



BUSINESS TRUST PROGRESS REPORT

Year 2

1st Quarter

1st July to 30th September 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.

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Trustees: DC Brink (Co-chair), SJ Macozoma (Co-chair), DE Baloyi, ER Bosman, TA Didiza, LL Dippenaar, K Döring, R Hlongwane, PP Jourdan, K Kaljan, 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 FIRST QUARTER SECOND YEAR SEPTEMBER 2000

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INTRODUCTION

The first operating year of the Trust was completed on 30 June 2000.

The highlights of the first year included the following:

- ❑ International marketing campaign seen by 60m people
- ❑ Largest tourism training programme ever launched
- ❑ Length of detention cycle for awaiting trial prisoners reduced by 29,9%
- ❑ 946 primary schools with over 1m pupils selected for reduction of repeaters
- ❑ 615 secondary schools selected for improved performance
- ❑ 600 college councillors and 600 managers trained
- ❑ Business Trust consultative body incorporated as President Mbeki's big business working group

This report covers the first quarter of the second operating year to 30 September 2000. The highlights include:

- **Tourism Marketing: SATOUR** business plan approved for the second year of the international marketing campaign at a value of R225m, up from R110m in year one
- **Tourism Enterprise Programme approved:** The third tourism programme identified by the Trust was approved during the quarter with a four year value of R129m to which the trust will commit R60m
- **Schooling:** **READ** contract renewed at a value of R50,2m and **NBI CCF** contract renewed at a value of R30,5m
- **Business & Government relationships:** The of the Business Trust consultative body adopted by President Mbeki as his big business working group adopted a framework for encouraging the attraction of fixed investment.

RESOURCES

FUNDS MOBILISED

Target	To date
5 year R1bn	R842m
2 year R400m	R408m

Funds transferred to the Trust increased from R338m to R408m during the first quarter of the second operating year. This figure is made up mainly of second year contributions from existing funders.

Denel and Iscor agreed to become funders and Didata confirmed its intention to fund. In addition letters were written to the top hundred companies not yet in the Trust and direct contacts made with a number, including Vodacom, Billiton, Telkom, Edgars, Medikredit, Alexander Forbes, Ernst and Young, KPMG, Bidvest and a group of Japanese companies.

The funds committed over the five-years increased to R842m partly as a result of bringing to account interest earned and forecast.

PROGRAMME PORTFOLIO

Target over 5 years	Forecast over 5 years
R1bn over	R1,5bn
Gearing 30%	50%
Tax deductible 50%	60%

During the quarter the value of contracts signed increased from R145m to R236m

The Trust has agreed to invest some R750m in eight projects over five years, subject to performance and the availability of funds

The forecast value of projects over the five year period is now some R1,5bn following a substantial increase in government funding for the international marketing programme by the government. The other primary investors are the Department of Environmental Affairs and Tourism, the Department of Labour and the Tourism Business Council. On current commitments, R2 project activity will be undertaken for every R1 provided by the Trust funders. The ratio will decline if the trust increases its contribution to R1bn and other funding remains constant.

120



114
Funders

R842m



R800m
Funds committed

R408m



R338m
Funds received

R236m



R145m
Contracts signed

All Funds
R1,5bn



R750m
Business Trust Funds

EXPANDING THE MARKET

TOURISM MARKETING

Partner: SATOUR
Planned: BT R150m
DEAT R650m
TBCSA R90m
Initiated: Jan 2000
BT Exp Yr 1: R50m
BT Budget Yr2: R50m
Disbursed: R50m

Target:
Increase international tourist arrivals from 1,4m to 2,3m by Dec 2002
Expand job opportunities by 100 000

TOURISM TRAINING

Partner: THETA
Tourism, hospitality and sport education and training authority
Planned: BT R80m
DOL R35m
Initiated: Jan 2000
Budget yr 1: R10,1m
Disbursed: R4,9m

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

TOURISM ENTERPRISE

Partner: EBONY
Planned: BT R60m
Other R69m
Initiated: Jul 2000
Budget yr 1: R10,8m
Disbursed: R2,4m
Target :
Support R450m transactions
1 000 enterprises
5 000 job opportunities

TOURISM PROGRAMMES

INTERNATIONAL MARKETING PROGRAMME

Year 2 Quarter 1

During the first year the largest ever South African marketing campaign was launched in USA, UK, Germany, France, Italy and the Netherlands; A new SATOUR board was appointed (inc 5 Business Trust trustees); a new CEO took office and the organisation was streamlined
The business plan for the second year which was approved during the first quarter:

- Doubles the investment in international marketing to R225m as a result of increased government funding. (Business Trust funding remains constant at R50m)
- Concentrates on the 6 primary markets
- Increases cooperative marketing from R8m to R30m some of which will be applied in emerging markets (Africa, India and China)
- Strengthens public relation and sales promotion

The marketing programme target to increase international tourist arrivals to 1,7m by the end of 2000 has been adjusted to 1,6m on the basis of the latest available figures for 1999. And the 2002 target has been adjusted to 2m down from 2,2m. This will reduce the number of job opportunities targeted from 100 000 to 80 000. These estimates are subject to confirmation once the Dec 2000 figures are available.

TOURISM TRAINING PROGRAMME

Year 1 Quarter 3

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

- Three Standard Generating Bodies involving over 80 practitioners (provided at no cost by firms in the industry), have developed 134 new unit standards, which will constitute 18 of the targeted 20 qualifications. These will be submitted to the South African Qualifications Authority (SAQA) for registration by December 2000
- 5 000 employees (up from 3285 in March) have been assessed against hospitality unit standards. This exceeds the target of 3 000 for the year

TOURISM ENTERPRISE

Year 1 Quarter 1

The tourism enterprise programme was approved and work got underway:

- Contract were made with 29 enterprises
- 9 enterprises were registered for further support
- Transactions to the value of R1,8m were procured
- An approach to the measurement of employment generated was agreed

MALARIA CONTROL

Partner: Medical Research Council
Initiated: Jan 2000
Planned: R4,0m
BT Budget: R4,6m
Disbursed: R3,2m

Target:

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

CRIME REDUCTION

Integrated Justice System Project

Partner: Business Against Crime
Initiated: October 99
Planned: R29m
Exp Yr 1: R3,8m
Budget Yr2: R5,6m

Disbursed $\begin{matrix} \uparrow \\ \text{R6,6m} \\ \text{R3,8m} \end{matrix}$

Target:

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

ADDRESSING IMPEDIMENTS TO JOB CREATION

MALARIA CONTROL PROGRAMME

Year 1 Quarter 3

The spray programme was postponed to November 2000 as a result of flooding and the detection of resistance to the insecticide used

- Discussions were initiated with the Mozambique authorities on the use of more effective insecticide
- 110 (up from 50 last quarter) spray men have been trained
- 80 tourist facilities have been visited to test owner and tourist response to the malaria threat. The fear of malaria was found to be the most consistent cause of booking cancellation
- Malaria risk maps have been produced to provide information to facility owners, tourists and the media

The Medical Research Council has proposed that the Business Trust extend its one year funding to three years. This will be considered in November 2000

CRIME REDUCTION

Integrated Justice System Project

Year 2 Quarter 1

By the end of June the Integrated Justice System Project office had been established.

- **Electronic exchange of data between SAPS and Correctional Services:** Implementation was started during the quarter
- **National Photo Identification system:** To capture images of offenders and make them available to all departments was implemented during the quarter
- **Automation of resource and work-flow scheduling for the courts:** An agency was appointed to undertake this project, during the quarter

BUILDING CAPACITY

SCHOOL REPEATER REDUCTION

Partner: READ
Initiated: Sept 1999
Planned: R153m
Exp Yr 1: R13,4m
Budget Yr 2: R50,2m
Disbursed: R18,3m → R13,4m

Target:

- * Train 15 600 teachers in 946 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
Planned BT: R100m
Other: R20m
Exp yr 1: R8,9m
Disbursed: R8,9m → R11,9m

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
Planned: R139m
Budget Yr 1: R26,4m
Disbursed: R4,8m → R6,8m

Target:

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

SCHOOLING PROGRAMMES

PRIMARY SCHOOL REPEATER REDUCTION Year 2 Quarter 1

The READ contract for the second year was renewed during the quarter. The number of schools participating in the programme is now 946

During the quarter:

- School principal training:** 43% of the 946 school principals received management training
- Teacher Training:** 8 881 teachers have now undergone two three-day training courses
- Provision of resource packs:** 78 871 (up from 13 604 last quarter) resource packs were provided to schools
- Leader teacher training:** Leader teachers were trained

COLLEGES COLLABORATION FUND Year 2 Quarter 1

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

- Situational analysis:** A quantitative overview of technical colleges was published and handed to the minister
- Introductory training:** Has been completed for 600 senior managers and 600 college councillors
- Advanced training:** A group of 25 college managers from South Africa sent to the UK developed skills in financial management, industry partnering, programme development and merger management. A further 26 underwent intensive partnership training at the University of Stellenbosch
- Merger support:** A first national convention of college managers was held

QUALITY LEARNING PROJECT Year 1 Quarter 3

The number of secondary schools (participating in the programme) was increased from 500 to 620 in 20 districts

- 6 District development plans have been finalised
- Offices have been set up in 7 provinces
- A Baseline survey was completed. A report is due in January
- Assessment tools for learner performances in Maths and languages were developed
- A brochure describing the programme was finalised

DEMONSTRATING COMMITMENT

Consultative body

(Big business working group)

L. Boyd (Anglo American)
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)
M. Levett (Old Mutual)
C. Liebenberg (Nedcor)

THE PRESIDENTS BIG BUSINESS WORKING GROUP

The 5th meeting of the Presidents working group was held on 27 July 2000. The big business working group proposed a framework for the promotion of fixed investment. It focussed on:

- Fundamental constitutional and legal guarantees
- Fiscal policy
- Monetary policy
- Quality of governance
- Trade and industry policy
- Labour market issues
- Privatisation
- Confidence building

The Ministers of Trade and Industry, Labour, Public Enterprises and the Deputy Minister of Finance addresses a number of issues in respect of industrial policy, trade policy, SMME's, labour legislation and privatisation. There was discussion on the need for urgency in the privatisation and restructuring process, the legislative burden on SMME's and the need for a balanced tax regime.

Just after the end of the quarter reported here the 6th meeting of the Presidents working group took place on 24 October:

- A progress report was given on the development of the Business Trust
- An extensive discussion took place on Zimbabwe and land reform
- The President subsequently addressed these issues at the SACOB conference
- The business working group issued a media release and advert on its response to the discussions and statement by the President

COMMUNICATION

The communication programme designed to demonstrate business commitment and the value of the business government partnership started on 11 September and ran on national TV, in the press and through events during the quarter.

MANAGEMENT

The Business Trust Management Unit showed a saving of R1m on the management budget for the first year
The NBI management contract for the second year was renewed



BUSINESS TRUST

FUNDING PARTNERS

ABSA GROUP LIMITED
ADCORP HOLDINGS LTD
AFRICAN OXYGEN LIMITED
ALPHA (PTY) LTD
AMALGAMATED BEVERAGE INDUSTRIES 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
BRIMSTONE INVESTMENT CORP. LTD
BUSINESS PARTNERS LIMITED
CITY LODGE HOTELS LTD
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 (PTY) LTD
ESKOM
FEDSURE HOLDINGS LIMITED
FIRST NATIONAL BANK OF SOUTH AFRICA LTD
FIRST RAND LTD
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
HA FALCHEM
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 (PTY) LTD
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
OPEN OUTCRY INVESTMENT HOLDINGS LTD
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