



BUSINESS TRUST PROGRESS REPORT

Year 1

3rd Quarter

1st January to 31st March 2000

17th Floor Metal Box Centre, 25 Owl Street, Auckland Park 2092, South Africa • PO Box 294, Auckland Park 2006,
South Africa Tel: +27 11 482-5317 • Fax: +27 11 482-6633 • Email: info@btrust.org.za • Web: www.btrust.org.za

Trustees: DC Brink (Co-chair), SJ Macozoma (Co-chair), DE Baloyi, ER Bosman, TA Didiza, LL Dippenaar, K Döring,
R Hlongwane, PP Jourdan, K Kalyan, VP Khanyile, C Köpke, AJ Lamprecht, RP Menell, S Mkhathswa, MV Moosa, S Mthembu-
Mahanyele, ML Ndlovu, JJ Ord, FT Phaswana, P Pillay, SM Pityana, JT Radebe, FJ Robertson, JP Rupert, CML Savage,
T Sexwale, SS Skhosana, MW Spicer (*Alternate*)

Advisors: NP van Heerden (SA Foundation), GZ Malele (Black Business Council)

Managed by the National Business Initiative: BD Whittaker (Chief Operating Officer), M Ndlovu (Deputy Chief Operating Officer)

The Business Trust is composed of three education trusts and a Section 21 company.

**PROGRESS REPORT THIRD QUARTER FIRST YEAR
MARCH 2000**

CONTENTS

INTRODUCTION

RESOURCES

- ❑ Funds mobilised
- ❑ Funds managed and controlled
- ❑ Funds recognised
- ❑ Second year funding

TOURISM PROGRAMMES

- ❑ International marketing programme
- ❑ Training programme
- ❑ Malaria control programme

CRIME REDUCTION

- ❑ Integrated Justice system

SCHOOLING PROGRAMMES

- ❑ Primary school repeater reduction
- ❑ Colleges collaboration fund
- ❑ Quality learning

PORTFOLIO

- ❑ Programme portfolio
- ❑ Management

CONSULTATIVE BODY

INTRODUCTION

PROGRESS REPORT THIRD QUARTER MARCH 2000

The Business Trust is an initiative of South African companies, working in partnership with government, to undertake targeted job creation and capacity building programmes.

Its strategy focuses on tourism for job creation, schooling for capacity building and is underpinned by support for a reduction in crime. The trust is committed to enhancing trust and building cooperative relations between business and government.

Carefully selected strategic partners implement the Business Trust programmes, which aim to benefit the disadvantaged while the economy is put on a growth path that will provide sustained improvements in the lives of the majority of South Africans.

The first operating year of the Trust commenced on 1 July 1999. This report shows progress to March 2000, the end of the third quarter. The highlights include:

- **Tourism Marketing:** The launch of a campaign to market South Africa to be seen by 60m people internationally
- **Schooling:** The launch of programmes that will benefit over 1m pupils at primary, secondary and further education levels
- **Crime Reduction:** Project management provided for the Governments multi-billion Rand project to integrate the criminal justice system
- **Business & Government relationships:** The adoption by President Mbeki of the Business Trust consultative body as his big business working group with key cabinet members

Further information can be obtained from the web site: www.btrust.org.za

RESOURCES

**107
Funders**

**R750m
Funds committed**

**R256m
Funds received**

**R87m
Tax certificates issued**

**ABSA
Trust administrators**

**RMB SCMB
Asset managers**

**Deloitte & Touche
Gobodo
Auditors**

Minister of Education Kadar Asmal “The contribution of the Business Trust makes the implementation of the further education and training strategy a real possibility” – at the launch of the Colleges Collaboration Fund, Nov 1999

Minister of Tourism Vali Moosa “Without the contribution of the Business Trust, the international marketing programme would not have been possible”- at the launch of the Malaria Control Programme, Nov 1999

Minister of Labour Mambatethi Mdladlana “This Business Trust is an example of how the social partners should work together in the interests of all South Africans”- at the launch of the Tourism Training programme, Jan 2000

FUNDS MOBILISED

The R256m transferred to the Trust exceeds the target of R200m to be deployed in the first year, and covers all contractual obligations.

The R750m committed over five years covers the value of business plan approved. This figure is R20m short of the R1bn target.

The fund mobilisation programme has been strengthened by the agreement of a recently retired executive, Mr John Newbury, to be chairman of the funding committee and leader of the fund-raising programme in an honorary capacity. Newbury will meet directly with potential funders and oversee the donor recognition and report-back programme.

FUNDS MANAGED AND CONTROLLED

Trust administrators, asset managers and auditors have been appointed. In addition, an audit committee has been established comprising Mike Rosholt, Colin Beggs, Phillip Hourquebie and Wiseman Nkuhlu, with co-chairmen David Brink and Saki Macozoma as ex officio members.

ABSA have established systems for the receipt, recording and reporting of funds received and allocated.

The asset managers have had up to R100m on investment and earned some R3m during the first three months.

Due diligence reports have been prepared on all the Trust’s strategic partners and a process of internal audit initiated.

FUNDERS RECOGNISED

- The Trustees acknowledged the contribution of funders in thank-you advertisements during 1999
- Key government departments have been provided with copies of the inaugural report and the names of the contributing companies
- The logos of participating companies are displayed on the Business Trust website
- Individual companies have publicised their participation in the Trust
- A proposal for benefits for Business Trust companies in government tenders has been referred to the relevant department for consideration
- Key cabinet ministers have acknowledged the Trust’s contribution

SECOND YEAR FUNDING TO BE CALLED

Funders who elected to contribute to the Trust in more than one tranche will be asked to transfer funding for the second year of the Trust during the April to June quarter.

TOURISM PROGRAMMES

TOURISM MARKETING

Partner: SATOUR
Initiated: Jan 2000
BUDGET: R50m
Disbursed: R44m

Target:
Increase annual growth in international tourists from 6.5% to 13%

TOURISM TRAINING

Partner: Hospitality Industry Training Board
Initiated: Jan 2000
Budget: R10,1m
Disbursed: R3,2m

Target :
* Design and register 35 new national tourism qualifications
* Train 10 000 employed and 5 000 unemployed by 2003

INTERNATIONAL MARKETING PROGRAMME

The largest ever South African marketing campaign was launched in USA, UK, Germany, France, Italy and the Netherlands in January 2000:

- 60m people will see the campaign
- Some 3 000 enquiries were recorded in the first month in response to the image campaign
- Over 50 000 enquiries were received in response to a direct-approach competition run by a single daily newspaper

Co-operative marketing deals have been struck with 19 partner organisations:

- R6,7m was invested by SATOUR
- International partners invested a further R6,7m resulting in a total advertising spend of R13,4m
- The potential return on investment is R198,7m (measured by the in-country spend of some 24 000 visitors targeted by this campaign)

Tenders were issued for a market segmentation study to refine the intelligence available on potential markets. Tenders were also issued for the development of satellite accounts to track the impact of marketing programmes on the South African economy. The award of tenders was delayed, and these components of the programme are currently behind schedule.

The marketing programme remains on target to increase international tourist arrival to 1,7m by the end of 2000.

TOURISM TRAINING PROGRAMME

Work has started on the most comprehensive training programme ever launched in South Africa.

Three standards-generating bodies have been established in the areas of:

- Hospitality, travel, gaming and gambling
- Conservation
- Tour guiding

These bodies are designing unit standards for training and developing qualifications (certificates and diplomas in such areas as car rental management, passenger handling and tour guiding) for accreditation by the South African Qualifications Authority (SAQA)

In the hospitality area, a range of training activities and qualifications already developed has been submitted to SAQA for approval:

- 1 782 people have been registered as candidates for national qualifications against the target of 3 000 by the end of 2000
- 396 people have been assessed as satisfying the hospitality unit standards
- 371 candidates met the requirements for national qualification by the end of February. This is against the target of 500 set for the period to the end of March 2000

The programme remains on target for the qualification of 3 000 employees against assessed unit standards by the end of 2000.

MALARIA CONTROL

Partner: Medical Research Council
Initiated: Jan 2000
Budget: R4,6m
Disbursed: R3,2m

Target:

- * Reduction of malaria prevalence in year one
- * Increased tourism and investment over 5 years

MALARIA CONTROL PROGRAMME

This programme was launched, equipment purchased, spray teams trained and the first phase of spraying completed in KwaZulu Natal and Swaziland prior to the widespread flooding of this region.

A spray restraint strain of mosquito was identified in Southern Mozambique and discussions started with the authorities on an appropriate response.

The longer-term impact of the flooding on the five year malaria control programme and the targeted increase in tourists and investment will be assessed in June.

INTEGRATED JUSTICE SYSTEM PROJECT

Partner: Business Against Crime
Initiated: October 99
Budget: R3,8m
Disbursed: R2,5m

Target:

- * Reduce crime by 10%
- * Improve the operation of the courts
- * Reduce recidivism
- * Reduce costs

INTEGRATED JUSTICE SYSTEM

Fast-track projects:

Business cases have been prepared for 25 fast track projects.

Enterprise level projects:

Business cases have been prepared for 6 enterprise-level projects.

The awaiting trial prisoner pilot project:

The awaiting trial prisoner pilot project has developed successfully in the six sites:

- The number of awaiting trial prisoners has been reduced by 789 (10%)
- The length of the detention cycle has been reduced by an average 29,9%
- Annualised savings of R59,67m have been secured

The overall Integrated Justice System programme remains on target to implement the first eight fast-track projects by June 2000. These include:

- Electronic data exchanges between SAPS and DCS
- Automated court resource scheduling
- The introduction of an interim management information system
- The development of specifications for a national photo identification system
- The development of a rollout plan for the awaiting trial prisoner project

SCHOOLING PROGRAMMES

SCHOOL REPEATER REDUCTION

Partner: READ
Initiated: Sept 1999
Budget: R29,8
Disbursed: R5,1m

Target:

- * Train 15 600 teachers in 876 schools
- * Improve the reading and writing of 1m pupils
- * Reduce the repeater rate by 50% (100 000 pupils)

COLLEGES COLLABORATION FUND

Partner: National Business Initiative
Initiated: Sept 1999
Budget: R10,8m
Disbursed: R6,4m

Target:

- * Train 600 councillors and senior and middle managers
- * Support 50 college mergers and industry linkages
- * Increase enrolment from 250 000 to 400 000 and employment to 65%

QUALITY LEARNING PROJECT

Partner: Joint Education Trust
Initiated: Mar 2000
Budget: R26,4m
Disbursed: R4,8m

Target:

- * Improve the performance of 500 000 high school pupils
- * Enhance district performance
- * Develop replicable learning assessment practices

PRIMARY SCHOOL REPEATER REDUCTION

Considerable progress has been made in the initial development phase of the programme:

- ❑ **856 schools in 73 districts** covering all 9 provinces have been identified for participation in the programme
- ❑ **School information** schedules and accountability contracts have been drawn up
- ❑ **35 READ trainers** have undergone training programmes covering some 140 contact days to upgrade their trainer skills
- ❑ **Finance and information management** functions have been upgraded and international expertise procured to assist with the evaluation of the programme
- ❑ **Provincial consultation** meetings have been held in all nine provinces

School management, teacher training and materials purchasing programmes have been delayed. Nevertheless, the project remains on target to complete the foundation phase by July 2000.

COLLEGES COLLABORATION FUND

The process of restructuring and building a world-class college sector in South Africa has been initiated:

- ❑ **Situational analyses** have been completed in six of the nine provinces (target: nine by the end of June 2000)
- ❑ **Introductory training:** Has been completed for 600 senior managers and 600 college councillors
- ❑ **A general manager** with international experience in college development has been appointed
- ❑ **A USAID has sent a project team to South Africa** to develop a proposal for Australian support for the programme

The project remains on target to complete nine provincial college sector development plans and initiate the three-year training programme for college staff by June 2000.

QUALITY LEARNING PROJECT

The first funding was transferred to this project in March. It is targeted to achieve the following by December 2000:

- ❑ 18 school districts involved in the project with consolidated district development plans, improved organisational systems and trained officials
- ❑ 500 schools committed to the project with draft school development plans and trained school governing bodies and management teams

PROGRAMMES PORTFOLIO

R936m

Project Value

R692m

Business Trust Investment

R145m

First year contracts

R74m

Funds disbursed

7

Strategic partners

MANAGEMENT

Approved: R5,6m

Disbursed: R4,6m

0,7%

Business plans approved

1,8%

Funds received

3,2%

Contracts signed

6,2%

Funds disbursed

PROGRAMME PORTFOLIO

Target: Value 1bn
Gearing 30%
Tax deductibility 50%

The Trust has agreed to invest R692m in seven projects over five years subject to performance and the availability of funds. Sixty percent of that funding is directed to schooling projects and forty percents to tourism and crime. Once the final tourism project is approved it is anticipated that those ratios will move to 48% schooling and crime and 52% tourism. R507m of the R657m approved will qualify for tax deductibility over the life of the projects.

The supported projects have a potential gross value of R936m over the five-year period to the end of June 2004. The other primary investors are the Department of Environmental Affairs and Tourism, the Department of Labour and international aid agencies.

The Trust has contracted with its strategic partners for the first year to a value of R145m, of which R87m has qualified for tax deductibility. R74m was disbursed to seven strategic partners by March 2000.

MANAGEMENT

Managing Agency: National Business Initiative

The Business Trust management unit showed a saving of just over R1m on the budget for the first half-year. Delaying the appointment programme managers brought this about. These have now been appointed.

CONSULTATIVE BODY

Consultative body

(Big business working group)

L. Boyd (Anglo American Plc)

D. Brink (Murray & Roberts)

W. Clewlow (Barlows)

D. Cronje (ABSA)

M. Daling (Sanlam)

L. Dippenaar (First Rand)

B. Godsell (Anglo Gold)

B. Hersov (Anglovaal)

R. Khoza (Eskom)

P. Kruger (Sasol)

S. Macozoma (Transnet)

G. McKay (SAB)

J. Ogilvie Thompson (Anglo
American Plc)

N. Oppenheimer (De Beers)

C. Ramaphosa (Johnnic)

J. Rupert (Rembrandt)

C. Strauss (Standard Bank)

At the launch of the Business Trust a parallel consultative body was established to facilitate interaction between business and government leaders on critical issues of job creation, human capacity development and other matters of national concern.

At the second meeting between business and government leaders at the end of 1999, the President signalled his intention to establish four working groups along the lines of the consultative body. These, he indicated, would be made up of big business, small business, organised labour and organised agriculture. The purpose would be to enable these working groups to develop a shared appreciation of the critical issues facing South Africa.

The discussions, under the chairmanship of President Mbeki, have covered a wide range of issues including growth and development strategy, the challenge of sustaining economic recovery, exchange control, investment incentives, fiscal discipline, SMME's, and the need for fixed investment both domestic and foreign. The discussions have also touched on the need to build capacity in government, value-added exports, tax transgressions, the savings rate, and jobs and skills gaps.

A joint meeting of all four working groups was held on 15 February 2000, prior to the budget speech, at which attention mainly focussed on inflation targeting. The target range of 3% - 6% set in the budget was consistent with the business recommendations.

A further meeting was held on 10 March 2000 to review the budget. Generally favourable comment was expressed by the business and organised agricultural groupings. Organised labour expressed concern about the process.



BUSINESS TRUST

FUNDING PARTNERS

ABSA GROUP LIMITED
AFRICAN OXYGEN LIMITED
ALPHA (PTY) LTD
ANDERSEN CONSULTING
ANGLO AMERICAN PLATINUM CORPORATION LIMITED
ANGLO AMERICAN PLC
ANGLOGOLD LIMITED
ANGLOVAAL MINING LIMITED
APOLLO BRICK (PTY) LTD
ARDOV CLOTHING
ATC (PTY) LTD
AVI
AVENG
B & A GROUP (PTY) LTD
B & W ELECTRICAL (PTY) LTD
BARLOW LIMITED
BEARING MAN LIMITED
BKS GROUP (PTY) LTD
BMW SOUTH AFRICA (PTY) LTD
BOE LIMITED
BP SOUTHERN AFRICA (PTY) LTD
BRIAN RICKARD (PTY) LTD
BUSINESS PARTNERS LIMITED
CITY LODGE
CONSOL (PTY) LIMITED
COUNTRY ESCAPES HOTELS & LODGES
CRAIG CONCRETE PRODUCTS (PTY) LTD
DAIMLER CHRYSLER SOUTH AFRICA
DE BEERS CONSOLIDATED MINES LIMITED
DELOITTE & TOUCHE
DELTA MOTOR CORPORATION (PTY) LTD
DISCOVERY HEALTH
DRESSER LIMITED
DRIEFONTEIN CONSOLIDATED (PTY) LIMITED
DU PONT SOUTHERN AFRICA
DUIKER MINING LTD
DYNAMO INVESTMENTS LIMITED
ELGIN BROWN & HAMER
ESKOM
HA FALCHEM
FEDSURE HOLDINGS LIMITED
FIRST RAND
FOURWAY HAULAGE SA (PTY) LTD
FRENCH ENGINEERING WORKS (PTY) LTD
GENBEL SECURITIES LIMITED
GFL MINING SERVICES LTD
GLOBAL VILLAGE NETWORK (PTY) LTD
GRINAKER CONSTRUCTION LTD
GRINCOR MANAGEMENT SERVICES (PTY) LTD
HOWDEN AFRICA HOLDINGS LIMITED
HAMBROS
ILLOVO SUGAR LIMITED
INDUSTRIAL DEVELOPMENT CORP. OF SOUTH AFRICA LTD (IDC)
INFRASTRUCTURE FINANCE CORPORATION LIMITED (INCA)
INVESTEC GROUP LIMITED
IPROP LIMITED
IRVIN & JOHNSON LIMITED
JOHNNIC COMMUNICATIONS LIMITED
JOHNSON & JOHNSON (PTY) LTD
KAGISO TRUST INVESTMENT (PTY) LTD
KIRSCHMANN-HURRY INVESTMENTS LIMITED
KLOOF GOLD MINING COMPANY LIMITED
K & R CLOTHING
LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED
LONRHO PLATINUM
LTA LIMITED
MACSTEEL SERVICE CENTRES OF S A (PTY) LTD
MATLALA INC.
MKONDENI MOTOR GARAGE CC
MOBIUS GROUP
MOMENTUM LIFE
MURRAY AND ROBERTS HOLDINGS LIMITED
MURRAY BIESENBACH & BADENHORST INC.
NAMPAK LIMITED
NASPERS LIMITED
NATIONAL BRANDS LIMITED
NEDCOR LIMITED
NEXT CHIMICA (PROPRIETARY) LTD
NUTRITIONAL FOODS (PTY) LTD
OGILVY AND MATHER RIGHTFORD (PTY) LTD
OLD MUTUAL
PALABORA MINING COMPANY LIMITED
PRETORIA PORTLAND CEMENT LIMITED
PRICEWATERHOUSECOOPERS
RAND MERCHANT BANK
RANDFONTEIN ESTATES LIMITED
REMBRANDT GROUP LIMITED
REUNERT LIMITED
S.A.F.I.C. (PTY) LTD
SANLAM LIMITED
SAPPI LIMITED
SASOL LIMITED
SHELL SA
SIEMENS LTD
SOUTHERN LIFE
SOUTHERN SUN GROUP
SPOOR AND FISHER
SRK CONSULTING
ST HELENA GOLD MINES LIMITED
SUN INTERNATIONAL
TENTE CASTORS SA (PTY) LTD
THE FEDICS GROUP LIMITED
THE HOLLARD INSURANCE COMPANY LIMITED
THE INVESTORS' GROUP (PTY) LTD
THE SOUTH AFRICAN BREWERIES GROUP
THE STANDARD BANK OF SOUTH AFRICA LIMITED
THE TONGAAT-HULETT GROUP LIMITED
TIMES MEDIA LIMITED
TRANSNET LIMITED
TRIDENT STEEL (PTY) LTD
UNILEVER SA (PTY) LTD
UNITRANS LIMITED
VOLKSWAGEN OF SA (PTY) LIMITED
WBHO CONSTRUCTION (PTY) LTD
WESTERN AREAS LIMITED