



BUSINESS TRUST PROGRESS REPORT

Year 2

2nd Quarter

1st October to 31st December 2000

- Funds received increased to R420m and funds pledged over five years to R849m
- The value of business plans approved totals R750m the value of contracts signed increased to R306m
- The second year of the International campaign to market South African tourism was launched in the UK R12m, Germany R9m, USA R22m and the Netherlands R4m. A number of co operative marketing agreements were concluded including the first in India
- The Tourism Enterprise programme supported its first R6m of transactions
- Contracts were renewed for the second year of operation for READ (R50m) and NBI Colleges fund (R30m)
- A framework for encouraging fixed investment was agreed in the Presidents Big Business Working Group

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 Mkhathshwa, 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 SECOND QUARTER SECOND YEAR
DECEMBER 2000**

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INTRODUCTION

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 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 second quarter of the second operating year. The highlights are shown on the front cover

RESOURCES

135
↑
120
Funders

R849m
↑
R842m
Funds committed

R424m
↑
R308m
Funds received

R306m
↑
R236m
Contracts signed

All Funds
R1,5bn
↑
R750m
Business Trust Funds

FUNDS MOBILISED

Target	To date
5 year R1bn	R849m
2 year R400m	R424m

Funds transferred to the Trust increased from R408m to R424m during the second quarter of the second operating year. The estimated value of funds committed over the five-years increased from R842m to R849m. The number of funders increased from **120 to 124** This represents **135** companies when subsidiaries that contributed to corporate donations are included in the figure.

New funders	Didata, KPMG, Ernst & Young, Iscor
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The above companies transferred their first contributions to the trust during the quarter. In addition Denel agreed to become a funder

Second tranche	95% by value	78% by number
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All but R6m of the R110m due as second contributions had been received by the end of the quarter

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 R236m to R306m with the signing of second year contracts for SATOUR R50m and READ R50m

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

EXPANDING JOB OPPORTUNITIES

TOURISM PROGRAMMES

INTERNATIONAL MARKETING

Partner: SATOUR
Planned: BT R150m
 DEAT R650m
 TBCSA R90m
Initiated: Jan 2000
BT Exp Yr 1: R50m
BT Budget Yr2: R50m
Disbursed R50m → R66m

Target:
 Increase international tourist arrivals from 1,4m to 2,3m by Dec 2002*
 Expand job opportunities by 100 000 * Current indications are that these targets may be revised downward by some 10% on the basis of latest 1999 estimates.

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: R5m

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 → R2,9m
Target :
 Support R450m transactions
 1 000 enterprises
 5 000 job opportunities

INTERNATIONAL MARKETING

Year 2 Quarter 2

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

During the second quarter 25 co-operation deals were signed with travel operators to share the cost of attracting tourists to South Africa

Tenders were issued for the selection of an advertising agency for 2001/2002

Contracts for the production of arrival statistics were delayed

TOURISM TRAINING

Year 1 Quarter 4

The summary results reported for the first year were as follows:

ITEM	Target	Result
Funds utilised		
Qualifications developed	20	18
Employees Assessed	3250	5000
Qualifications registered	20	0
Providers trained	20	0

The key delay was in the submission and registration of qualifications. This also had an impact on the training of providers. 18 qualifications have now been submitted. It is anticipated that these will be registered by May.

A budget saving of R5m was secured.

TOURISM ENTERPRISE

Year 1 Quarter 2

Set up procedures for the programmes were completed and a steering committee assembled to oversee the project. Mr. David Wigley, former chairman of Fedics agreed to join the committee. During the quarter:

- ❑ The number of enterprises assisted increased from 29 to 78
- ❑ The number of transactions supported rose from 8 to 64
- ❑ The value of transactions supported increased from R1,8m to R6m

MALARIA CONTROL

Partner: Medical Research Council

Initiated: Jan 2000

Planned BT R4,6m

Other R35m

BT Budget: R4,6m

Disbursed: R3,2m → R3,9m

Target:

* Reduction of malaria prevalence in year one

* Increased tourism and investment over 5 years

**ADDRESSING IMPEDIMENTS
TO JOB CREATION**

MALARIA CONTROL | Year 1 Quarter 4

During the quarter the board declined to extend this one year programme to three years as proposed by the Medical Research Council pending a review of the results of the first year and the use of effective insecticides in the Mozambique region.

During the first year of this project, which the Business Trust agreed to initiate pending the securing of international funding:

- Information collection was completed
- Risk mapping was completed
- Training was completed
- Spraying was started but not completed due to severe flooding

The anticipated funding from the World Health Organisation was not secured but South African government funding was. MRC asked the Business Trust to extend funding for a further two years. The Trust declined to do so until the current round of spraying is complete and the results known. The spraying will be complete by the end of February. The matter will be reconsidered in June 2001

CRIME REDUCTION

Integrated Justice System Project

Partner: Business Against Crime

Initiated: Oct 99

Planned: R29m

Exp Yr 1: R3,8m

Budget Yr2: R5,6m

Disbursed R6,6m

Target:

* Reduce crime by 10%

* Improve the operation of the courts

* Reduce recidivism

* Reduce costs

CRIME REDUCTION

Integrated Justice System | Year 2 Quarter 2

By the end of the quarter, the first results were available on the major integration projects:

- **Electronic exchange of data between SAPS and Correctional Services:** Implementation was completed during the quarter. *ACCESS TO INFO BY SAPS REDUCED FROM 78 TO 16 DAYS*
- **Automated Photo Identification system** continued to be implemented during the quarter
- **Automation of resource and work-flow scheduling for the courts.** Work flow scheduling started during the quarter

The short term awaiting trial prisoner project has now been implemented at 12 sites (previously 6). Awaiting trial time reduced 122.7 to 87.6 days. Direct cost saving R5.4m (Indirect annualised saving R110m)

Tourism Crime

The board considered a concept proposal on Tourism related crime. Subject to the approval of a business plan in March, it was agreed to support a project to: extend the use of CCTV in highly trafficked tourism areas and pilot the integration of law enforcement agencies in high profile tourist areas in Cape Town

BUILDING CAPACITY SCHOOLING PROGRAMMES

SCHOOL REPEATER REDUCTION

Partner: READ
Initiated: Sept 1999
Planned: R153m
Exp Yr 1: R13,4m
Budget Yr 2: R50,2m
Disbursed: R18,3m → R25,4m

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
Budget Yr2: R35,5m
Disbursed: R11,9m → R15,8m

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
Expend Yr 1: R10,7m
Budget Yr 2: R30,9m
Disbursed: R6,8m → R12,3m

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

REPEATER REDUCTION | Year 2 Quarter 2

During the quarter:

- ❑ **The number of primary schools participating** in the programme increased from 946 to 959 and 22 dysfunctional project schools were replaced
- ❑ **84%** (up from 43% last Quarter) **of the 959 school principals** received training in school governance
- ❑ **3066 teachers** received a two-day guided reading course

A Baseline study showed project and control schools to be closely equivalent. It underscored the difficult conditions facing most schools. e.g.

- ❑ **Large classes:** Average over 40 pupils/class; largest over 100
- ❑ **Poor facilities:** Few schools have half the basic facilities
- ❑ **Poor communities:** 60% unemployed
- ❑ **Deprived pupils:** 50% do not live with parents

COLLEGES COLLABORATION FUND | Year 2 Quarter 2

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

- ❑ **Situational analysis:** The quantitative overview of technical colleges was distributed to 1800 stakeholders
- ❑ **Introductory training:** Has been completed for 600 senior managers and 600 college councillors
- ❑ **Advanced training:** Group of 25 college managers from South Africa returned from the UK having 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:** The first national convention of college managers was held

QUALITY LEARNING PROJECT | Year 1 Quarter 4

The year two contract for R32,9m was approved during the quarter

During the first year: the project was launched in all 9 provinces covering 20 districts and incorporating over 500 schools

In the second year:

- ❑ Development plans will be produced for all districts and district managers trained
- ❑ Development plans will be produced for each school and school governing bodies and management teams trained
- ❑ 5000 teachers will receive specialised training in maths and language tuition

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)
M. Spicer (Anglo American Corp)

THE PRESIDENTS BIG BUSINESS WORKING GROUP

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 appointed a finance and admin manger during the quarter. This brings the total professional staff complement to five.



BUSINESS TRUST

FUNDING PARTNERS

ABSA GROUP LIMITED
ACCENTURE
ADCORP HOLDINGS LTD
AFRICAN OXYGEN LIMITED
ALPHA (PTY) LTD
AMALGAMATED BEVERAGE INDUSTRIES LTD
ANGLO AMERICAN PLATINUM CORPORATION LIMITED
ANGLO AMERICAN PLC
ANGLOGOLD LIMITED
ANGLOVAAL INDUSTRIES LTD
ANGLOVAAL MINING LIMITED
APOLLO BRICK (PTY) LTD
ARDOV CLOTHING
ATC (PTY) LTD
AVENG (PTY) LTD
B & A GROUP (PTY) LTD
B & W ELECTRICAL (PTY) LTD
BARLOWORLD 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
DENEL
DIMENSION DATA HOLDINGS PLC
DISCOVERY HEALTH
DISTILLERS CORPORATION
DORBYL LIMITED
DRESSER LIMITED
DRIEFONTEIN CONSOLIDATED (PTY) LIMITED
DU PONT DE NEMOURS INTERNATIONAL SA
DUIKER MINING LTD
DYNAMO INVESTMENTS LIMITED
ELGIN BROWN & HAMER (PTY) LTD
ERNST & YOUNG
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
GOLD FIELDS LTD
GRINAKER LTA
GRINCOR MANAGEMENT SERVICES (PTY) LTD
HA FALCHEM
HOWDEN AFRICA HOLDINGS LIMITED
HUNT LEUCHARS & HEPBURN
ILLOVO SUGAR LIMITED
INDUSTRIAL DEVELOPMENT CORP. OF SOUTH AFRICA LTD (IDC)
INFRASTRUCTURE FINANCE CORPORATION LIMITED (INCA)
INVESTEC GROUP LIMITED
IPROP LIMITED
IRVIN & JOHNSON LIMITED
ISCOR
JOHNNIC COMMUNICATIONS LIMITED
JOHNSON & JOHNSON (PTY) LTD
KAGISO TRUST INVESTMENT (PTY) LTD
KIRSCHMANN-HURRY INVESTMENTS LIMITED
KLOOF GOLD MINING COMPANY LIMITED
KPMG INC.
LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED
LONRHO PLATINUM
LTA LIMITED
MACSTEEL SERVICE CENTRES OF S A (PTY) LTD
MALBAK LIMITED
MATLALA INC.
MBB SERVICES INTERNATIONAL
MEDI-CLINIC CORPORATION
MKONDENI MOTOR GARAGE CC
MOBIUS GROUP (PTY) LTD
MOMENTUM LIFE
MURRAY AND ROBERTS HOLDINGS LIMITED
NAMPAK LIMITED
NASPERS LIMITED
NATIONAL BRANDS LIMITED
NEDCOR LIMITED
NEXT CHIMICA (PROPRIETARY) LTD
NUTRITIONAL FOODS (PTY) LTD
OGILVY AND MATHER RIGHTFORD, SEARLE-TRIP & MAKIN
OLD MUTUAL
OPEN OUTCRY INVESTMENT HOLDINGS LTD
PALABORA MINING COMPANY LIMITED
PLATE GLASS
PRETORIA PORTLAND CEMENT LIMITED
PRICEWATERHOUSECOOPERS
RAINBOW CHICKENS
RAND MERCHANT BANK HOLDINGS LIMITED
RANDFONTEIN ESTATES LIMITED
REMGRO LIMITED
REUNERT LIMITED
S.A.F.I.C. (PTY) LTD
SANLAM LIMITED
SAPPI LIMITED
SASOL LIMITED
SG HAMBROS
SHATERPRUFE
SHELL SA
SIEMENS LTD
SOUTHERN SUN HOLDINGS LIMITED
SPOOR AND FISHER
SRK CONSULTING (PTY) LTD
ST HELENA GOLD MINES LIMITED
STELLENBOSCH FARMERS' WINERY
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
TOURVEST
TRANS HEX
TRANSNET LIMITED
TRIDENT STEEL (PTY) LTD
UNILEVER SA (PTY) LTD
UNITRANS LIMITED
VOLKSWAGEN OF SA (PTY) LIMITED
WBHO CONSTRUCTION (PTY) LTD
WESTERN AREAS LIMITED