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Regenesys Business School Graduation Ceremony

Keynote Address

20th October 2016

It was the best of times, it was the worst of times,

It was the age of wisdom, it was the age of foolishness,

It was the epoch of belief, it was the epoch of incredulity,

It was the season of Light, it was the season of Darkness,

It was the spring of hope, it was the winter of despair.....

Deputy Minister for Higher education, Hon Mduzuzi Manana

Chairperson of Regenesys, Dr Marko Saravanja

Founding Director of Regenesys Mr William Vivian

CEO of Regenesys, Ms Siegie Brownlee

Dean of Regenesys, Dr Penny Law

Distinguished guests

Ladies and gentlemen

With this memorable opening, the English author, Charles Dickens summed up his intense feelings about an epochal event - the French Revolution – that shook the very foundations of the world we live in. This was in his book, A Tale of Two Cities, which he wrote in 1859.

I recite these words this morning because –lately – every day in South Africa feels like the storming of the gates!

As our country edges ever so ponderously into the 21st century, we can be forgiven for thinking that we are experiencing our own revolutions every week or so – student protests, economic uncertainty, government paralysis – the list is endless.

There is no doubt that economic uncertainty is the new norm. We are now in the throes of unparalleled economic turbulence.

We have to remember that the French Revolution was in fact precipitated by economic issues – largely debt as a result of French participation in the Seven Years' War and the American Revolution.

To many of us it may be unnerving, but this is also a time of tremendous opportunity, freedom and creativity.

The great film director Orson Welles put it succinctly in his film, *The Third Man* when he said;

In Italy, for thirty years under the Borgias, they had warfare, terror, murder and bloodshed, but they produced Michelangelo, Leonardo da Vinci and the Renaissance.

In Switzerland, they had brotherly love, they had five hundred years of democracy and peace – and what did that produce?

The cuckoo clock!

I am not saying that we must create our own generation of Borgias – but – make no mistake – we live in a time of unprecedented opportunity.

It is up to us to seize the moment – despite the turbulences and the global uncertainties.

We can do this precisely because of the profound changes that are taking place around us, particularly the 4th Industrial Revolution that we are in the midst of.

As Klaus Schwab Founder and Executive Chairman of the World Economic Forum has recently pointed out, we are at the precipice of a

a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before.

We do not yet know just how it will unfold, but one thing is clear - the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society.

In the World Economic Forum's Global Information Technology Report 2016, which was published in July, only seven countries - Finland, Switzerland, Sweden, Israel, Singapore, the Netherlands and the United States - are leading the world when it comes to generating economic impact from investments in information and communications technologies.

The seven are all known for being early and enthusiastic adopters of ICT and their emergence is significant as it demonstrates that

adoption of ICTs – coupled with a supportive enabling environment characterized by sound regulation, quality infrastructure and ready skills supply among other factors – can pave the way to wider benefits.

Richard Samans, Head of the Centre for the Global Agenda of the World Economic Forum put it succinctly when he said recently:-

“The digital economy is an essential part of the architecture of the Fourth Industrial Revolution. In order for digital technology to continue contributing economic and social impact, societies need to anticipate its effects on markets and to ensure a fair deal for workers in digitized market environments. New models of governance will be key in this.”

You will be glad to know that South Africa improves markedly in the WEF report, climbing 10 places to 65th.

We still have a long way to go though and our competitors are snipping at our heels.

As an example, China, which has been for the last couple of decades the mainstay of our markets, is now changing.

They are becoming technology-driven.

In addition, China is experiencing the lowest growth rates in recent history. Single-digit growth is now the norm and the Chinese government is embarking on unprecedented measures of frugality.

There are however, vast opportunities if we know where to look.

Take India for example.

It offers a rapidly rising middle class voracious in their demand for goods. The new Indian government is exceptionally business-friendly and has undertaken a great deal of deregulation to make doing business much easier.

The noted journalist Gideon Rachman who served as a correspondent for both the Financial Times and the Economist published a noteworthy book in August this year.

It's called Easternisation.

In it he describes how, since the financial crisis, the west's decline and China's rise have accelerated. He demonstrates how, year by year, the world is being redrawn in the most profound ways by this shift in power.

We are noticing these changes in our own back yards.

I don't know if any of us have noticed but the outsiders, especially the Asian countries, are eating our lunch on our continent.

Recently, there was a striking observation in the Economist.

A journalist passing through Addis Ababa airport noted wryly that you have a better chance of buying Asian dumplings in the numerous restaurants in the airport than you have of getting any Ethiopian food!

Ladies and gentlemen, we need to up our game!

In many ways, we at Transnet are experiencing our very own revolution. We have been given an unprecedented opportunity to

reshape and re-imagine our transport landscape – an opportunity that is not likely to be revisited upon us any time soon.

A brief background - Transnet is South Africa's state-owned freight transport and logistics infrastructure company and is the custodian of the country's rail, ports and pipeline networks. We have 8 commercial ports across the 3300km of South Africa's coastline, 30,300 km of rail network and some 3800 km of pipeline carrying gas and liquid fuels. In 2015, our railways handled 226 million tons of freight.

As a proudly state owned company, Transnet has a dual mandate;

A) We are required to provide world-class infrastructure and technology , as part of our mandate to catalyze economic growth.

B) At the same time we are at the forefront of driving South Africa's developmental objectives.

Our greatest challenge is perhaps the facilitation of a large-scale shift of traffic from road to rail.

In April 2012, we launched our Market Demand Strategy. The market demand strategy is aimed at strengthening South Africa's logistics backbone and position our supply chains to better compete in global terms. Since 2012, we have spent an unprecedented R108,9 billion in our rail, ports and pipelines infrastructure.

By 2022 we would have spent just over half a trillion rand on our Capital investment program.

We have one goal in mind with our Market Demand Strategy – an overwhelming desire to create a modern, integrated freight and logistics system for South Africa - whilst aggressively pursuing a road-to-rail strategy for the betterment of our country. This will ultimately reposition South Africa on a beneficial supply chain curve.

We at Transnet therefore count ourselves as extremely fortunate that we are able to shape the future of our nation in the manner we are

doing. We are also more excited at realizing Africa's dreams at a pace of implementation that is hitherto unheard of on our continent.

Going forward, as a 3PL, we are an asset-based provider of services limited to our own assets; however the future is in 4PL where we extend our services to incorporate other value-added services in the entire logistics supply chain.

This is the only approach that can ensure a sustainable road to rail shift. We *must* create asset-light, multiple revenue streams in order to grow, diversify and derisk our business.

As we modernize our infrastructure, we are also embarking on a journey of innovation, where we are placing research and development at the epicentre of our developmental work.

We aim to learn from those of you who have made significant inventions so that we do not treadmill on terrain that has already been traversed. We also aim to translate our knowledge of the African continent to create products that are user friendly and customized to the unique needs of Africans.

In so doing, we will partner with others here today who are willing to share their expertise and experiences with us, those who are willing to create genuine partnerships based on integrity and trust and a desire to take our continent forward.

As pioneers we will continue to look at efforts to further industrialize our country, to invest in technology that improves the logistics competitiveness of our country and continent.

We are looking at a number of cutting edge breakthroughs that will reflect our pioneering spirit.

Our service offering to new and existing customers has to be cutting-edge, state-of-the-art, digitally supported - and most importantly - seamless, reliable and visible!

Ladies and gentlemen, our future is digital and we must evolve or die.

We need to add in intellectual capital to create value from the billions we are pouring into physical capital.

My apologies for quoting from another business school leader, but Bruno Lanvin - who is an Executive Director at INSEAD business school – recently namechecked South Africa when he wrote;

'Digital" is not just about technology. It is a state of mind, and the source of new business models, new consumption patterns, new ways for business and individuals to organize, produce, trade and innovate.

In the global game of digital innovation, the performance and progress made by emerging economies such as Singapore, the United Arab Emirates or South Africa for example are remarkable: they may hold the promise of even more spectacular improvements in the ways digital technologies will be harnessed to competitiveness, growth and social progress in the coming years.'

As Transnet, we are willing to learn, and we are willing to share in a vastly globalizing world so that our business activity can always bring about a better life for all.

In New York, on the 5th of April 1906, a remarkable young man stood up and gave an impassioned speech at the University of Columbia.

The student's name was Pixley ka Isaka Seme and the speech was called "The Regeneration of Africa".

The speech won the George William Curtis medal, the university's highest oratorical honour.

Pixley ka Isaka Seme - born in Northern Natal and raised at the Inanda mission - was a founder member of the South African Native National Congress in January 8th 1912.

He had an abiding passion for Africa, in particular in ensuring that the continent threw off its shackles of colonialism and took its rightful place in the world - as a powerful, industrious and modern continent.

You could say he was remarkably ahead of his time.

I would like to end with his final inspiring words.

"The brighter day is rising upon Africa. Already I seem to see her chains dissolved, her desert plains red with harvest, her Abyssinia

and her Zululand the seats of science and religion, reflecting the glory of the rising sun from the spires of their churches and universities. Her Congo and her Gambia whitened with commerce, her crowded cities sending forth the hum of business...”

Let us go out there and prove our detractors wrong, that we can have our Abyssinia and our Zululand the seats of science, that our cities do indeed hum with the sound of business and industry. Strategic genius and tactical acumen on the battlefield you enter today will bear the fruits of success for years to come.

Good luck, best wishes and please do not forget to change the world, and make it a better place than you found it. After every revolution must be a resurrection. *We had everything before us...*

I thank you.

