

South Africa



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President Jacob Zuma predicted 2010 would be "the most important year in our country since 1994" – the year of the republic's first democratic elections. In his New Year address, he called for all South Africans to work together and make the 2010 FIFA World Cup "one of the most successful projects we have ever undertaken as a nation."

Public investment linked to preparations to host football's most prestigious event has

helped reduce the wrath of recession on the country. The construction industry received a major boost, providing employment and creating a skilled workforce. The nation's infrastructure now benefits from improved roads and public transport systems, which should add to productivity in the future.

Not only did it boost pride and morale among South Africans, but staging such a high-profile event also provided a prime opportunity to showcase a modern Rainbow Nation open to global business to the world. Defying many sceptics, venues were built

on time, fans were kept safe from crime and people were transported across the country between matches without a hitch. "The fact that we finished all the stadiums four months before the scheduled time goes a long way to show the capability of South Africa," Mr Zuma told *The Economist*.

Forecasts from Business Monitor International indicate real GDP growth of 3 percent in 2010 and the business climate remains broadly attractive. South Africa has one of the most sophisticated business environments on the continent supporting its status as a

regional economic powerhouse and role model. Strong state institutions fostering relative political and economic stability in recent years have been key in attracting foreign investors.

The World Bank's *Doing Business 2010* report puts South Africa in 34th place for ease of doing business, out of 183 economies. It also appears as the 54th most competitive nation, out of 133 countries, in the 2009/10 World Economic Forum's Global Competitiveness Index, making it the highest ranked country in sub-Saharan Africa. ■

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An 'incredible academic advantage' at Wits Business School

As a developing country with a growing middle class and home to many world-renowned corporations and brands, South Africa also has a pressing need for more business leaders and entrepreneurs with a high level of skills that would enable them to compete on the international stage.

One of Africa's top education establishments, Wits Business School (WBS) is a postgraduate school offering an extensive range of certificate and executive programmes to experienced executives. WBS harnesses the best of international teaching methods to tackle real challenges unique to emerging markets. This enables WBS to offer MBA degrees that truly place its graduates



PROF MTHULI NCUBE
Executive Director and Dean,
Wits Business School

at the cutting edge of problem solving and prepare them for positions of leadership.

Every year, dozens of foreign students choose to study at WBS owing to some very attractive reasons. According to Professor Mthuli Ncube, a former lecturer in finance at the London School of Economics and current executive director and dean of WBS, cost, research and diversity management are the main draws. "You get to acquire a globally competitive MBA qualification at a third of the global price," he says. Moreover, at WBS MBA students are required to do a research dissertation, thus lending them valuable critical thinking skills, an "incredible academic advantage" in the dean's opinion.

Diversity management is a popular course here, especially among foreigners – hailing, for example, from the UK, the US, Switzerland and the Netherlands – who come for the frontier market experience. "They get into Soweto and learn how to work with those communities in terms of managing diversity, which is what you need as a manager globally these days," explains Prof Ncube.

Established in 1968 and a member of AMBA (Association of MBAs), WBS channels corporate efficiency to help solve certain public sector problems. One example is the successful programme the dean introduced to train municipal town managers. "We have

trained 2,000 municipal managers, so we have been helping the government on its building managerial capacity," he says. Also, the business school retrains unemployed black graduates from previously disadvantaged universities and gives them entrepreneurial skills and the degrees they need to be competitive.

As part of an internationalisation strategy, WBS is forming bilateral relationships on every continent. In the UK, for instance, Prof Ncube has set up with the London Business School a joint certificate programme for CEOs, and with Cass Business School there is a brand new programme for financial sector leaders.

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Sculpting global leaders

SHM is 'not just about money'

The multifaceted SHM Group has the largest private property portfolios in the country and works extensively for both the government and the community

Almost 40 years ago, Sayed Hoosen Mia left the teaching profession to study management at the Wits Business School, followed up by an MBA from South-west University in New Orleans. In 1972 he founded the SHM Group of Companies and went on to build up one of the largest privately owned and managed property portfolios in South Africa.

While SHM initially started out developing and acquiring property, over the years it has expanded into other areas, including food outlets, travel, light industry and turnkey projects. The government partners extensively with Mr Mia's companies; for example, his Improve Air company installs air conditioning units in airports, stadiums and for the revenue services. Today, approximately 50 per cent of SHM Group's work is done for the state.

SHM's flagship project is the R550 million (£45.5 million) Trade Route Mall. The 73,000m² state-of-the-art shopping complex in Lenasia, just south of Johannesburg, has big name anchor tenants, including Woolworth's, Pick n Pay and luxury department store Edgars. It is the first large shopping centre in the area and special facilities embrace South Africa's multicultural society, such as offering Halal foods and a prayer room for the huge Muslim community nearby.

The group's axiom 'Not just about money' reflects the executive chairman's commitment to CSR. Mr Mia has served as vice chairman of the Johannesburg Institute of Social Services, board member and supervisor of the Lenasia School for the Mentally Handicapped, and executive member of the World Memon Foundation.

Wealth Beyond Money

- Largest privately owned and managed property portfolios in South Africa
- Core business is developing and acquiring property
- One-stop development solutions for clients
- Joint Ventures currently underway include a community mall in Johannesburg

SHM
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Targeting transport to boost economic and social progress

Home to the African continent's most extensive road, rail and air networks, South Africa is at last giving the transport sector the attention – and financial resources – it deserves. PRASA is the new organisation entrusted with bringing the rail network up to international standards

It may seem odd that South Africa's system of roads and railways during the apartheid years served to divide, rather than to link, people and communities. Following the end of apartheid, transport was overshadowed by other, more pressing matters, and the divide widened even further between the black and white neighbourhoods. With urban sprawl came longer journey times, and subsequently less quality time for families.

The tide has turned for transport, however. Thanks to recently formed PRASA and its forward-thinking CEO, Lucky Montana, as well as a series of other factors – among which we clearly find this year's FIFA World Cup – the sector is finally the centre of attention and a major target of public investment.

A few years ago, the government of South Africa highlighted transport as a key contributor to the country's competitiveness in global markets, as well as a crucial engine for economic growth and, as mentioned above, social development. The 2006 National Rail Plan, more specifically, focused on improving the availability of rolling stock, reducing crime in the rail environment and harnessing the existing skills and assets, among other things. Initially, R16 billion (£1.45 billion) was budgeted; by the end of 2009, R27 billion (£2.45 billion) had been allocated to rail transport.

In a move to further back up the government's intentions regarding improvements in rail, the South African Rail Commuter Corporation (SARCC) was dissolved and the Passenger Rail Agency of South Africa (PRASA) was formed in 2008. Within just months, Autopax (road-based regional passenger services) was put under the



PRASA is building up South Africa's rail infrastructure and rolling stock to establish an extended transport network that opens up reliable cross-country travel in style and comfort

auspices of PRASA, joining Metrorail (commuter rail services in urban metropolitan areas), Shosholoz Meyl (regional and long-distance rail-based passenger services) and Intersite (property management and portfolio development).

The incorporation of Autopax, also known as Translux and City-to-City, is one of PRASA's major differentiating factors. "In PRASA we've got an extended transport network that we didn't have at the time of SARCC. It means

it gives us for the first time the great possibility for us to improve on the travel experience of people on integrated transport because we've got buses and rail within the same stable," explains Mr Montana. These bus services certainly came in handy for beefing up public transport options during June's series of major football matches. PRASA also oversaw the construction of new rail stations – Rhodesfield, Windermere and Moses Mabhida – directly adjacent to the main stadiums.

For the CEO, a well-developed rail network is vital to national growth and to improving quality of life.

"If we talk about an efficient transport system, particularly in growing cities like Johannesburg and Cape Town, rail should be at the heart of that. If you want to build a sustainable and cleaner environment, rail is going to be key to that. And if you want to move your goods and your people more efficiently, the capacities in rail enable you to do that," he says.

Mr Montana was assigned to PRASA after having dedicated several years to the Department of Transport. In this effect, he has worked on both sides of the equation: in policy shaping and policy implementation. Therefore, he's in an excellent position to see how policies are flawed and how they can best be improved. Perhaps it is owing to this unique and highly useful quality he's been highly convincing – and successful – when it comes to urging the government for greater investment. ■



'We are sitting on an asset that could contribute to growth'

Lucky Montana, Group CEO of PRASA, shares his views on how efficient transport coupled with smarter city planning can unite South Africans and gives us a peek at PRASA's plans

Can you tell us how the government's recent reforms and the introduction of new transport platforms have remedied the ills that came from spatial separation during apartheid?

Personally I am not so happy with the progress that has been made in terms of overcoming the spatial distortions of the Apartheid past. I think we can do much better and we should insist that there must be a relationship between land use and transport infrastructure. That would actually be at the heart of an effective poverty reduction strategy. I think that some of the instruments we have implemented over the past 15 years have not been as effective as they should have been. I would be worried if it was the lack of political will, fortunately there is a very strong political will for change and our government, our President, has spoken about integrated development, mixed development particularly.

If we can strengthen the momentum we will find that we can make Johannesburg an example of a true African city. This should not be just a slogan; it must be a

living reality for a lot of our own people and African migrants who come to the city. They must come and enjoy life, access opportunities and for me that is a way of taking Nelson Mandela's dream forward.

What plans are in the pipeline for South African rail and bus transport?

We are going to invest another R5 billion (£455 million) into a programme to make sure that we refurbish and upgrade the coaches. We are seeing an industry that is growing. We are refurbishing in the short term, but in the medium to long term we are preparing to acquire new rolling stock. We are managing the current refurbishment and upgrade programme so that it prepares our industry to play a role in the new rolling stock programme. We think it is very important that we build those coaches in the country, even though we do not have the technology and have to get it internationally from countries like the United Kingdom, Germany, France, Japan; but the actual assembling we will do. Currently we buy most of those products abroad.

We are also giving the stations a lot of investment; we are trying to unleash the potential that lies in our property portfolio through Intersite, which is one of our subsidiaries. We are sitting on an asset that if we harness it in the right way could contribute to the growth and development of the country.

In gearing up for the World Cup earlier this year, we bought 570 buses to serve, for example, those who wanted to travel from Johannesburg to Bloemfontein to watch a game. We signed contracts with Mercedes-Benz and MAN. We received a government guarantee of 1.4 billion rand (£127 million) to acquire these buses; a total of 460 from Mercedes-Benz and 110 from MAN. These are buses that meet European standards and have the right kind of specifications, such as air-conditioning and toilet facilities.

We have also got intercity trains – if you want an overnight service to see the country, you can sleep in comfort. The premier class in particular is popular with many Europeans.

295 TRIPS PER DAY
645 000 000 PASSENGERS*
478 STATIONS
3 743 COACHES
570 BUSES



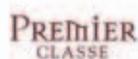
Over the past few years, South Africa's PRASA has invested substantially in transforming the public transport experience, providing enhanced, world-class mobility and accessibility, upgrading or building new stations, refurbishing trains, coaches, and improving overall transport accessibility and security. This year it all comes together, and South Africa is ready to welcome the world.

Be moved



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PASSENGER RAIL AGENCY OF SOUTH AFRICA



*Passengers per year

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