

# Tertiary Sector

## TERTIARY SECTOR

### Cyclical Services

- Retail
- Trade
- Leisure, Entertainment and Hotels
- Media and Photography
- Support Services
- Transport

### Non-Cyclical Services

- Food and Drug Retailers
- Telecommunication Services

### Utilities

- Electricity
- Gas Distribution
- Water
- Postal Service
- Recreational/Sporting Facilities and Services

### Financials

- Banks
- Insurance

- Life Assurance
- Investment Companies
- Real Estate
- Speciality and Other Finance
- Investment Entities

### Information Technology

- Information Technology
- Hardware
- Software
- Computer Services

### Education

- Universities
- Business Schools
- Technikon
- Colleges
- Providers of Education

### Public Sector/Government

### Non-Governmental Organisations (NGOs)



## Success through *vibrant* diversity: SA's Tertiary Sector

**“South Africa today is one of the most sophisticated and promising emerging markets globally. The unique combination of a highly developed first-world economic infrastructure and a huge emergent market economy has given rise to a strong entrepreneurial and dynamic investment environment.”**

– The Department of Trade and Industry (dti)

South Africa is the engine of growth in southern Africa, and a highly competitive investment destination in part due to its global focus, strategic geographical location and world-class infrastructure assets. Together with a greater sense of community and prospects such as the 2010 Soccer World Cup, there is ample business opportunity.

Black economic empowerment (BEE) initiatives with a strong gender equity focus (as well as initiatives that are purely gender-oriented) are at the forefront of business initiatives within the tertiary sector. The BEE codes of good practice phase II are geared to be tabled before parliament in the final quarter of 2006, and these will focus on broad-base empowerment. According to the deputy minister of the department of trade and industry (dti) Rob Davies, the charters should be affected in a minimal way concerning the ownership elements of the seven pillars (ownership; management; employment equity; preferential procurement; skill development; enterprise development and corporate social investment). As mentioned, a focus of the codes is on employment equity in the workplace and the alignment of this with the Employment Equity Act. The employment equity targets are “for the inclusion of black people in occupational levels other than top management and semi-skilled and unskilled levels”.

The statement also emphasises the importance of black women within this pillar through the allocation of half of the points to the inclusion of black women in senior to middle management positions. “As far as women are concerned, their progress in the workplace has been slow overall. While women make up 52 percent of the adult population in SA, they constitute only 16.8 percent of all executive managers, and only 11.5 percent of all directors in the country.” (Women in Corporate Leadership Census 2006, Businesswomen’s Association of South Africa)

The Industrial Development Corporation of South Africa Ltd (IDC) is a self-financing, national development finance institution (DFI). The IDC is committed to BEE and strives in all business endeavours to promote economic growth and industrial development in South Africa. The IDC has approved over 870 BEE deals, worth more than R9.8-billion in just 10 years. In 2004 alone finance approval was granted to 133 black-empowered organisations, to the value of some R2.6-billion, where the majority of these deals involved acquisitions or ownership changes. A

further 64 percent of the R2.6-billion was used for expansionary BEE approvals, and R1.2-billion for developments in the rest of Africa.

*\*\*\*The Industrial Development Corporation (IDC) is a 2006 Gold Sponsor of Top Women in Business and Government.*

South Africa’s tertiary sector contributed a 4.2 percent increase in the annual GDP with contributions to this increase mainly from the finance, real estate and business services industries (1.7 of a percentage point); the wholesale and retail trade, hotels and restaurants industry; the manufacturing industry (each industry contributing 0.7 of percentage point); the transport and communication industry (0.5 of percentage point) and the construction industry (0.4 of a percentage point). The contributions to the increase in real GDP by all other industries lower than the aforementioned, for example, the electricity and the general government services sector contributed 0.1 of a percentage point each.

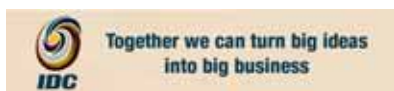
South Africa has highly attractive preferential trade agreements with the European Union, the United States and the Southern African Development Council countries, all implemented within the last three years. These agreements open up new market and business opportunities for businesses wanting to invest directly in South Africa or partner with it for other types of business collaboration.

### The tertiary sector includes:

- Cyclical Services with the sub-sectors Retail; Trade; Leisure; Entertainment and Hotels; Media and Photography; Support Services and Transport
- Non-Cyclical Services with the sub-sectors Food and Drug Retailers and Telecommunication Services
- Financial Services with the sub-sectors Banks; Insurance; Life Assurance; Investment Companies; Real Estate; Speciality and Other Finance
- Utilities with the sub-sectors Electricity; Gas Distribution; Water; Postal Services; Recreational and Sport Facilities and Services
- Information Technology with the sub-sectors Hardware; Software and Computer Services
- Government/Public Sector includes Local Government; Provincial Government; National Government and Trade Unions

### *Trade* in South Africa!

South Africa trades on both a regional and bilateral level, is a founding member of the general agreement on trade and tariffs (GATT) and an active member of the world trade organisation (WTO). Given the high level of competition for foreign direct investment among emerging markets, South Africa has placed greater importance on forming strong economic trading blocs to gain access to key markets.





Women directors of companies by sector				
Company name	Sector	Total Directors	Women Directors	Women as a % of Directors
Onelogix Group Limited	Cyclical Services	2	2	100.00%
African and Overseas Enterprised Limited	Cyclical Services	4	2	50.00%
Global Village Holdings Limited	Cyclical Services	4	2	50.00%
Paracon Holdings Limited	Information Technology	9	4	44.44%
Connection Group Holdings Limited	Cyclical Services	7	3	42.86%
ERP.com Holdings Limited	Information Technology	5	2	40.00%
Adcorp Holdings Limited	Cyclical Services	60	23	38.33%
Elexir Technology Holdings Limited	Information Technology	3	1	33.33%
Lereko Investment (Pty) Limited	Financials	3	1	33.33%
Nictus Beperk	Cyclical Services	6	2	33.33%
The Spar Group Limited	Non-Cyclical Services	3	1	33.33%
MTN Group Limited	Non-Cyclical Services	12	3	25.00%
Pick 'n Pay Stores Limited	Non-Cyclical Services	12	3	25.00%
SAB Miller plc	Non-Cyclical Consumer Goods	13	1	7.7%
RMB Holdings Limited	Financials	8	0	0.0%

\* Courtesy of the BMA women in Corporate Leadership Census (2006)

The South African Yearbook 2006 states that "the reform of trade and industrial policies of SA [are] reflected in an improved balance of trade and shift from primary exports to higher value-added secondary and tertiary exports. This is due to government's success in promoting trade liberalisation within a multilateral rules-based global trading regime, and its use of supply-side measures."

South Africa's participation in the Southern African Development Community (SADC), comprising 14 sub-Saharan African countries, allows access to a market of approximately R140-million, which is expected to grow at an annual rate of around three percent. With this potential for trade SA continues to be at the pinnacle of great opportunities.

The department of trade and industry (dti) controls state assets in excess of R25-billion and is led by minister Mandisi Mplahlwa. Sector specialists and strategic analysts work together to oversee targeted export objectives.

Simultaneously, logistics specialists, who are located in the Enterprise Industries Development Division (EIDD) of the dti, identify and take steps to eliminate bottlenecks in the supply chain, for both exporters and investors alike. Thus, the dti provides a single-transaction arena for investors and exporters at a national level and Trade and Investment South Africa (TISA) is also mandated to coordinate provincial initiatives to match investor requirements with opportunities available within each of the nine provinces.


The trade sector of SA at present has high BEE initiatives where constant efforts are made, specifically with regards to the dti's BEE codes of good

practice document, to increase the sectors overall employment and gender equity numbers.

### Visit, tour and experience SA

Tourism is the world's largest sector, with annual revenues of almost US\$500-billion. Tourism accounts for roughly 35 percent of exports of services and over eight percent of exports of goods in South Africa. In the region of 340 million people are directly and indirectly employed in tourism around the world, with several million in SA alone. However, even with direct employment numbers having grown consistently from 1998, the tourism industry could contribute more to employment. SA's tourism sector currently extracts less jobs per tourist than key competitor destinations like Australia, Thailand and Brazil. The low rate of direct employees to international visitors suggests that we may be under investing in human capital.

South Africa is a leading tourist destination on the African continent and also a key tourist-generating country for the continent, particularly the SADC region. Statistics show that the total number of foreign tourists to visit SA in 1950 was 25 million. Over the past 50 years this number increased to a staggering total of 760 million visitors in 2004. Further estimates are for approximately 1.56 billion foreign tourists to visit SA in 2020. Statistics like the above demonstrate just how much potential the tourism industry has to bring capital into SA, and the economic possibilities the constant influx of tourists create. The tourism industry relies on several smaller players in the process from hotels, restaurants, and entertainment, to the transport network, security and telecommunications.

For an airports company led by a team of dedicated professionals, the only way is up.  ACSA  
www.acsa.co.za



The seasonally adjusted real value added to the overall GDP of SA by the wholesale and retail trade, hotels and restaurants industry increased at an annualised rate of 5.1 percent during the first quarter of 2006.

Considerable investment in tourism has been experienced from both the private and public sector. Public sector investment that enables tourism growth includes the continuous upgrading of international and other airports, roads, convention centers, signage, etc. More work is necessary to upgrade and develop further public transport, public amenities, information centres and services, safety and security infrastructure, and sports facilities in preparation for increasing pressure from tourists and major events, such as the 2010 Soccer World Cup.

The tourism black economic empowerment sector charter was released in May 2005. This has assisted to drive transformation in the sector, which is currently below the desired levels. Transformation is a competitiveness imperative as new players, who are able to develop product and penetrate new market segments (such as domestic tourists), will drive innovation. In addition, many sophisticated international tourists wish to experience South Africa as an authentic, representative and integrated destination. Gender empowerment initiatives are included in the transformative changes being made in the sector and the Tourism Investment Corporation Ltd presently boasts one women director, Carolyn Elizabeth Scott, and a total of four out of four women in executive management positions.

The tourism industry provides relatively low barrier to entry for potential entrepreneurs and professionals. It also has a relatively low ratio of investment to job creation and can create many jobs in a comparatively short time. Tourism generates employment and income in supporting industries, such as financial services, construction, cleaning, security, laundry, arts and crafts, beach vendors, food and beverages, among others.

**“Tourism can build cross-cultural relations, form a force for nation-building and national identity and branding.”**

*\*\*\*The Gauteng Tourism Authority is the 2006 sector sponsor for the 'tourism bodies' sector in Top Women in Business and Government*

## Transport

SA's transportation industry includes its well-developed ports, railways, road and air transportation. These divisions support the import and export of domestic and international goods into the market, the transport of commuters nationwide, and direct access to international ports of call.

Transnet, a government-owned transport player, is dominant in the transport and logistics arena of South Africa. Transnet is headed up by the renowned businesswoman Maria Ramos, who with her determination and strong will

controls the overall smooth running of the nine divisions of the Transnet stable, namely Spoornet, the National Ports Authority (NPA), South African Port Operations (SAPO), Petronet, Freight Dynamics, Propnet, Metrorail, Transtel and Transwerk – as well as a number of subsidiaries most notably South African Airways (SAA).

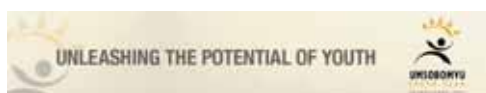
Transnet is considered to be one of the top companies in South Africa for 2006 for its gender empowerment statistics, as researched by the South African Women in Corporate Leadership Census, with more than 25 percent of women in directorship positions and 25 percent of women in executive management positions.

The SA National Ports Authority (NPA) controls and manages the country's seven major seaports: Durban, Cape Town, Richard's Bay, Saldanha, Port Elizabeth, East London and Mossel Bay. Development in the Eastern Cape is nearing completion on an eight port, the Ngqure port. Since inception in 2000 the South African Port Operations (SAPO) has been committed to the empowerment of women and has a vision to change the face of women in the industry. SAPO implemented a drive to elevate supervisors to managers and launched a pilot programme designed to provide 12 selected women from administrative positions to enter operations and manage terminals and staff. The Women in Operations initiative was a key development strategy of the organisation and symbolised a practical shift from the male dominated business environment of the past. Intensive training is provided for these women, including overseas study at leading international ports, and these women now have the opportunity to climb the corporate ladder and eventually take over management and executive roles.

“For decades South African businesses including port operations were structured in such a way that they prevented women from achieving their personal and professional goals,” says Tau Morwe, the chief executive officer of SAPO. “So we made a conscious decision to change this and create a world class port-based logistics management company where qualified women play a vital role in the operational and technical areas of our business.”

The South African National Roads Agency Ltd (SANRAL), is an independent statutory company established in April 1998. It is headed by the South African government and represented by the minister of transport Jeff Radebe. SANRAL's mandate is to develop, maintain and manage South Africa's some 11 000-kilometre national road network comprising over R5-billion in assets, excluding land.

The SANRAL gender empowerment statistics demonstrate that more than 50 percent of the directors and senior management positions are held by women; and between 25.1 percent and 50 percent of the staff employed





Women Executive Manger Statistics of Companies by sector				
Company name	Sector	Total executive managers	Women executive managers	Women as a % of executive management
Peregrine Holdings Limited	Financials	72	59	81.94%
Verimark Holdings Limited	Cyclical Services	5	4	80.00%
Datatec Limited	Information Technology	3	2	66.67%
Hyprop Investments Limited	Financials	5	3	60.00%
Atlas Properties Limited	Financials	12	7	58.33%
Paracon Holdings Limited	Information Technology	19	11	57.89%
Global Village Holdings Limited	Cyclical Services	9	5	55.56%
Rex Trueform Clothing Company Ltd	Cyclical Services	19	10	52.63%
Idion Technology Holdings Limited	Information Technology	2	1	50.00%
Siyathenga Property Fund Limited	Financials	3	1	33.33%
The Spar Group Limited	Non-Cyclical Services	4	2	50.00%
Advtech Limited	Cyclical Services	43	21	48.84%
ERP.com Holdings Limited	Information Technology	9	4	44.44%
Woolworths Holdings Limited	Cyclical Services	79	23	21.11%

are women. These figures show that the transformation within the SANRAL is effective and the empowerment of women within the industry is being implemented.

\*\*\*The Airports Company of South Africa (ACSA) is the 2006 sector sponsor for the 'Air-lines, Airports and Air Charter' sector in Top Women in Business and Government.

### Media and Photography

The department of communications is the centre of policy-making and policy review for the postal, telecommunications and broadcasting sectors in the country. This includes policy-making that affects state-owned enterprises (SOEs) such as Telkom SA Ltd, the South African Post Office, Sentech, the South African Broadcasting Corporation (SABC), the National Electronic Media Institute of South Africa (NEMISA), as well as the regulator, the Independent Communications Authority of South Africa (ICASA).

\*\*\*Sentech is the 2006 Silver Sponsor of Top Women in Business and Government.

In May 2005, the Information and Communications Technology (ICT) Steering Committee presented the final draft ICT black economic empowerment (BEE) charter. This charter guides BEE activities in the broadcasting, electronics, and information technology and telecommunications industry.

The South African Broadcasting Corporation (SABC) provides the national

network of media in South Africa with a number of groups in its stable. The SABC is truly committed to the BEE and gender empowerment initiatives and at present has five women directors out of a total 15, with a further five women in executive management positions.

**Onelogix Group Limited is a South Africa-based logistics service provider. The company is comprised of four subsidiaries:**

- 1.** GoLogix Media Express, which specialises in the countrywide distribution of newspapers and other print titles, including Business Day, Sunday Times, Sowetan, Beeld, Mail and Guardian, Financial Mail and F&T Finance Week;
- 2.** 4Logix: A supply chain management company, as well as fourth-party logistics provider;
- 3.** PostNet, which provides services from copying to courier services; and
- 4.** Vehicle Delivery Services, which is an auto-logistics provider, transporting vehicles and commercial trucks from South Africa to all major southern African cities.

Onelogix's empowerment statistics speak for themselves with both the directors of the company being female.

### Support Services

The support services sector is rapidly growing within the SA economy and encompasses a broad variety of non-financial services. At present the support services are steadily contributing more and more to the overall GDP of SA and with so many services being offered one cannot really pre-





dict which service currently provides the highest contribution, or provides the most employment opportunities, or even which has the best gender empowerment plans in action.

The SA Yearbook 2006 highlights aspects within the sector with specific focus on the public service. "The integration of Bantustan and central government civil services into an integrated public service has been a great success. Plans to create an integrated public service including local government are underway. Integration increased the number of personnel and amount of expenditure and resulted in the implementation of Resolution 7 of the public service. This involved the identification of skills with job descriptions and the retraining of staff. The public service has also come close to meeting its targets of representivity, previously disadvantaged people now make up the majority of the public service." The prevalence of females in the public service is noted with 53 percent dominance.

A women's empowerment pioneer and chairperson Pearl Luthuli-Mashabela heads the predominantly female Landelahni board and is committed to directing Landelahni's efforts for the advancement of women in the workplace. "We need to focus on building substantial women-owned companies that can stand as role models for future generations," she says. "This is the clearest message of equality in the workplace.

"It's not about what we as women are doing today. It's about what we are doing for the next generation, and the legacy we will leave to our children." Launched in January 1997, Landelahni was the first black empowerment executive search company in South Africa. The organisation has grown from a small niche search company to a group offering a range of recruitment, interim management, professional and outsourced staffing solutions. Today, the entire Landelahni Group and all its subsidiary companies are 51 percent black-owned and 80 percent women-owned. At all levels more than 80 percent of employees are women, and 68 percent are black.

Landelahni has a distinguished record of appointments in sectors such as mining and energy; infrastructure development including water, electricity and roads; telecommunications; financial services; health care; education and government.

Mashalaba HR services (Pty) Ltd is a 100 percent black female-owned organisation, with a total of 16 women directors out of a total of 22. Mashalaba HR delivers high quality professional human resources solutions, which create value for organisations and individuals. Established in 1998, Mashalaba HR has already established branches in Cape Town, Pretoria, Johannesburg, Port Elizabeth, East London and Durban.

### Online or on the phone: *Let's talk*

At present the SA telecommunications industry is valued at approximately R84-billion, and is the largest in Africa with the most fixed lines, cellular networks and subscribers, financial revenues, investment and data service users. South Africa ranks 23<sup>rd</sup> in the world in telecommunications development and 17<sup>th</sup> in Internet use. With almost one in every 15 South Africans having access to the Internet by the end of 2001, and the numbers still increasing, the telecommunications industry in SA is on the increase.

Telkom continues to be the industry giant of the South African phone network as it is the only licensed provider of public switch telecommunication services to date. For the past few years Telkom has been preparing itself for a dawning of a competitive era in the South African telecommunications market. Telkom had spent R5.2-billion on BEE procurement spending up to March 2005, and places equal focus on gender equity within the company with a total of two female directors out of total 11, and five women in executive management positions. Telkom continues to strive for further implementation of government's initiatives for gender empowerment.

The current GSM cellular system utilised in SA has three current operators, namely MTN, Vodacom, and Cell C. The latest cellular network to hit SA and create waves has been the launch of Virgin Mobile, a joint venture with existing cell phone network Cell C, and under the direction of Richard Branson the infamous Virgin CEO. Virgin Mobile comes with more competitive rates and the option of month-to-month contacts and thus has placed strain on the already existing networks. All three networks are currently in the phases of transformation with the inclusion of more women into their company structures. MTN group Ltd boasts great gender empowerment statistics with three women directors out of a total 12, and three women executive managers.

\*\*\*The MTN Group Ltd is the 2006 sector sponsor for the 'Wireless Telecommunications' sector in Top Women in Business and Government.

### \$\$\$

The financial services industry continues to be the highest contributor to South Africa's GDP, with around one-quarter annually. The seasonally adjusted real value added by tertiary sector industries increased by 5.3 percent during the first quarter of 2006, compared with the fourth quarter of 2005. The real value added by the finance, real estate and business services industry specifically increased at a seasonally adjusted annualised rate of 8.8 percent during the first quarter of 2006 compared with the fourth quarter of 2005.





Major contributions to the industry come from the banking sector. In July 2005, Barclays the third-biggest British bank, concluded a multimillion rand deal for 56.1 percent control of the Amalgamated Banks of South Africa. It was the biggest investment yet made in post-apartheid SA. There are four major banks that continue to dominate the industry, they include the Absa Group, Nedcor, Standard Bank and FirstRand. These banks maintain extensive branch networks across all nine provinces and by the end of December 2004 constituted 83.7 percent of the total assets (R1 498.1-billion) of the banking sector.

The gender empowerment statistics within the banking sector reflect an increase in the number of women in directorial and management positions. The Absa Group Ltd has a total of seven female directors, and seven female executive managers. Nedbank Group Ltd has one women director, and one women executive manger. The Standard Bank Group Ltd has three women directors and one executive manager; and finally FirstRand Ltd had three female directors and 283 women executive managers out of a total of 1 066.

Old Mutual has implemented BEE specific policies in place ensuring more South African's have access to their financial services. Old Mutual plans to increase the proportion of black management within their ranks so that it is more proportionately representative of South African society and plays a proactive role in addressing the lack of infrastructure and underdevelopment where these exist, through empowerment financing; and substantially increasing the levels of procurement from black, black-owned, and black-influenced companies, and wherever possible from black small- and medium-enterprises to at least have 50 percent of 'influenceable' spend in 2008 and 70 percent in 2014.

The financial services sector charter, signed in 2003, represents a comprehensive approach by the financial sector to address black economic empowerment (BEE), based on the following elements: human resources development (HRD), procurement and enterprise development, access to financial services, empowerment financing, ownership, control and corporate social investment. Through the charter, the financial sector has defined key commitments to enable institutions to maximise their contribution towards economic growth generally, and sector transformation specifically. The charter set specific black empowerment targets for a number of critical areas, including that of ownership. Its ownership and management targets require 25 percent black ownership by 2010, with 33 percent board representation (11 percent of which must be gender representative. The first review of this charter is set for 2009, with a detailed analysis and review in 2015).

## Electricity and Water

\*\*\*Eskom, SA's electricity monolith, provides 95 percent of the country's electricity requirements; and is the Platinum Partner to Top Women in Business and Government.

South Africa is classified as a water-stressed country with an average rainfall resting at about 500mm. The Working for Water programme has helped to create in excess of 20 000 employment opportunities and 2003 saw some nine million people enjoy a safe water connection. Government plans to eradicate the backlog in water infrastructure by 2008 and sanitation infrastructure by 2010; while 78 percent of municipalities have implemented the Free Basic Water Policy – servicing 27 million South Africans.

By Pippa Holland

### Acknowledgements

Platinum Partner: Eskom: pg 9, 10, 12, 166, 168, 170, 172

Gold Sponsor: The Industrial Development Corporation (IDC): pg 181, 182, 184, 186

Silver Sponsor: Sentech: pg 121, 122

Sector Sponsor: The Airports Company of South Africa (ACSA): pg 156, 158

Sector Sponsor: MTN Group Ltd: pg 174, 176

Impumelelo: SA's Top Empowerment Companies

The South Africa Yearbook 2005/06

The Department of Trade and Industry

Statistics South Africa [www.statssa.co.za](http://www.statssa.co.za)

The Businesswomen's Association of South Africa (BWA)

The South African National Roads Agency Ltd (SANRAL)

The Tourism Investment Corporation Ltd

The SA National Ports Authority (NPA)

The Gauteng Tourism Authority

Landelahni Recruitment Group's

Mashalaba HR services (Pty) Ltd

Metropolitan Holdings

Virgin Mobile

Absa Group Ltd

Nedbank Group Ltd

FirstRand Ltd

Old Mutual

**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](mailto:sam.dominy@topco.co.za)

