

PROGRESS REPORT — NOVEMBER 2000

FUNDS MOBILISED

Funds transferred to the Trust increased from R256-million to R338-million during the final quarter of the first operating year. The bulk of this figure is made up by second year contributions paid in advance.

The funds committed over the five-years of R800-million cover the value of business plans approved. At the end of the first operating year, the Business Trust had secured commitments for 80% of its targeted R1-billion for deployment over five-years.

The fund mobilisation campaign focuses on major companies not yet in the Trust and aims to secure their participation on the originally agreed formula of 0.15% of market capitalisation as at November 1998 or 2% of after-tax earnings in the case of non-listed companies. Direct approaches to these companies are being supported by an intensified marketing and communication campaign.

FUNDS MANAGED AND CONTROLLED

The audit of the Business Trust operating entities, three Section 18(A) Education Trusts and a Section 21 non-profit company was initiated and the results will be published as part of the year-end report and financial statements.

Rand Merchant Bank and Standard Corporate Merchant Bank continued as Asset Managers and African Harvest was appointed as a third Asset Management Company for the Trust.

Deloitte & Touche in association with Gobodo continue to provide internal audit support. A due diligence test was completed on the eighth strategic appointed by the Trust: Ebony Consulting International. Internal audits were undertaken on the NBI Colleges Collaboration Fund and the Joint Education Trust Quality Learning Project during the quarter. This work completed the round of due diligence tests and internal auditing for the year which included a due diligence test on all strategic partners and at least one internal audit in each case.

FUNDERS RECOGNISED

During the quarter President Thabo Mbeki wrote to all contributors to the Business Trust thanking them for their contribution.

Report-back meetings were held to funders in Johannesburg, Cape Town, Durban, East London and Port Elizabeth. The chairman of the Business Trust Funding Committee has initiated a report-back programme for funders requiring direct reports to their boards and management committees.

TOURISM PROGRAMMES

INTERNATIONAL MARKETING PROGRAMME

The Trust disbursed the final tranche of its first year funding during the last quarter.

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

The programme objective to raise awareness of SA in the primary markets was achieved.

A high quality advertising campaign generated a generally positive response:

- 17500 responses to the campaign were recorded.
- 20% of those interviewed saw the ads.
- 75% commented positively.
- 42% would probably consider SA for a holiday.
- 24% would definitely consider SA for a holiday.

A cooperative marketing campaign was very successful:

- The R8m invested was catalyst to a further R8m investment from tour operators.
- The R16m campaign is projected to result in R141m visitor spend in SA.
- The launch of the market segmentation was delayed.
- The approach to segmentation is being reviewed.
- The satellite accounts are not due till November.

The marketing programme target to increase international tourist arrivals to 1,7-million by the end of 2000 has been adjusted to 1,6m on the basis of the latest available figures for 1999.

TOURISM TRAINING PROGRAMME

Work continued on the most comprehensive training programme ever launched in South Africa. Eighteen new national qualifications are being developed and will be submitted to the South African Qualifications Authority (SAQA) by December 2000.

- 3 285 people (up from 1 782 in March) have been assessed against hospitality unit standards. This exceeds the target of 3 000 for the year.
- 2 730 people have satisfied the hospitality unit standards.

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

MALARIA CONTROL PROGRAMME

A base-line study of malaria in SA, Swaziland and Mozambique was completed during the quarter.

- 50 spray men have been trained.
- 80 tourist facilities have been visited to test owner and tourist response to the malaria threat.
- Malaria risk maps have been produced to provide information to facility owners, tourists and the media.

The Harvard Business School has agreed to participate in an evaluation of the programme. The Medical Research Council has proposed that the Business Trust extend its one year funding to three years.

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 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 29,9% on average
- Annualised savings of R59,67m have been secured

The project remains on target to implement the first 8 fast track project by June. These include:

- Electronic data exchange 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 roll out plan for the awaiting trial prisoner project

SCHOOL REPEATER REDUCTION

Partner:	READ
Initiated:	Sept 1999
Budget:	R29,8m
Disbursed:	R5,1m
Target:	<ul style="list-style-type: none"> • Train 15600 teachers in 876 schools • Improve the reading and writing of 1m pupils • Reduce the repeater rate by 50% (100 000 pupils)

PRIMARY SCHOOL REPEATER REDUCTION

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

- **791 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
- **35 READ trainers** have undergone training programmes to upgrade trainers skills covering some 140 contact days
- **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 9 provinces

School management, teacher training and materials purchasing programmes have been delayed. 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 6 of the 9 provinces (Target 9 by 30.06.00)
- **A Provincial strategic plan** has been produced for Western Cape (Target 3 plans by 30.06.00)
- **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
- **AUSAID has sent a project team to SA** to develop a proposal for Australian support for the programme

The project remains on target to complete 9 provincial college sector development plans and initiate the 3 year training programme for college staff by June.

QUALITY LEARNING PROJECT

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

**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 R1bn
- 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. 60% of that funding is directed to schooling projects and 40% 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 projects supported have a potential gross value of R936m over the 5 year period to 30 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: NBI

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

Consultative body (Big business working group)

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 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 the economic recovery, exchange control, investment incentives, fiscal discipline, SMME's, and the need for fixed investment both domestic and foreign. They 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 the 15th of February, prior to the budget speech at which the main focus of attention was 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 to review the budget, which drew generally favourable comment from the business groupings and organised agriculture. Organised labour expressed concern about the process

**Consultative body
(Big business working group)**

- L. Boyd (AA plc)
- D. Brink (M&R)
- 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 (AA plc)
- N Oppenheimer (De Beers)
- C Ramaphosa (Johnic)
- J. Rupert (Rembrandt)
- C Strauss (Std Bank)

TOURISM MARKETING

Partner:	SATOUR
Initiated:	Jan 2000
Budget	R50m

Disbursed

R50m



R44m

Target:

- Double the rate of growth of international tourist arrivals

TOURISM TRAINING

Partner:

THETA

Initiated:

Jan 2000

Budget

R10,1m

Disbursed

R4,9m

Target:

- Design and register 35 new national tourism qualifications

* Train 10000 employed and 5000 unemployed by 2003

MALARIA CONTROL

Partner:

Medical Research Council

Initiated:

Jan 2000

Budget

R4,6m

Disbursed

R3,2m

Target:

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

CRIME REDUCTION

Partner:	Business Against Crime
Initiated:	October 1999
Approved	R3,8m
Disbursed	R3,8m ↑ R2,5m
Target:	<ul style="list-style-type: none"> • Reduce crime by 10% • Improve the operation of the courts • Reduce recidivism • Reduce costs

COLLEGES COLLABORATION FUND

Partner:	National Business Initiative
Initiated:	Sept 1999
Approved:	R10,8m
Disbursed:	R6,4m
Target:	<ul style="list-style-type: none"> • Train 600 councillors and senior and middle managers • Support 50 college mergers and industry linkages • Increase enrolment from 250000 to 400000 and employment to 65%

QUALITY LEARNING PROJECT

Partner: Joint Education Trust

Initiated: Mar 2000

Approved: R26,4m

Disbursed: R 4,8m

Target:

- Improve the performance of 500000 high school pupils

- Enhance District performance

- Develop replicable learning assessment practices