



PROGRESS REPORT SEPTEMBER 2002

Tourist arrivals up

Training expanded

Enterprises assisted ahead of target

Primary schools equipped

Secondary school teachers trained

Technical colleges rationalized

Justice system improved

Malaria infection reduced

Details inside

Progress Report 30 September 2002

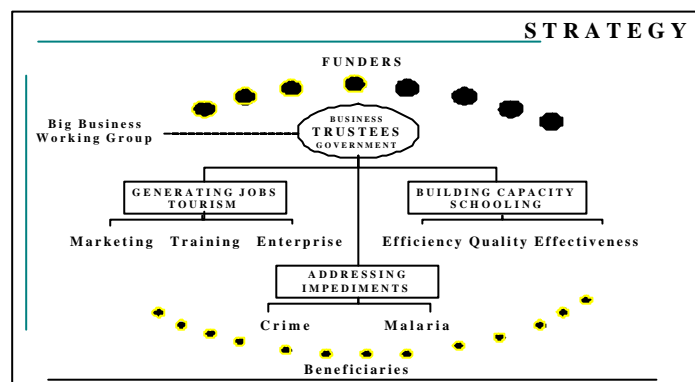
Introduction

The Trust

The Business Trust is an initiative of companies in South Africa working in partnership with government. It undertakes targeted job creation and capacity building programmes, while the economy is put on a growth path that will provide sustained improvements in the lives of the majority of South Africans.

Strategy

The strategy is to focus on tourism for job creation and schooling for capacity building. It is underpinned by support for programmes that address critical impediments to job creation in the tourism sector: crime and malaria. A parallel consultative body has been established to assist business Government interaction on national issues.



An equitable contribution

Companies committed to South Africa become funding partners by contributing 0.15% of the company's total market capitalisation or 2% of after-tax earnings in the case of companies not listed on the JSE. The contribution to the Business Trust is over and above the normal social responsibility funding of private companies. To date, co funding mainly from government, has matched that of the corporate funders.

This report

This report describes the results of the Business Trust at the end of the first quarter of the fourth operating year (30 Sept 2002). It aims to provide concise information to the Trusts stakeholders.



Progress Report 1st quarter year 4

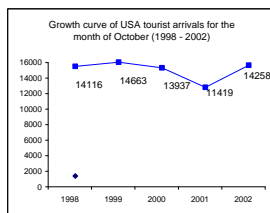
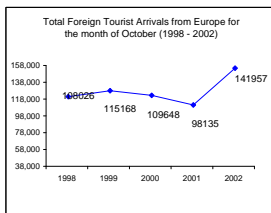
Tourism Marketing
Tourism Training
Tourism Enterprise
Primary school Learning for living
Secondary school Quality learning
Further education Colleges
Malaria control
Integration of the justice system
Management

TOURISM MARKETING PROGRAMME

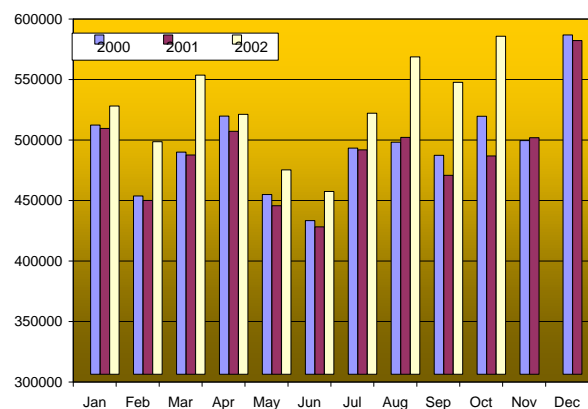
The Tourism marketing programme has required the restructuring of SA Tourism, the acquisition of improved market intelligence, the development of a refined strategy, improved operational capacity to implement the strategy and a means of measuring its impact on strategically defined objectives to: attract increasing numbers of tourist, increase the length of stay and level of spend, improve geographic distribution and empower the communities in which tourism operates by enhancing tourism's contribution to GDP, job creation and black economic empowerment. The last quarters results point to SA having capitalised on a restructuring of tourism worldwide since 9/11. The relative attractiveness of SA as a safe and attractive destination, the value of the rand and an improved marketing campaign have all contributed to a year to September that has a 14% increase in overseas arrivals

Monthly arrivals

The graph to the right shows significant improvement in monthly arrivals for 2002 compared with 2001 and 2000. The 579,355 arrivals in October more than recovers from the effects of 9/11 shown last October and reverses the downward trend from Europe and America of the previous two years as shown in the graphs below

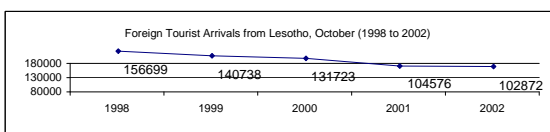


Monthly arrivals 2002 compared with 200 & 2001

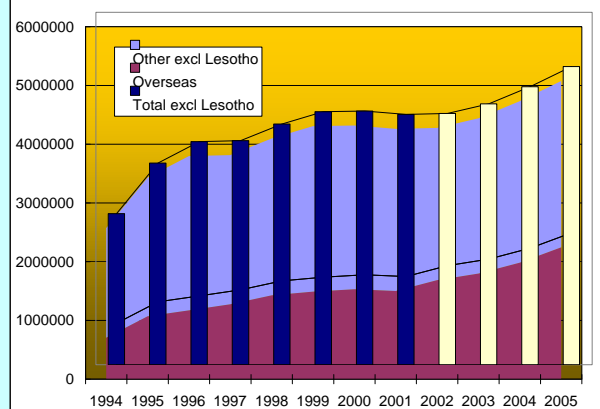


Annual arrivals

The graph shows overseas arrivals in dark at its base and other arrivals for Africa above that. The bars show the total excluding Lesotho. The monthly figures shown above indicate that the annual targets for 2002 should be easily met and the exponential growth projected to 2005 achieved if the positive trend continues. The Lesotho figures are excluded because of a distorting effect arising from a change in the economic relation between SA and Lesotho associated with mining



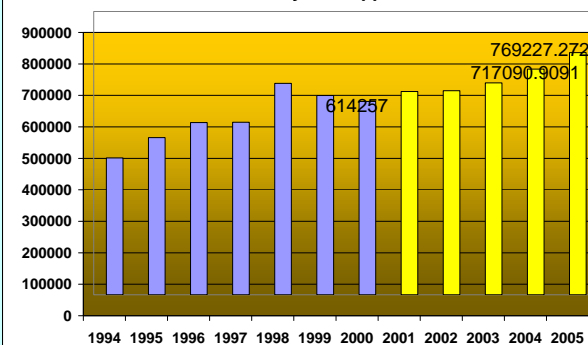
Annual arrivals



Job opportunities

In the period 1994 to 2000 one job opportunity was created in the tourism economy for every 6.6 arrivals. By 2000 the Dept of Environmental Affairs and tourism estimated that 614257 jobs were sustained by tourism activity. If that ratio obtains to 2004 100000 job opportunities will have been created between 2000 and 2004 which is consistent with the original Business Trust target of creating 100,000 job opportunities. By 2005 the figure will have risen to 150,000 if the increase in arrivals continues as projected and the ratio of 6,6 is maintained.

Tourism Economy Job Opportunities



**Quarterly results
to 30 September 2002 the 1st quarter of the 4th operating year**

TOURISM LEARNERSHIP PROGRAMME (TLP)

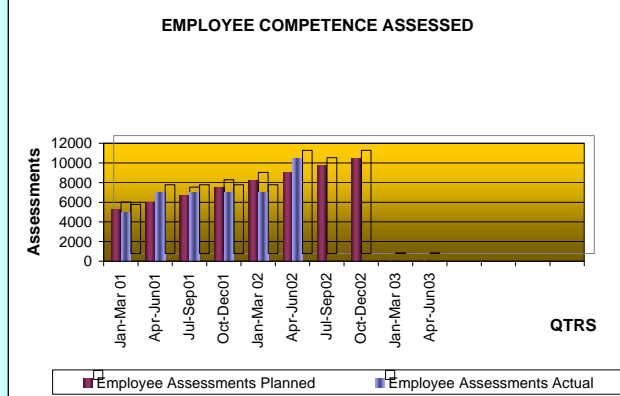
For the employed the TLP aims to: Accredit the skills of 12000 people against registered qualifications; Provide skills improvement programmes for 6000 people; Take 2000 people through a "host programme"; Take 3000 people through learnership programmes

For the unemployed the TLP aims to take 5000 people through learnerships.

By the end of September the necessary qualifications had all been registered, 1 923 employees had registered for learnerships and 2000 people were registered on the learnership programme for the unemployed. 7 088 employees had been assessed competent against hospitality standards.

Employee competence

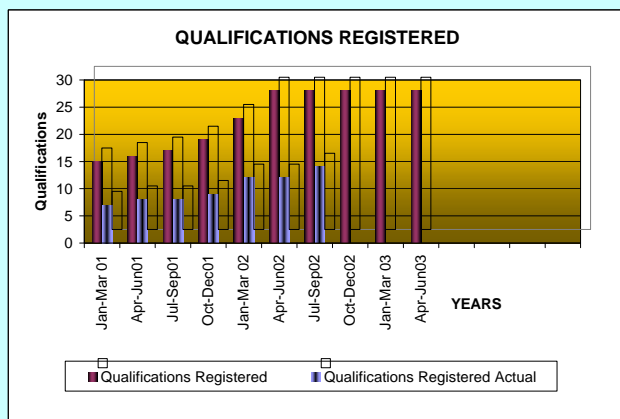
By the end of June 02 - 10500 people had been assessed as competent against registered unit standards. This was already ahead of the target of 9500 set for September 02



Registration of Qualifications

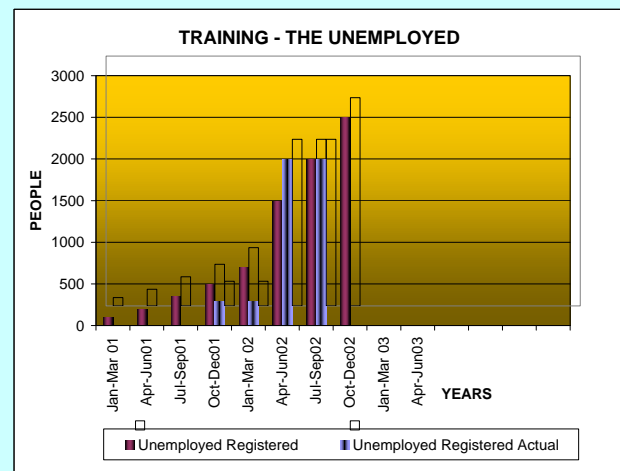
28 Qualifications were submitted but only 14 were registered by the South African Qualifications Authority. A concerted effort was to be made to complete the registration process

The qualifications now registered include qualifications in the field of conservation and guiding, eg. a National Certificate in Conservation Guardianship (NQF 2) and National Certificate in Tourism: Guiding (NQF 4); in the field of travel eg. a National Certificate in Retail Travel (NQF 5) and in hospitality, qualifications include a National Certificate in Accommodation Services (NQF2) and a National Diploma in Professional Cookery (NQF 4).



The graph shows that the registration of unemployed people for learnerships is on target with 2000 people now registered for training. The achievements of 100% of the target of 5000 persons is expected to be reached by June 2003.

The unemployed are registered for a range of learnerships including event support, tourism reception and food and beverage services.



**Quarterly results
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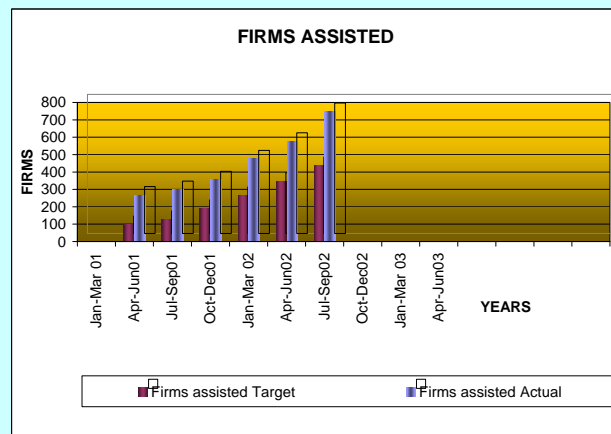
TOURISM ENTERPRISE PROGRAMME (TEP)

The TEP aims to assist 1000 enterprises (75% historically disadvantaged) to conclude R450m of transactions and thereby generate employment activity equivalent to the creation of 10,000 jobs. The core of the process used to do this identifies marketing opportunities for emerging firms, usually by forging linkages with established firms (local and foreign; private and public, including government departments and parastatal firms) To forge the transaction, services are procured from banks, trainers, investors support agencies and donors. The programme remains well ahead of target. By the end of September 750 firms had been assisted to complete R336m worth of transaction (up from R203m in June) and 7500 jobs had been supported.

The graph shows that 750 firms had been assisted by the end of September well ahead of the target of 450 and close to the five year target of 1000.

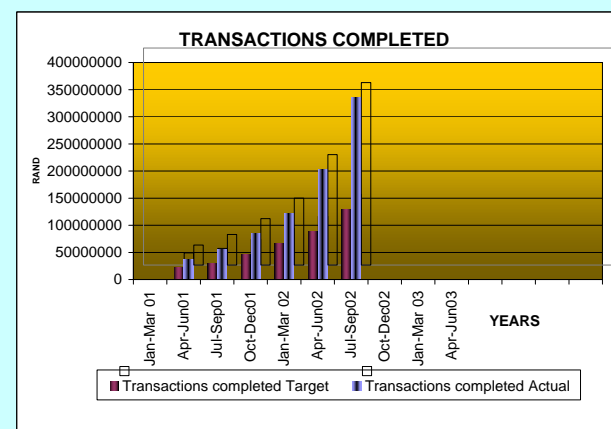
Examples of firms assisted during the quarter include:

- National Traditional Healers - Arts & Craft
- Kopano Nokeng - Accommodation
- Letahku Travel Tours - Travel
- Mankwe Safaris - Conservation
- Tamasha - Conference Organisers
- Waterval Minerale - Ancillary



The graph shows that R336m worth of transactions had been supported by the end of September against a target of R130m and a five year target of R450m. Examples of the transactions completed during the quarter include:

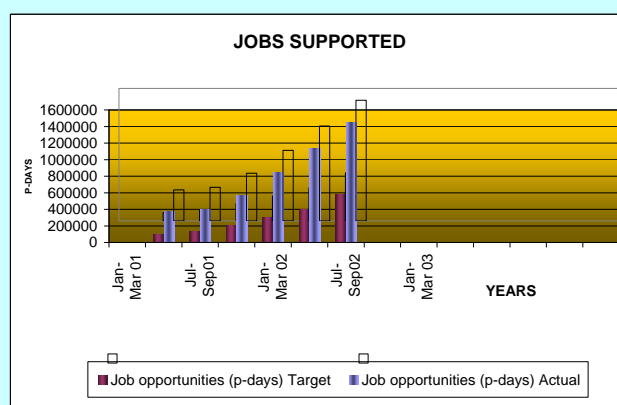
- Waterval Minerale**, an HDE company was awarded a R175,000 contract to supply bottled water to the WSSD. Based on this and their performance, the company is on the preferred list of suppliers to Southern Sun Hotels
- Acona Cleaners**, also an HDE company was awarded a R3,6m contract with the new casino in Witbank. They have since increased their employment from 22 to 39.



The Graph shows that 1,5million person days of work had been supported by the end of September well ahead of the target of 580,000. At 200 person days per year, that is the equivalent of 7,500 jobs.

Examples of the jobs created are:

- 58 new jobs were created over an 18 month period to provide plumbing services as a result of helping a firm assisted by the project to win a tender at the uShaka Island.
- 17 new jobs were created as a result of helping a small business to win a cleaning tender at the Witbank casino.



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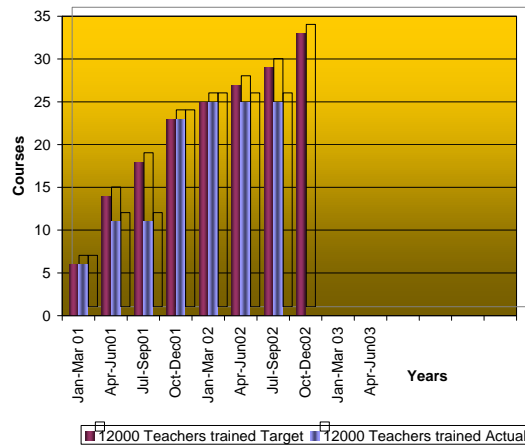
The Learning for Living programme

The primary school reading and writing programme was established to improve the reading and writing ability of one million primary school pupils throughout the country. The programme develops courses, trains trainers and teachers, provides materials and undertakes school based monitoring of learner, trainer and teacher performance. An internal monitoring and evaluation system has been developed with international experts and an external evaluation is being done by Eric Schollar and Associates.

Teachers Trained

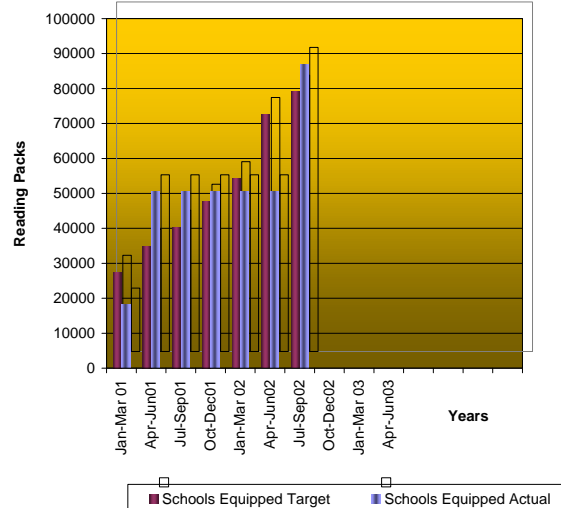
The planned no of courses was 14 in each phase, of Foundation and Intermediate, giving a total of 28. In the course of 2002, based on internal monitoring 5 additional courses for the Foundation phase and two additional courses for the Intermediate phase were introduced. These were due to increased depth in some and new areas such as classroom management and planning and emergent reading and writing in others. The total number of courses for the five year period is now 19 for the Foundation phase and 16 for the Intermediate phase, a total of 35 courses. 25 of these 35 have been completed as at September 2002.

TEACHER TRAINING



The graph shows that 86000 reading packs have been provided to the 957 schools in the project against the target of 79000 for the five year period. The provision of reading packs to every grade 1 to 7 classroom in the 957 schools is on track and almost complete against the 5-year target

SCHOOLS EQUIPPED



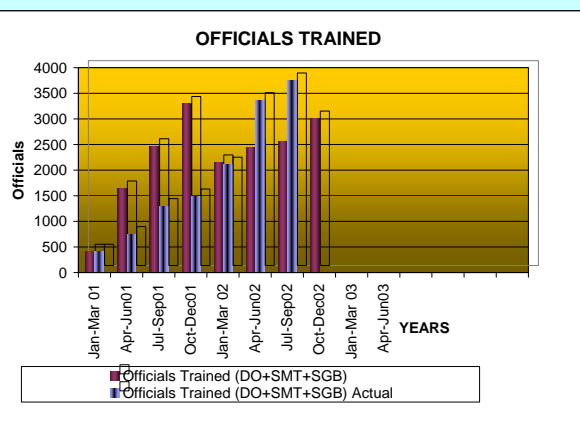
**Quarterly results
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The quality learning project

The QLP set out to improve the management capacity of district offices and schools while enhancing teacher competence, particularly in maths and language, and developing useful assessment mechanisms. This was all designed to improve the overall performance of secondary schools measured by pupil performance (with at least a 10% point improvement in maths, language and final year results after five years).

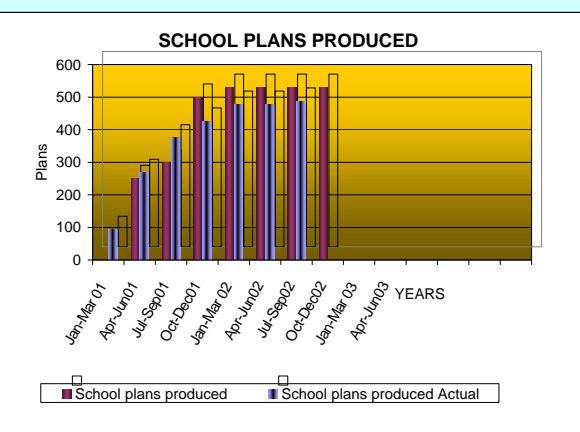
Training of officials

The training of district officials (DOs), school management teams (SMTs) and governing bodies (SGBs) is ahead of target (with more than 3500 officials having been trained against a target of 2500). This is designed to assist proper school management and governance. Project staff collaborated with district officials to ensure that all schools are ready to function from the first day of opening of 2003. A shortage of specialist Math's personnel remains a problem.



Preparing development plans

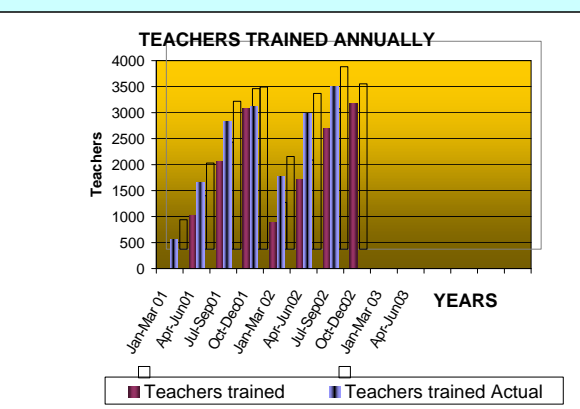
More than 70% of the districts in the project have prepared development plans and 488 of the 530 schools have approved development of plans. In some schools this has been delayed to allow training of officials to be completed.



Teachers trained

Teacher training is on track.

Some 3500 teachers had received training by the end of September 02. Ahead of the target of 2700. The cycle of training repeats itself each year with the same teachers completing the courses each year. Math's and Language trainers have collaborated with district officials to prepare schools for Matric Exams starting in October



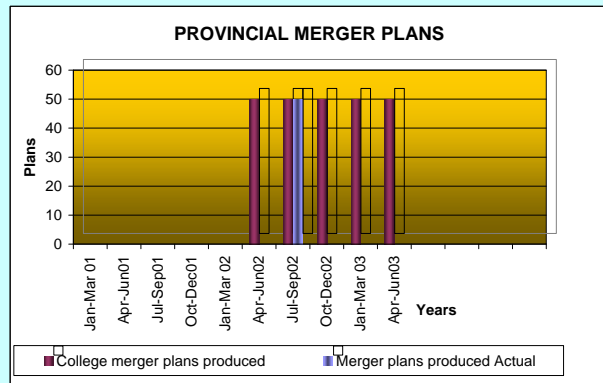
**Quarterly results
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The Colleges Collaboration Fund

The development of a responsive FET institution sector in South Africa requires: the restructuring of the institutional framework (by the development of provincial plans for the development of colleges in each province, the merger of the original 152 colleges into 50 viable institutions and the creation of sustainable funding for the new system); the development of leadership and management in the colleges (By establishing representative governing bodies for the colleges and training councillors and managers) and; raising the profile of technical education (through conferences, the development of a journal and by securing the support of business leadership). During the last quarter a successful FET convention involving local and international experts was held and new impetus given to the need to find long term funding and institutional arrangements for the development of the sector

Development of college merger plans

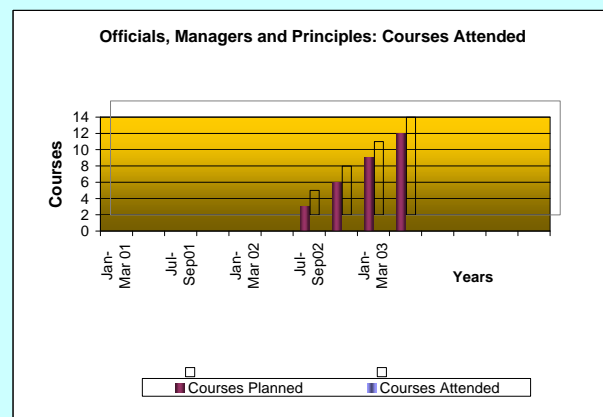
The institutional merger plans produced have contributed to a new landscape of 50 merged colleges of the original 152. These 50 colleges have been declared as Further Education and Training Institutions in terms of the FET Act. The process of setting up new governing bodies and appointing new chief executives for the merged institutions started during the last quarter. Each of the colleges has now produced a plan for the merger process.



Training

In the course of the first year of the project 600 managers and 600 councillors participated in introductory training on the extensive policy and legislative changes impacting on their sector. 25 participants for each of three years were selected to participate in an extensive, well planned and mentored fellowship of three months, at a UK colleges with the support of the British Council. 73 managers have now completed this fellowship.

By June 2004, 50 principals, 270 managers and 600 councillors will have completed 8 courses each. In the course of 2003 this will be on strategic planning, change management, quality assurance and curriculum development.



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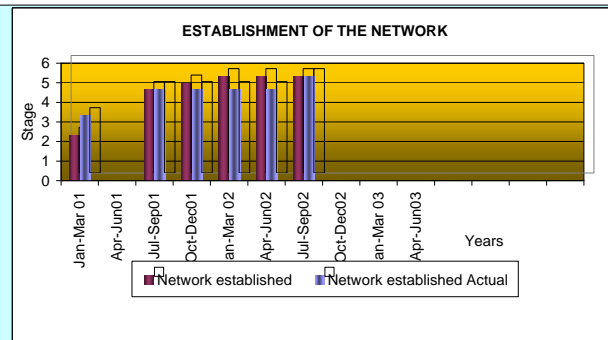
The Integration of the Justice system

The integration of the justice system is the cornerstone of the national crime prevention strategy. The South African Government has committed over a billion rand to integrate the functions of the police, courts, prisons and welfare. The Business Trust funds the project office, managed by Business Against Crime, which is working to: Establish an IT network that links the four departments; Install a criminal identification system; Develop a case flow management system; and Improve the operations of the courts

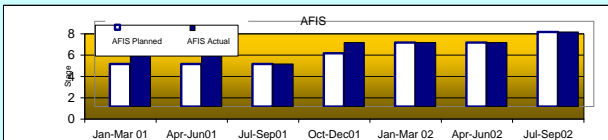
The sub projects typically move through 7 stages: project identification; specification approval; tender issue; tender award; pilot initiation; roll out initiation; and roll out completion.

Establishment of the Network

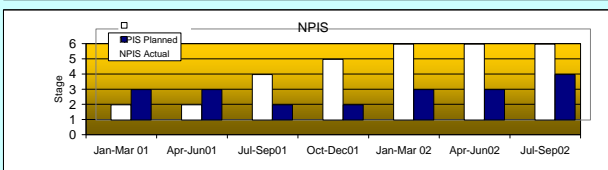
The graph shows that at the end of September the pilot project had been completed and roll out of systems to all centres has begun as planned (Stage 5). Roll out will be completed by June 2003. The lead Government departments have developed a comprehensive and integrated sustainability and maintenance plan.



This programme has two components namely; Automated Fingerprint ID system (AFIS) and National Photo Identification system (NPIS). The roll out of the AFIS is on track (Stage 7)

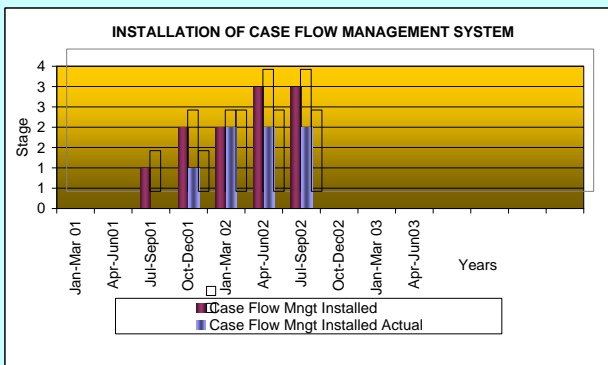


While the NPIS initiation plan has been completed (Stage 3), according to the original plan NPIS should be at Stage 5 but the lead government Departments have reprioritized this programme so that installation will start by March 2003.



Case flow management

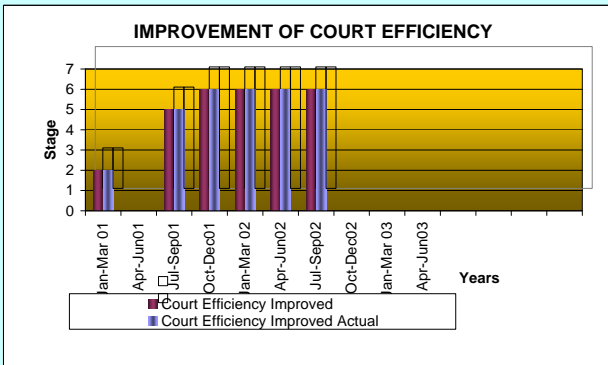
The graph shows that the project is behind schedule. While specifications have been approved (Stage 2), tenders have not yet been issued (Stage 3, as was planned by this time). The development of specifications took longer than planned because an additional effort was required to ensure that the system is able to meet future requirements.



COURT EFFICIENCY

The graph shows that the rollout of this component of the project has been initiated. It now covers 28 court centres out of the 75 targeted over the five years of the project.

The evaluation of the pilot sites was completed during the quarter. As previously reported, average case preparation time at the pilot sites was cut by 45% (70 days) and the number of cases finalised increased by 55%.



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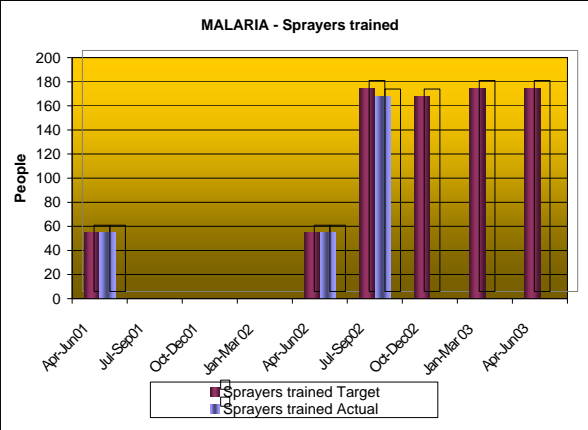
Malaria Control Programme

Malaria is the primary impediment to the effective tourism development of the high potential Lacombe tourism area. It discourages investors and tourists and undermines the health and welfare of the local population. The Business Trust agreed to initiate a malaria control programme in Northern Kabuli Natal, Swaziland and Mozambique with a concentrated programme in southern Mozambique. The initial work funded by the Trust in an amount of R5m was successfully completed in 2001. In 2002 the Trust agreed to extend the programme and approved a further R6,5m for 2002/3 and reserved a similar sum for 2003/04.

The programme is implemented by the Medical Research Council

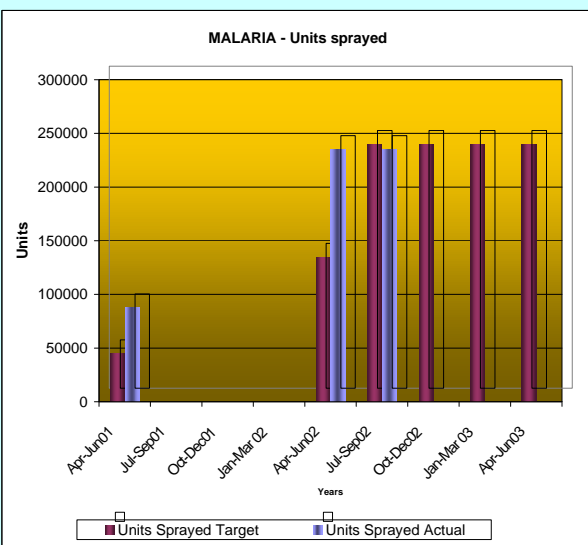
Training sprayers

The Graph shows that the programme is very close to target. 168 local people had received training as sprayers by the end of September 2002 against a target of 175. The gap in the graph between July 01 and March 02 marks the period after the initiation of the project when the Business Trust was awaiting the production of results prior to agreeing to continue funding in April 02



Spraying units

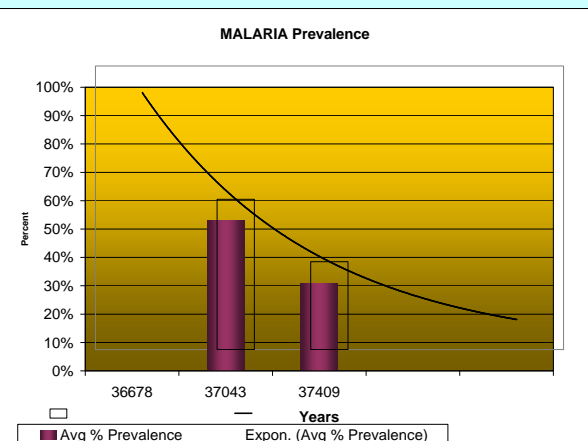
The graph shows that the programme is very close to target. Having sprayed some 90000 units in the first year initiated by the Trust which was twice the target for that period, additional funding was attracted from government and other sources and the target for the programme expanded to 240,000 units. That target was due to be achieved by September 2002 and was met by June with 235,000 units being sprayed. There are no significant variances. The programme is within 2% of the expanded target at the end of September 02. Each unit is sprayed twice a year and the second round of spraying will take place in November 2002



Reduction in prevalence

The graph shows a reduction in prevalence between June 01 and June 02 from 53% to 31%.

There is no major variance to report. The programme managers are confident that the positive trend can be continued and the infection rate brought to a level that would have this part of the country effectively malaria free within the five year period.



**Quarterly results
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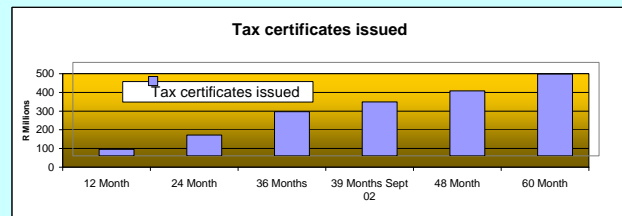
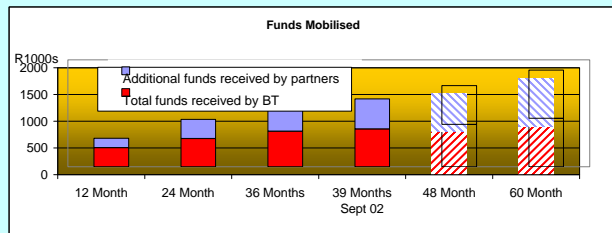
Management ratios

The Trust was designed to be managed with a small infrastructure at a low cost and in a manner that makes most efficient use of the funds. Key income and expenditure ratios are monitored quarterly to ensure effective management.
In September 02, the cumulative value of funds spent, taking account of all sources of funding, exceeded R1bn. for the first time

Fund mobilisation

By the end of September 02 R700m had been received by the Trust and an additional R562m committed to the identified projects, by the government and other funders. The total value of funding over the five year period is projected to top R1,8bn. Corporate funding (including earnings on donations received) will amount to R900m or 90% of the original R1bn target.

Some R288m had been issued in tax certificates which accounts for just under 50% of the value of funds contracted to date.



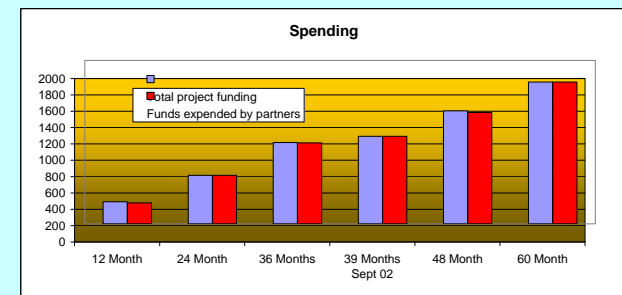
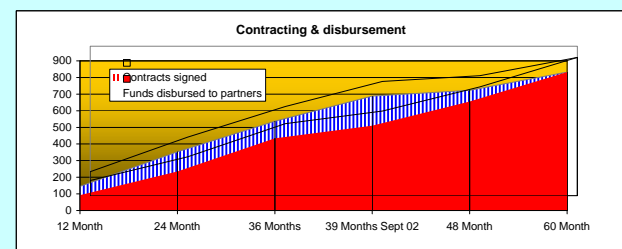
Contracting disbursement and spending

by projects, exceeded R1bn for the first time in September, taking into account Business Trust and other funding)

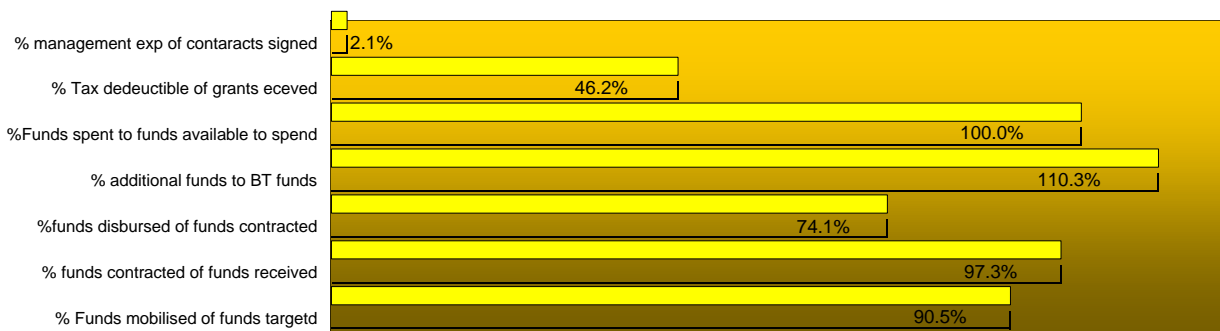
Of the R688m contracted by the Trust R510 had been disbursed at the end of September. That R510m is set to rise to R655m by the end of the financial year in June 2003.

As the ratios below show 97% of funds received have been contracted, 74% of funds contracted have been disbursed and 100% of funds disbursed have been spent. The 74% disbursed reflects the policy of not disbursing funds till they are needed and the fact that contracts are signed annually and disbursed progressively through the year.

At 2,1% of the value of contracts signed, management expenditure remains well within the 5% limit.



Ratios



**Quarterly results
to 30 September 2002 the 1st quarter of the 4ht operating year**

