policies and with Dr Ana Maria Llopis, the non-executive director in South Africa, steps have been implemented to ensure the equity and empowerment of all their women employees.

By Pippa Holland

Acknowledgements

Gold Sponsor: The Department of Health pg 240, 242, 244, 246

Silver Sponsor: The Department of Land Affairs pg 248, 250, 252

Impumelelo: SA's Top Empowerment Companies

The South Africa Yearbook 2005/06

The Businesswomen's Association of South Africa (BWA)

The Department of Trade and Industry

The Department of Water Affairs and Forestry

The South African Wine Industry Trust (SAWIT)

Water Research Commission and the Water Institute of South Africa

Technology for Women in Business (TWIB)

Sigma Health Fund Managers (Pty) Ltd

HMI Healthcare Corporation (Pty) Ltd (HealthCorp)

British American Tobacco (BAT)

Aspen Pharmacare Holdings Ltd

Adcock Ingram Consumer Products Ltd

Pfizer Inc.

CTFL Sector Education and Training Authority (the SETA)

SABMiller plc

Adonis Knitwear Holdings Ltd

The Frame Textile Group

Pro Sano Medical Aid Scheme

Isixa PureChem (Pty) Ltd

The Nuclear Energy Corporation of South Africa Ltd (Necsa)

Note: Not all sectors have been covered in this sector feature article, nor all gender empowered companies. Should you have relevant information of empowered companies in the sectors and sub-sectors as laid out by this feature for future publications, please email the Editor, Samantha Dominy: sam.dominy@topco.co.za