South African Institute of Race Relations

83rd Annual Report
July 2013

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

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The cover photographs were kindly supplied by Theo Garrun and were first published in the *Saturday Star* in June 2012. They depict a match between St Stithians College and Jeppe High School for Boys, two of South Africa's most successful schools in a generally rather bleak educational landscape.

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Harold Bernstein
Phillip Tobias

HIGHLIGHTS

- As required by the new Companies Act, our current Memorandum of Incorporation was replaced by a new one.
- Income in the financial year ended 31st December 2012 amounted to R13.42 million and expenditure R14.74 million, leaving an operating deficit of R1.32 million. Income from investments ran to R4.97 million, yielding a bottom-line surplus of R3.65.
- We exceeded our overall membership subscription target income, before prepaid adjustments, of R3.18 million by R647 000.
- Assets under the control of the Institute increased to R53.60 million at the end of 2012. Of this amount R18.46 million was accounted for by bursary funds.
- The Institute's share portfolio increased in value from R18.13 million to R26.34 million. The value of the share portfolio of the bursary funds entrusted to us increased from R12.83 million to R13.23 million.
- Good Governance Africa (GGA), funded by private donors, was launched in partnership with the Institute.
- GGA launched a new monthly journal, *Africa in Fact*, whose coverage of events across the continent included democracy, growth, natural resources, energy, law and lawlessness, land, opposition parties, trade, press freedom, aid, communication technology, and elections.
- The *2012 South Africa Survey* was published, along with twelve issues of *Fast Facts*. We also sent out 50 press releases and 11 issues of *Research and Policy Brief*, while we had altogether 31 columns published in *Business Day* and *Rapport*. Our monthly electronic distribution list for *Fast Facts* now contains some 5 500 names.
- We launched three new projects, the Civil Society Support Project, the Digging for Development Project, and the Local Government Project.
- We gave more than 800 media interviews. Altogether 632 representatives of newspapers, news agencies, and radio and television outlets now receive regular information from the Institute.
- Our library and research department answered some 413 queries from Institute members and subscribers.
- Altogether 23 of the 75 students on Institute bursaries graduated at the end of 2012, bringing the total since 1980 to 3 695 at a cost of R230 million. We awarded 87 bursaries for the 2013 academic year.
- Media citations of the Institute since the beginning of 2012 have averaged nine a day.
- A total of 188 presentations of data excerpted from the *Survey* and *Fast Facts* were given to a wide range of different audiences. Seven briefings were hosted for Institute members and subscribers.
- The Institute made submissions to government departments or parliamentary committees on one white paper and eleven pieces of draft legislation, dealing with families, black economic empowerment, state information, legal practice, labour, employment equity, mining, business licensing, and expropriation.
- Public policy issues, to which we paid special attention included the following: health, families, social security, living standards, education, employment, race, business, farming, mining, property, legal practice, crime and security, the State, and scenarios.
- Martin Brassey delivered the 43rd *Alfred and Winifred Hoernlé Memorial Lecture*. His topic was *Fixing the Laws that Govern the Labour Market*.

Bursary Funds

Isaacson Foundation Bursary Fund
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Shirley Simons Fund
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Oppenheimer Memorial Trust
Horace Coaker Fund
Berkowitz Family Scholarship Fund
Senior Bursary Fund
American Chamber of Commerce in South Africa

Bursary Bequests

Marjorie Bain
Harold Bernstein

Tax-free donations

Donations to the Institute are tax-deductible in the hands of donors under Section 18A of the Income Tax Act. They are also exempt from donations tax.

Bequests are exempt from estate duty.

Please contact the Chief Executive should you wish to make a donation or bequest.

CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING ON MONDAY 8TH JULY 2013

Mr President, Members of the Institute, I have pleasure in presenting this report to you. The attached financial statements cover the financial year ended 31st December 2012, but this narrative report is up to date to May 2013.

GOVERNANCE

In terms of the requirements of the new Companies Act our current Memorandum of Incorporation was substituted by a new one at a special general meeting of members of the Institute on 8th April 2013. Also as required by the new Companies Act, the Board appointed a Social and Ethics Committee, which held its first meeting on 7th May 2013.

Mr Peter Horwitz resigned from Council, the Board, the Audit Committee, and the Remuneration Committee with effect from 12th February 2013 after 25 years of enthusiastic membership. His decision was forced upon him by ill health. Mr Garth Towell was co-opted to the Board. In terms of the new Memorandum of Incorporation, our President and Vice Presidents ceased to be ex-officio members of the Board. Mr Derek Bostock joined the Audit Committee. Messrs Frans Cronje and Peter Honey were elected to the Board of the Friends of the Institute in Washington DC. Mrs Ina Perlman, one of our honorary life members and previously a representative of such members on Council, died at the end of June last year at the age of 86.

The Institute's wholly-owned subsidiary, De Korte Street Properties Proprietary Limited, was closed and deregistered at the end of 2012 as a logical consequence of the sale of our buildings in De Korte Street, ownership of which vested in this company and was indeed its only function.

FINANCE

The attached accounts cover the financial year ended 31st December 2012. Operating income was R13.42 million and expenditure R14.74 million, leaving an operating deficit of R1.32 million. Income from investments was R4.97 million. Setting this last amount off against the operating deficit results in a surplus for the year of R3.65 million. The gain in the value of our investments in the stock market was R3.76 million against R0.74 million in 2011.

The year to 31st December 2012 was another good sales year as we generated R3.36 million in membership and subscription income, against R3.03 million the previous year.

As reported last year, we were asked to administer a new project entitled Good Governance Africa, funded by private donors. The income and expenditure in respect of this project is the main reason for the large increases in income and expenditure in 2012 as against 2011.

As at 31st December 2012, the assets under the control of the Institute were worth R53.60 million, a 6.35% increase over the year before. Of this amount, R18.46 million was accounted for by bursary funds.

The Institute's sources of operating income (excluding unrealised gains on investments) in 2012 fell into five categories: corporate and individual membership fees 23%, individual and corporate core support 9%, project sponsors 54%, interest and dividends 8%, and other 6% – this last category including royalties, consultancy fees, and bursary administration charges. The names of core supporters and project sponsors are listed on page 8 and/or cited in the relevant project reports.

RESEARCH, PUBLICATIONS, AND INFORMATION

This is the Institute's core activity. It involves gathering, analysing, publishing, and disseminating information on all aspects of South Africa, social, economic, and political. All our projects draw on this extensive basic research. The annual *South Africa Survey* and its monthly supplement *Fast Facts* are the main vehicles for the factual information supplied to our members and subscribers. Members of Parliament, provincial legislatures, and eight major municipalities also receive weekly newsletters under our Democracy Support Programme. Additional information is further supplied on demand to corporate members and premium subscribers. Our website not only enables us to make the *Survey* and *Fast Facts* available on line, but also provides a vehicle for information and opinion that appears only on line, notably in our occasional *Research and Policy Briefs*. Most of the Institute's research is also supplied to the Media. Some articles and texts of speeches are reproduced on the websites of other organisations.

Good Governance Africa started a monthly journal entitled *Africa in Fact* and also issued the first edition of an annual *Africa Survey*, modelled on the Institute's *South Africa Survey*.

South Africa Survey

The *2012 South Africa Survey*, which ran to 860 pages, was published in November last year. The eleven chapters covered demographics, the economy, public finance, employment, assets and incomes, business and labour, education, health and welfare, living conditions and communications, crime and security, and politics and government. The *Survey* included 792 national tables and graphics, 207 tables of provincial data, and 28 of local data. Each of the eleven chapters also carried tables comparing South Africa with some 35 other countries from all regions of the world, as well as with emerging markets and the rest of Africa – 103 international tables in all. Wherever possible, tables on South Africa itself go as far back as comparable data is available and as far forward as forecasts and projections have been made. Our population data, for example, starts in 1911 and ends with forecasts for 2040. The *Survey* has now appeared every year since 1946. It maintains its reputation as the only comprehensive source of information on all aspects of South Africa published by a private organisation. Over recent years, our corporate subscribers have described the *Survey* as 'indispensable', 'very impressive', 'a wonderful book', 'a unique resource', and a 'market researcher's dream'. These accolades come from major international companies in the chemicals, pharmaceuticals, petroleum, and financial services sectors as well as from global development agencies.

Fast Facts

Our monthly *Fast Facts* bulletin supplements the *Survey*. Twelve issues of *Fast Facts* (July 2012 to June 2013) were published, the June issue being number 262 since publication began in February 1991. Our annual analysis of the national budget covered the usual seven-year period (this time from 2009/2010 – 2015/2016), supplemented by tables comparing data for 1994 with the latest available for 85 social and economic indicators. Other standard annual features included an analysis of matric results, and comparisons of provincial and municipal social and economic indicators.

An analysis of the South African agricultural sector was featured in one issue. Two issues were dedicated to presenting the latest scores on our Rainbow Index, assessing performance on criteria we call the 'Ten Pillars of Democracy'. A further issue assessed local government performance. Two issues featured our latest research on families in South Africa. In addition to its statistical pages, *Fast Facts* carried altogether 72 special features, analytical articles, and editorials. Most of these – there is no space for all of them – are reported under Public Policy Issues below. Each month, *Fast Facts* reaches approximately 5 000 government, political, business, and academic leaders, as well as 500 journalists.

Member and Subscriber Information Service

The Institute's databank is made up of physical as well as intellectual capital. The physical material embraces both archives dating back over the decades and current files updated on a daily basis, so that there is little happening in South Africa about which information is not collected. Far from being simply a mechanical exercise, classification for filing also involves analysing the data the Institute gathers from a wide variety of sources. Members, subscribers, and other beneficiaries entitled to make use of our resources as part of their subscription thus draw not only on what is in the files but on the knowledge about all aspects of South Africa that goes into compiling them. Although vast quantities of information are now available on the internet, we find that it is not a substitute for what is in our archives, where it has already been carefully classified and often also annotated.

Over the past year our library and research department supplied information in answer to some 413 queries from Institute members and subscribers, members of Parliament (MPs), members of provincial legislatures (MPLs), local councillors, and the Media.

The subscriber information service has become an increasingly important part of the services the Institute makes available to members and subscribers, who are able to submit a specific query and get a customised answer to it. This service helps us both to recruit and to retain members and subscribers. Members are individuals and organisations who identify with the Institute's standpoint while subscribers are able to obtain services from us without necessarily identifying with our standpoint.

South African Mirror

Since October 2001 the Institute has been compiling an audio-visual presentation of key demographic, economic, social, and political data excerpted from the *Survey* or *Fast Facts* or retrieved from our files. To date some 248 Mirror presentations have been given to members, subscribers, MPs, MPLs, and sponsors. The presentations usually include a political and socio-economic analysis and forecast.

Website and social media

The Institute's website remains both an important communication medium and the electronic storehouse of the Institute's reports and data. Over the year the Institute's website registered some 3 880 862 'hits'.

We have also begun making more use of social media. Collectively, between the Institute and Mr Frans Cronje, its deputy CEO, we have over 3 300 followers on Twitter. These may be relatively small in number, but they are a very useful constituency as they include a cross-section of the most prominent journalists both in South Africa and abroad. On a number of occasions 'tweets' translated directly into media coverage for the Institute, including in the *New York Times* and the *Wall Street Journal*.

Media Alert Service

The Open Society Foundation – South Africa doubled its funding to the Institute for this project this year. This project has produced excellent results. Between January 2011 and the end of March 2013 it enabled us to average more than nine citations a day in the print media. By April 2013 altogether 632 journalists were signed up. These included almost every major South African journalist and news outlet as well as a range of prominent international outlets, such as Associated Press, *Time*, the BBC, and Agence France Press.

Not only do we send information out to the Media, but all our research staff are encouraged to make themselves available for media interviews. As a result of both of these factors, our coverage is substantial. In 2012, we were cited in the media on 2 511 occasions and in the first three months of 2013 on 1 785 occasions. Analysis of this latter figure shows that the topics ranged from unemployment through various aspects of crime to labour issues to electricity usage to obesity to family matters to wasted expenditure. Coverage in the print media was spread across 88 different publications: they included 43 mainstream papers, four African-language publications, 15 local and community publications, and 26 specialist publications. This last category included agricultural journals and specialist medical journals. International coverage, particularly of our data on unemployment and crime, was spread across the globe both in the print media and on websites, from the US to numerous African countries, many in Europe, plus Mexico, Australia, China, the Philippines, India, Malaysia, Thailand, Singapore, Indonesia, and Pakistan. Actual coverage is probably far higher than this, as there is no doubt a great deal that does not come to our attention.

A recent example of the wide penetration of our Media Alert Service emerges from coverage of our comments on the Licensing of Businesses Bill (see below), critical response to which caused the sponsoring minister to withdraw it for re-drafting. Our analysis appeared in two articles in *Business Day*, and we also issued two press statements. The latter were reported in 15 English and Afrikaans mainstream newspapers in Johannesburg, Soweto, Cape Town, Durban, and Pietermaritzburg. They were also reported in specialist papers such as *Engineering News* and in local and community papers ranging from *Alex News* (under the headline 'Illegal hawkers will be jailed') through *Son op Sondag to the Sandton Chronicle* to the *Zululand Observer*. These papers have a total circulation of 1.14 million (and, of course, a much higher readership). The press release was reported on 17 local websites with a circulation of 942 000, as well as on a few international websites. The total measured circulation of all these outlets was more than 2 million. The importance of the spread is that our critique appeared in outlets read by executives of major companies as well as those likely to be read by hawkers themselves, not to mention policymakers as well as politicians across the spectrum. Our critique was also cited by several other commentators. We also conducted interviews with 11 radio and two television stations.

Coverage included our comments that traders would be harassed by intrusive officials, that municipalities would be unable to cope with the huge volume of licences they would have to issue, that the proposed penalties for failure to produce licences were excessive, that the law would require an army of bureaucrats to enforce it, and that legislation to penalise the selling of counterfeit goods already existed.

Democracy Support Programme

The Democracy Support Programme (DSP) was established in February 2012 for elected representatives previously catered for by the Parliamentary Information Service, Provincial Information Service, and the Municipal Outreach Project. Participants have access to electronic versions of the *Survey*, *Fast Facts*, *Africa in Fact*, a query service, and weekly newsletters. The weekly newsletters, which are limited to a single page, have frequently been turned into press releases, giving the Institute media coverage as well. Funding for the project continues to be sought.

Civil Society Support Project

This is a new initiative. Modelled on the successful Democracy Support Programme and the Media Alert Service, it is designed to ensure that any small grass-roots public benefit or non-profit organisation is able to benefit from the research and policy outputs of the Institute. As is the case for the Media and DSP projects, any small non-profit group is able to apply to become a subscriber under this project and be included on an electronic distribution list.

Free Society Project

This project, funded by the (German) Friedrich Naumann Foundation for Liberty and the (American) National Endowment for Democracy via the International Republican Institute, is a key component of the Institute's monitoring and vigilance work. The project is designed to promote a free society based on the rule of law, democratic processes and principles, individual liberty, limited government, free enterprise, and the creation of opportunities for the poor. The Institute encourages and disseminates these ideas through its research, publications, and presentations, as well as in the Media through articles and letters.

Ten Pillars of Democracy: The Rainbow Index

Our book on the Ten Pillars of Democracy in the 15 years from 1994 to 2009 (published in 2010) has been followed by three subsequent annual reports. All three of these annual reports have been published in *Fast Facts* and posted on the websites of both the Institute and Good Governance Africa. The book (*Chasing the Rainbow: South Africa's Move from Mandela to Zuma*) has been sold out, and we hope to bring out an updated version later this year.

Maurice Webb Project

The Institute has secured additional funding from the Maurice Webb Trust to collect and analyse social and economic data broken down by race going back to 1994. The aim of the research is to assess progress made by black South Africans since the beginning of the democratic era, and to evaluate the extent to which social and economic inequalities between race groups are narrowing.

Dick Gawith Project on Affirmative Action

As required by the terms of a bequest to the Institute by Dick Gawith, this project seeks to monitor the implementation and impact of racial laws, 'publicly to criticise such laws where appropriate', and to promote policies that will instead advance the goal of 'genuine non-racialism'. Our research has focused primarily on affirmative action in employment, black economic empowerment (BEE), and land reform in its various aspects. A first draft was completed in April last year and is now being updated to take account of subsequent developments.

Family Project

The findings of this project, funded by the Anglo American Chairman's Fund, were published in two issues of *Fast Facts*. These issues represented the culmination of the year's work on the project, presenting data, laws, policies, and attitudes with an impact on children and families. One of the highlights of the project was the Institute's continued involvement in the Government's creation of a family policy. In July 2012 we were invited to take part in a consultative workshop on the draft *White Paper on Families*, which led to our participation in monthly task team meetings with the Department of Social Development and other government departments.

Digging for Development

In December 2012 the Institute secured funding from the Swedish International Development Agency (SIDA) for a new project entitled 'Digging for Development'. The project runs over the course of 2013 and involves investigating the impact of mining on socio-economic development in South Africa. We will examine how corporate social investment and benefits for employees are used, as well as what other factors (such as government service provision) may contribute to development (or the lack thereof) in communities where mines are based.

Local Government Project

The objective of this project, which is funded by the International Republican Institute, is to encourage better governance at the local level. To achieve this, the project disseminates information on all aspects of South Africa with an impact on governance to local government councillors. This information includes statistical data on all local municipalities. In addition the project will examine the responsibilities of local government in relation to provincial and national government, assess the successes and failures of local government, and look at possible solutions to the problems facing it.

Submissions on legislation

The last 18 months have seen a spate of draft legislation on important public policy issues over which the Institute maintains a watching brief. We subjected most of this to critical analysis by Dr Anthea Jeffery, our Head of Special Research, which was then submitted to the relevant government department or parliamentary portfolio committee as well as published by the Institute in *Fast Facts* or in *Research and Policy Briefs* on our website. The draft legislation in question included the following:

- the Broad-based Black Economic Empowerment Amendment Bill of 2011;
- the Protection of State Information Bill of 2011;
- the Legal Practice Bill of 2012;
- the Labour Relations Amendment Act of 2012;
- the Basic Conditions of Employment Amendment Bill of 2012;
- the Revised Broad-Based Black Economic Empowerment Codes of Good Practice of 2012;
- the Employment Equity Amendment Bill of 2012;
- the Employment Services Bill of 2012;
- The Draft Mineral and Petroleum Resources Amendment Bill of 2012;
- The Licensing of Businesses Bill of 2013; and
- The Expropriation Bill of 2013.

Apart from making submissions which we also published, we issued press releases and articles to newspapers. These in turn generated numerous requests for interviews from newspapers, radio, and television.

UNIT FOR RISK ANALYSIS

The Unit, which serves as the marketing, public relations, and consulting arm of the Institute, has had a very successful year. Through the Unit subscribers in the private sector and government obtain access to the Institute's reports. During 2012 the Unit saw the number of premium and core subscribers increase from 159 to 174. The Unit now stands as the most important income generator for the institute. Its success is now sufficient to ensure the Institute's independence as a research and policy organisation which places us in a strong position among South African think-tanks.

GOOD GOVERNANCE AFRICA

As reported above, Good Governance Africa (GGA) was established as an independent initiative associated with the Institute in early 2012 to promote better government performance in Africa. Its flagship publication is *Africa in Fact*, a monthly journal with analysis and insight on Africa's progress and pitfalls. Since the inaugural issue in June 2012, *Africa in Fact* has covered themes that include democracy, growth, natural resources, energy, law and lawlessness, land, opposition parties, trade, press freedom, aid, communication technology, and elections. The journal has been very well received and is distributed monthly to some 9 000 readers in fields ranging from business, the media, government and NGOs to universities, and embassies, in Africa and beyond.

In December 2012 GGA, in collaboration with the Institute, published the inaugural edition of the *Africa Survey*, an annual statistical snapshot of the continent modelled on the *South Africa Survey*. It too has received good responses. The second edition of the *Africa Survey* will be about three times longer and is being produced by a team of five researchers, as opposed to a single researcher for the first edition. Also in collaboration with the Institute, GGA published updates to *The Rainbow Index*, an annual assessment of the state of governance in South Africa.

GGA launched its website in June 2012 and is making use of social media to spread its message. GGA is also receiving increasing coverage in the mainstream media. Articles from *Africa in Fact* have been republished in newspapers and staff have been interviewed on radio and television. GGA has started building a network of writers and experts across Africa who contribute to *Africa in Fact*.

In the coming year, GGA will add to its activities. A research project on the causes and effects of terrorism in Africa, and its links to governance, was launched in late March. The second GGA centre is in the process of being set up in Nigeria and there are plans to set up a Lusophone GGA centre, covering Angola, Mozambique, São Tomé & Príncipe, Cape Verde, and Guinea-Bissau, in Johannesburg.

BRIEFINGS AND LECTURES

A list of the briefings hosted by the Institute is as follows:

- *The World and South Africa beyond 2012: The latest scenarios, flags, and probabilities* (Clem Sunter) (28th June 2012)
- *The Diplomacy of Transformation* (Professor Chris Landsberg) (26th July)
- *Black Advancement and Dependency Indices* (Vivian Atud) (23rd August)
- *Would the presidential penis have mattered if it were in a book?* (Porfessor Jonathan Jansen) (27th September)
- *Police torture, abuse, misconduct, and the law* (Professor Peter Jordi) (17th October)
- *South Africa in 2013: Tipping point or turning point?* (John Kane-Berman) (Cape Town and Johannesburg) (12th and 21st November)
- *Fixing the laws that govern the labour market* (43rd Hoernlé Memorial Lecture) (Martin Brassey SC) (15th May 2013)

Altogether 188 presentations were given by Institute staff to members and subscribers and others. Inter alia, we addressed banks, diplomatic missions, accountants, insurance companies, parastatals, pharmaceutical companies, government departments, professional societies, chambers of commerce, think-tanks, law firms, retailers, local government, manufacturers, consultancies, and oil companies.

BURSARIES

In the past 31 years the Institute has awarded bursaries, most of them to black students, worth R230 million. Since 1980, no fewer than 3 695 students have graduated through our bursary programme in the following fields: science and engineering 1 099, business and commerce 993, medicine, health sciences and dentistry 593, education 410, arts 371, and law 229.

Last year there were 75 students on tertiary bursaries through the Institute's various schemes. Altogether 59 of these students continued on the programme from the previous year, while 16 new awards were made for 2012. The overall pass rate of these students was 93%, meaning that this proportion either graduated or was promoted to the next year of study. Altogether 23 students graduated.

The number of bursaries awarded for the 2013 academic year is 87. Of this total, 36 are new bursaries and 51 are bursaries of students which were renewed following their satisfactory performance last year. The names of the various bursary trusts administered by the Institute, as well as the names of our corporate clients and of the sponsors of our bursary programme, appear on page 10 and on page 47 as part of the notes to our financial statements later on in this report. Most of our bursaries go to university students but we have decided also to support pupils at a number of high schools through the Alexandra Education Committee.

STAFF

We had one retirement and two resignations. One new researcher was appointed and three were promoted.

Mildred Monyane (Library Assistant) celebrated 30 years of service, Tamara Dimant (Head of Information) 20 years, and Kerwin Lebone 10 years. The Chief Executive, John Kane-Berman, will celebrate 30 years of service in September this year.

THANKS

Thanks are due to our members and subscribers for their continuing loyalty and support. We are grateful also to our core supporters, the various sponsors of our special projects, and to the donors to our bursary programme. Their names are on pages 8 and 10. We wish also to thank the members who serve on our various governing bodies and in particular offices, including Jonathan Jansen, our President; Theo Coggin, our Chairman; Peter Horwitz, our Vice Chairman until February 2013; Tom Wixley, our Audit Committee Chairman and Honorary Treasurer; Roger Crawford, Chairman of the Remuneration Committee; and Peter Joubert and Ian Cruickshanks of our Investment Committee. We further thank Derek Bostock for taking the chair of the new Social and Ethics Committee. We are privileged to be able to draw on Mr Wixley's expertise not only in the accounting field but also in keeping us up to the mark with corporate governance legislation and other requirements.

Thanks are due also to staff for their dedication and professionalism.

Thanks are further due to all the organisations, governmental and private, that supply us with, or allow us to use, information they compile. Their names are given in the publication in question.

PUBLIC POLICY ISSUES

Introduction. Often described as a 'think-tank', the Institute has also to be a factory. Thought goes into all of this, but so do planning, budgeting, adherence to deadlines, and such mundane things as typesetting. The bulk of our published output – by far – is the hard statistical data contained in the *Survey* and *Fast Facts*. However, members, subscribers, and donors also expect output in the form of commentary, analysis, and public statements. Members of the public who may not be directly associated with the Institute have also come to expect comment or research on particular issues. So once again this past year, we published information about, or commented on, a very wide range of public policy issues. We also drew attention to important social, economic, and political trends.

Our vehicles were 72 articles in *Fast Facts*, 11 issues of *Research and Policy Brief*, 20 fortnightly columns in *Business Day* by the Chief Executive, 11 columns in *Rapport* by the Deputy CEO, 22 other newspaper articles by our staff, 44 letters by our staff, 50 press statements, 188 presentations by our staff to various audiences, and 37 Democracy Support Programme newsletters.

Many press releases and briefs were reproduced in various newspapers and on websites, while staff conducted more than 800 media interviews. Further details of media coverage appear as noted above, under Media Alert Service.

In addition to publishing information and analysis, the Institute dealt with public policy issues in submissions about draft legislation to various government departments or parliamentary committees. As will appear below, some of these legislative proposals contained severe penalties, both financial and imprisonment, for behaviour that would not normally be considered criminal.

- **Health.** HIV and AIDS have almost dropped out of the news, so we made them the focus of an issue of *Fast Facts* published in March 2013. We pointed out that the country had come a long way from the time when President Thabo Mbeki said that antiretroviral medication endangered the lives of black people. Now some 60% of those in need of antiretroviral therapy (ART) were receiving it, substantiating the assertion by President Jacob Zuma's government that South Africa had the largest ART programme in the world. So it should. We account for 0.7% of the world's population, but almost 17% of HIV-positive people. Although new infections have halved in number, they are still running at almost 1 000 a day, while deaths from AIDS are projected by the Actuarial Society of South Africa to rise from 196 000 in 2013 to 261 000 in 2025.

  Although we pointed to successes such as provision of medication and distribution of condoms – almost 1 million a day – we noted in newspaper interviews that risky sexual behaviour remained a major problem. Children were not being given adequate education about sex either at school or from parents. One result was high rates of teenage pregnancy. The latter, in turn, no doubt arise in part from the absence of family life for so many children.

- **Families.** Reflecting our view that a very important aspect of our society has for too long been absent from public discourse, the Institute began publishing comprehensive statistics on the state of the South African family in November 2007. During this past year we devoted two issues of *Fast Facts* to the family, thanks to a special grant from the Anglo American Chairman's Fund enabling us to continue this research. We noted that family life in South Africa was characterised by a decline in the incidence of marriage on the one hand and, on the other, marked increases in the numbers of single-parent households, children growing up without fathers, orphaned children, and teenagers falling pregnant. As many as 47% of children were now growing up with absent but living fathers. Just under 1.5 million were living with grandparents or great aunts and uncles in what were known as 'skip-generation' households. We were gratified to note that the Presidency cited some of our research in calling for the strengthening of families.

  We published an analysis of family policy and legislation, along with a critique of a draft *White Paper on Families*. Our submission on the white paper to the Department of Social Development offered to keep providing it with relevant annual data to help monitor trends. At the same time we urged the department to pay more attention to individual responsibility. Although the Constitution mentioned parental care as a socio-economic right, there was no mention of parental responsibility. This, we said, was a glaring omission. 'Bringing a child into the world brings with it serious financial and emotional burdens for at least 18 years. Much of that burden is currently borne by single mothers, grandparents, and, in the worst cases, the State. The white paper needs to emphasise that having a child is something individuals should do in a planned way, within a stable relationship, aware of, and willing to take on, all of those responsibilities.'

  The Institute's published research on family life has generated more attention in the Media than almost any of the other many issues we cover, suggesting that we have struck a powerful chord with the public.

- **Social security.** Growing up in a loving family is probably the single most important form of social security anyone can hope for. As far as state-provided social security is concerned, our annual analysis of the budget showed that its share of national and provincial expenditure had risen from 9% when the ANC came to power to 16% in the budget estimates for 2015/16. In addition to 'social assistance' – mainly the provision of cash grants to pensioners and for children – the Government allocates money to the 'social wage'. This includes the cost of various things provided free of charge to households or individuals using them, including housing and community amenities, health, and education, along with basic water, electricity, sanitation, and refuse collection. If these costs are included, the National Treasury says, they account for 60% of government spending, while the social wage has more than doubled in real terms in the past decade. The Institute pointed out that until now the Government had had little difficulty financing this expenditure, but that revenue estimates were now falling short of budget while downgrades by international credit agencies would put up the Government's borrowing costs. Sooner or later, we warned, the money would run out.
- **Living standards.** We noted that the there were now almost as many African homeowners paying bonds on their properties (363 000) as there were white such homeowners (386 000). This suggested that the emerging African middle class was beginning to catch up with whites in terms of homeownership – a significant development given previous ideological restrictions on African homeownership. When President Zuma claimed that 'no country could have produced the delivery we produced in the last 18 years', the Institute issued a statement saying he was correct to describe service delivery as successful. Statistics on housing construction, provision of water and electricity, and poverty reduction were among many testifying to success. Nor was the increasing frequency of 'service-delivery' protests a sign of failure. Demand was so high that even rapid provision of formal housing, for example, could not keep pace. At the same time we noted that although 84% of homes had access to electricity, more than a quarter did not use it for cooking and more than half did not use it for heating. Moreover, continued electricity price rises would compel households that had been 'wired up' to switch to other sources of energy, including paraffin, which risked causing fires in shack settlements. We noted also that the decline in the proportion of people in the bottom living standards categories was partly attributable to the big increase in the provision of social grants. The same applied to the reduction in poverty. Rising living standards – measured not only by incomes but also by the possession of various types of goods – are no doubt also a function of real wage increases and the accumulation of debt.
- **Education.** We noted that there had been dramatic improvements in attendance rates in the foundation phase of schooling (Grade R to Grade 3). The proportion of five-year-olds attending an educational institution had grown from 23% in 1996 to 81% in 2011, the proportion of six-year-olds from 49% to 93%, and that of seven-year-olds from 73 to 96%. However, dropout rates in the final grades of high school and at university remained a major problem: only 35% of pupils who started Grade 10 in 2009 had gone on to pass their National Senior Certificate (NSC) examination two years later. Moreover, of all the students who enrolled for a three-year degree in 2009, only 14% graduated at the end of 2011.

  In an analysis of the 2012 end-of-year NSC results, we noted that the number of passes was the highest since the introduction of the NSC (replacing the old matric) in 2008. However, we said, the mood of celebration surrounding this was misleading because the thresholds were so low: 40% in three subjects and 30% in three others. Even then, the number of pupils obtaining 40% or more in maths had declined. It was also apparent that more pupils were choosing the easier 'mathematical literacy' exam and fewer the harder maths proper exam. Another trend was that fewer candidates were enrolling for accounting, physical science, and life science exams.

Professor Jonathan Jansen, vice-chancellor and rector of the University of the Free State and President of the South African Institute of Race Relations, said that the minister of basic education, Ms Angie Motshekga, had made a 'giant mistake' in boasting about the NSC pass rate. He also took issue with her comment that having a 30% pass rate would allow 'slow learners' to exit the system with dignity. 'Thirty per cent does not offer dignity: it offers a dead-end street to the children of the poor – no job, no further education, no skills.'

Professor Jansen declared: 'I know of no nation in the world that would make such a public spectacle in celebration of the mediocrity of its school system.' He added that if the pass rate were elevated to 50% only 23% of pupils would pass maths. Moreover, most of these would be at former white schools.

In his presidential address to members of the Institute in September 2012, Professor Jansen referred to the fact that a community at Olifantshoek in the Northern Cape had recently closed down schools there for three months because of their demands for a tarred road and the ejection of the local mayor. 'Why would a community sacrifice the one route out of poverty for rural youth in a socially and economically oppressed community? There can only be one conclusion: the value of education has lost all meaning for these rural communities.' Those who still saw some value in the education of youth were too scared 'to go against the barbarians in their midst'. Children were being used as pawns and were learning from their observations of adult behaviour that destruction and attack were acceptable forms of protest.

Professor Jansen also said that the Government's 'impulse to control universities from the centre under the guise of ensuring accountability was a threat facing all universities' – including the ones with strong financial, managerial, and governance systems. Government officials were also interfering 'daily' by pleading for individual students to be admitted despite the fact that control over their own admissions policies remained fundamental to the autonomy of universities. 'Students in trouble, especially those with political connections, now recognise that they can go straight to [departmental officials] to plead for admission to a university.'

- **Employment.** As the ANC was preparing to assume power in 1994, the Institute pointed out that unemployment would be one of the major challenges facing it. Since then unemployment has more than doubled, from 3.7 to 7.9 million, yielding an unemployment rate of 37%. We noted that a quarter of jobless people had been looking for work for more than five years. Many people were clearly desperate to find work: we cited various instances around the country in which many thousands of people had turned up to apply for only a few dozen jobs advertised. At the time of writing this report there was little sign of the policy changes necessary to enable the country to meet the ambitious job-creation targets set out in the National Development Plan (NDP) adopted by the ANC at its conference in Mangaung in December 2012. Indeed, four labour bills proceeding through Parliament were likely to introduce additional restrictions into South Africa's already overregulated labour market. Detailed analysis of this proposed legislation was published in *Fast Facts* and/or submitted to the Department of Labour. We noted, however, that unprecedented resistance from the private sector, along with criticisms from the Media and civil society, had caused some of the worst features to be amended. In particular, although trade unions had demanded an outright ban on labour broking, the proposed legislation sought to restrict this rather than ban it.

  The Institute called for comprehensive deregulation of the labour market, while also suggesting that the Constitution should be amended to include a 'right to work'. This would mean everyone would have the right to seek and embark upon employment without artificial impediments imposed by the State or in terms of agreements reached between employer organisations and trade unions in bargaining councils. These councils, which date back to the 1930s, are empowered to impose their agreements on employers and unions that are not parties to the negotiation of such agreements. They are essentially cartels that limit competition. They operate to the detriment of small business, which cannot afford to pay the wages they lay down. Whereas previously they were explicitly used to keep black workers out of jobs on racial grounds, they now operate on an ostensibly colour-blind basis that keeps mainly unskilled and black workers out of the labour market. Ever since their powers were re-enacted by the ANC (in 1995) shortly after it came to power, the Institute has been their leading public critic. In the last few years, however, the bargaining council system has come under increasing challenge among employers and workers in the mining, steel and engineering, and clothing industries. It is also being challenged in the courts by a few employer associations and by the Free Market Foundation.

We noted that these challenges were one of the main developments on the labour scene in 2012 and 2013. We also pointed out that 140 people had been killed during violent strikes in the past 15 years, and we suggested that South Africa needed its own Margaret Thatcher to handle the country's increasingly 'toxic' trade unions, which were not only behind much of the violence but also resisted any attempt to liberalise labour legislation. We drew attention to estimates by the National Treasury that mining stoppages had reduced GDP growth in 2012 from 3% to 2.5%.

On the killing of 34 people by the police at the Lonmin platinum mine at Marikana in the North West province in August 2012, we said this was a calamity waiting to happen given the ineptitude and criminal behaviour that had become so prevalent in the South African police. Eighteen months before the shootings at Marikana, we had indeed published a study of the involvement of the police in serious and violent crime.

- **Race.** At the end of 2012 we made two submissions to the Government on racial legislation. The first, to the Department of Labour, dealt with proposed amendments to the Employment Equity Act of 1998. Inter alia, these increased the penalties for failure to meet racial targets imposed by the State. The current maximum fine for a first offence was increased from R500 000 to three times that or 2% of annual turnover, whichever is the greater, while continued offence could attract fines of up to R2.7 million or 10% of annual turnover. We argued that these penalties were 'extraordinarily severe, especially when no real criminal misconduct is an issue.' Further, we said, the fines were high enough to put many firms out of business and people out of work. We also noted that the requirement that workforces reflect the racial breakdown of the population ignored the major problem of skills deficits. We added that the economy could never generate employment on the scale required 'while the private sector remains trussed up in unrealistic racial requirements'.

  Our second submission, to the Department of Trade and Industry (DTI), dealt with proposed amendments to the 'codes of good practice' gazetted in terms of the Broad-based Black Economic Empowerment Act of 2003. The amendments supposedly place more emphasis on 'broad-based elements' such as procurement, skills development, and promoting new black business. They also provide for significant increases in the number of points required to gain black economic empowerment (BEE) scores. We argued that far too much scarce capital, skill, entrepreneurial effort, and bureaucratic oversight had already been ploughed into trying to make BEE work but that it could not succeed and should be 'scrapped'. More than a decade of BEE policies and expenditure of at least R600 billion on BEE deals had failed to build entrepreneurship among blacks or the 'visible black industrialists' whose absence President Zuma had lamented. We also argued that preferential procurement inflated costs. Rather than pursuing 'futile attempts' to improve BEE, the Government should fix education, liberalise the labour market, end other damaging dirigiste interventions in the economy, build up international competitiveness, and make South Africa more attractive for investors.

The Institute took the lead in opposing the ANC's racial legislation right from the start – when the Employment Equity Act was put on to the Statute Book in 1998. Indeed, we are one of the minuscule number of organisations to have voiced any opposition at all to this legislation. We have done so both on grounds of principle and because we believe all of these racial requirements undermine investment and growth, and therefore the ability of the economy to generate jobs. We have also argued that all state interventions to rectify disadvantage should be both colour-blind and directed at current rather than previous deprivation. Moreover, tackling deprivation should also pay attention to such problems as poor schooling, broken families, absent fathers, and high rates of alcoholism and drug abuse.

Private conversations we have on a regular basis with people in government and in business indicate that a small but growing number of people are coming round to our view that BEE should be scrapped, although they would never say so in public. We have also warned the Democratic Alliance (DA), both publicly and privately, that it should oppose racial legislation in principle instead of offering a watered-down version of ANC racial policies. On our website we published the text of an address to DA parliamentarians by Professor Hermann Giliomee, Vice President of the Institute, in which he warned against 'batting on your opponent's pitch'. He said that the likely large-scale influx of blacks into the party over the next six years would put it under tremendous strain because it was still 'the party of the minorities'. However, its natural constituency was 'conservative blacks disgusted with BEE'. The DA 'can never compete with the ANC with a policy to improve BEE implementation. It must offer a clear alternative to the ANC's race-based policies.'

- **Business.** The Institute played a leading role in the campaign against the Licensing of Businesses Bill gazetted by the minister of trade and industry, Dr Rob Davies, in March 2013. In terms of the bill every business in the country, no matter how small or large, would have to obtain a licence from its local municipality. Failure to produce a licence on demand would be punishable by fines and/or prison terms of up to 10 years. Policemen, traffic officers, health officials, and other 'inspectors' would have the power to demand licences, search premises, question individuals, confiscate goods, and issue 'administrative fines'. We pointed out that the bill was so broad that it would apply even to hawkers. Indeed, it would re-impose on them restrictions that the National Party government had lifted in 1991.

  Statistics on the numbers of businesses in South Africa are contradictory. Figures published by the Department of Trade and Industry (DTI) in 2008 showed that there were some 450 000 micro and very small enterprises, 84 000 small and medium ones, and 17 150 large ones – giving a total of 550 000 businesses of all sizes. However, according to a survey by the Finmark Trust in 2010, South Africa has ten times this number of small businesses alone. Of these, some 3.8 million are one-person 'survivalist' enterprises, while the remainder employ from 1 to 10 people. If all these are added to companies with more than 10 employees, the total number of businesses in the country that would have to apply for licences under the bill is probably around 6 million.

  Our efforts to oppose the bill included a submission to the DTI, along with newspaper articles, newsletters, and press releases. The bill generated swift public opposition not only from the Institute, but also from almost 20 other organisations, including several business associations. This, no doubt, was why Dr Davies announced on 15th May that it would be withdrawn and re-drafted.

- **Farming.** In order to promote better-informed discussion about 'land reform', we devoted the August 2012 issue of *Fast Facts* to agriculture. Although there seems to be a common view that South Africa has become a net food importer – a view voiced even by the Department of Agriculture, Forestry, and Fisheries (DAFF) – our analysis of official agricultural statistics showed that this was not true. South Africa had remained a net food exporter for at least the last 35 years. However, we noted, the margin by which exports exceeded imports was narrowing: at one stage our exports were worth five times our imports, but the ratio was now 1.3 to 1. Moreover, we pointed out, exports depended heavily on 'a small and gradually dwindling number of commercial farmers'. Some 46 000 such farmers (4% of all farmers in South Africa) produced 95% of the country's food on private land. Among these, according to the Development Bank of Southern Africa, are 35 000 'emerging commercial' farmers, which implies that many of them are black. At the time of writing this report, the Department of Rural Development and Land Reform had yet to publish its long-promised audit of land ownership by race.

Though it is entirely possible that many emerging farmers would like more land, and obvious that there is substantial demand for housing land in urban areas, the Institute has long questioned the assumption in government that large numbers of other people want to go farming. We were thus intrigued to note a remark by the minister of rural development and land reform, Gugile Nkwinti, that so few people had opted for restitution of land when they were given a choice of financial compensation instead. He said: 'We thought everybody when they got a chance to get land would jump at it. [But] we no longer have a peasantry. We have wage earners now'.

Yet, it would appear, the ANC is determined to press ahead with land redistribution. The National Development Plan (NDP) thus proposes that 20% of commercial agricultural land should be transferred to the State at 50% of market value. This is in addition to earlier proposals that when a farm is larger than the State thinks appropriate the excess land should be surrendered to the State at a 'fair and equitable price' to be determined by the State. An Expropriation Bill published in 2013 (see below) would facilitate such expropriation.

We noted a comment by Salam Abram, an ANC MP on the portfolio committee dealing with agriculture and land affairs, that most of his committee 'knows precious little about farming'. This, he said, was a problem 'because those introducing new laws don't understand the logistics of farming'. There were farmers, he added, who were willing to make many sacrifices for land reform but the government was intent on implementing socialism.

Although the NDP thinks agriculture has the potential to produce a million new jobs by 2030, we pointed out that it had been shedding jobs at an average rate of 30 000 a year for the past decade. And we noted that this trend was likely to be accelerated by the 52% increase in the minimum wage decreed by the minister of labour in March 2013 following violent strikes, arson, and other disruption on grape and other farms at De Doorns and elsewhere in the Western Cape. Even before that we had observed, 'Farmers have mechanised. No one is going to go back and re-hire people they've been doing without. Farming as a job-creation machine is a pipe-dream.'

- **Mining.** We noted that policy instability continued to plague the mining industry. South Africa had recently dropped to 64th place out of 96 on the index published by the Fraser Institute in Canada to measure the relative attractiveness of different mining jurisdictions for investment. Thus, we said, was a tragedy given that South Africa had the richest non-oil mineral resources on the planet ($2.6 trillion worth) while also possessing some of the world's best mining technology and expertise.

  We pointed out that the new Expropriation Bill (see below) was so broad that it could be used to expropriate mining rights. We also submitted critical analysis of a proposed Mineral and Petroleum Resources Development Bill of 2012 to the Department of Mineral Resources (DMR). Although the bill was supposedly designed to streamline administrative processes and improve the regulatory system, we said it would add to uncertainty and probably push the country further down the Fraser index. One objection was that it jettisoned the requirement in earlier legislation that beneficiation had to take place 'economically'. Another was that the minister was given unfettered discretion to make other key decisions about beneficiation, including the proportion of minerals to be beneficiated, the levels of beneficiation required, and (it would appear) the price that mineral producers could charge to local beneficiators. We said that this approach overlooked a host of obstacles to successful beneficiation, among them electricity shortages, skills deficits, infrastructural backlogs, and high labour and other input costs. Also, the penalties for mining companies that failed to promote beneficiation were extraordinary: fines of up to 5% of annual turnover and imprisonment of managers and directors for up to 10 years. The bill also contradicted the NDP's call for a 'predictable…and stable minerals regulatory framework'.

Our submission to the DMR argued for a 'transparent, timely, and objective adjudication process for mineral rights applications' and also for 'giving holders of mineral rights the unshakeable security of tenure needed to restore confidence in South Africa's minerals regime and encourage the mining investment vital to the country's prosperity and growth'.

- **Property.** Yet another submission on draft legislation was made by the Institute, this time to the Department of Public Works on the Expropriation Bill of 2013. Ostensibly designed to remedy a defect in a bill published in 2008 that was withdrawn after the Institute and others had pointed out that it was unconstitutional, the 2013 bill went a great deal further – while parts of it were probably still unconstitutional.

  This earlier bill had sought to exclude the courts from deciding the compensation due in the event of expropriation. The new bill was an improvement to the extent that it gave the courts the power to decide on compensation (based on market value and four other factors set out in the Constitution). However, what the bill purported to give with one hand it removed with the other. This was because property could be expropriated and its owner dispossessed prior to a court decision either on the constitutionality of the expropriation or on the compensation due. The dispossessed owner, having been evicted from or otherwise deprived of his property, would be under great pressure to accept whatever compensation the State chose to offer instead of incurring the costs and delays of contesting it in court. We observed that eviction from a person's home without a court order was unconstitutional.

  We also pointed out that the bill extended the Government's power to expropriate beyond the minister of public works to organs of state at all three tiers of government, thus enabling several hundred state entities to expropriate. Moreover, expropriation could be visited upon all kinds of property – not only land, but also business premises, mining rights, patents, and shares. The bill, if enacted, would not only enable state agencies from municipalities upwards to unsettle the property rights of all South Africans, but also deter investment and undermine already faltering growth.

  The deputy minister of public works (and first deputy general secretary of the South African Communist Party), Jeremy Cronin, launched an attack on the Institute's 'ideologically dyslexic' and 'scare-mongering' critique of the Expropriation Bill, to which we replied pointing out errors, misrepresentations, and 'red herrings' in his own analysis.

- **Legal practice.** A Legal Practice Bill put before Parliament in 2012 was an improvement on its 2010 predecessor, in that the minister of justice and constitutional development would now choose only three instead of all the members of a new statutory legal practice council. The Institute warned, however, both in public statements and in a submission to the parliamentary portfolio committee on justice and constitutional development, that the bill still constituted a threat to the independence of the legal profession. Inter alia, this was because the long-standing system of independent self-regulation by bar councils and law societies would be terminated. In its place there would be a statutory body accountable to the minister and subject to dissolution by him. Moreover, the assets of the independent bodies would be expropriated by the State. We pointed out that once all legal practitioners were regulated by a council answerable to the minister, it would probably 'become much harder to find lawyers willing to take contentious cases against the State'. We commented also that if the National Party had taken control of the legal profession as the ANC now planned to do, many prominent members of the latter might have found themselves without the services of some of the lawyers who defended them on charges of treason, terrorism, communism, and the like. Since judges are drawn from the legal profession, we also observed that the bill reflected the ANC's stated commitment to transforming the 'collective mindset' of the Judiciary.

The (outgoing) chairman of the General Council of the Bar said that our analysis of the dangers of the bill was 'precisely the view of the majority of the members of the bar'. Unfortunately, it subsequently transpired that the bar council was not united on the bill, which enjoyed support among some of the other parts of the legal profession.

- **Crime and security.** Immediately after 34 people had been shot dead on 16th August at the Lonmin platinum mine at Marikana near Rustenburg in the North West province, we issued a statement calling for the suspension of all police officers involved pending charges of murder and/or culpable homicide. There was clear evidence, we said, 'that policeman randomly shot into the crowd with rifles and handguns. There is also evidence of their continuing to shoot after a number of bodies can be seen dropping and others turning to run.' Even if the police had been provoked or were angry at the killing of two police officers a few days earlier, 'no disciplined and properly trained policeman would shoot into a crowd'. We recalled that we had sent an open letter to the minister of police in 2011 after the killing of Andries Tatane during a demonstration at Ficksburg in Free State warning him against unlawful police behaviour.

  On crime statistics, we issued a statement to the effect that a *Victims of Crime Survey* conducted by Statistics South Africa in 2012 had shown that half South African households and individuals that experienced crime did not report it to the police. Unreported crimes included a daily average of 225 house robberies. Most theft of crops and livestock went unreported, whereas murders and car thefts usually were reported. In response to our statement, the ministry of police said the underreporting of crime was a global phenomenon.

  In an address at the Institute, Professor Peter Jordi of the Wits Law Clinic said that in his experience as a practising attorney, torture of suspects by the police was widespread.

- **The State.** Since 1994 the Institute has been compiling an index – known as the rainbow index – to monitor the country's performance in terms of ten social, economic, and political criteria. Comparison of the scores for the first 15 years of ANC rule with those we assigned for 2011/2012, shows declining performance on nine out of the ten, as shown below. The only exception is on 'liberation of the poor', where, despite high unemployment, the extensive provision of social welfare (see above) has helped reduce poverty and raise living standards. Our analysis, based both on the statistical data gathered for the *Survey* and on study of legislation and policy, was spread across two issues of *Fast Facts* in October and November 2012.

Pillar	*1994 to 2009*	*2009/10*	*2010/11*	*2011/12*
Democratic Governance	51%	45%	42%	39%
Rule of Law	48%	37%	35%	31%
Individual Rights and Responsibilities	61%	**65%**	59%	52%
A Vigilant Media and Civil Society	64%	61%	56%	52%
Good Citizenship	32%	30%	**34%**	30%
Effective Government	29%	26%	25%	25%
Racial Goodwill	52%	55%	50%	48%
Liberation of the Poor	25%	21%	**28%**	**30%**
Scope for Free Enterprise	49%	45%	42%	38%
Growth-Focused Policies	35%	32%	30%	28%

(Marking in **bold** indicates scores which have increased.)

Before Mr Jacob Zuma came to power in May 2009, the Institute asked the question, 'Will Jacob Zuma fix the failing state?' His own, and his government's, performance this past year tells us that the answer is No. Partly reflecting extensive private discussions with people in business, we reported in January 2013 that at no time since 1994 had we confronted more pessimism about the future of South Africa than last year. The Marikana shootings in August 2012, threats of nationalisation, downgrades by ratings agencies, the bungling of e-tolling, anti-whistleblowing legislation, never-ending reports about corruption, and the pessimistic analysis by *The Economist* all seemed to confirm some of the fears in the business community about Mr Zuma's presidency.

- **Scenarios.** Analysing official election data, we pointed out that the ANC's share of votes cast had risen from 63% in 1994 to a peak of 70% in 2004 before dropping to 66% in 2009. However, its vote as a proportion of eligible voters – those entitled to vote – had dropped from 54% in 1994 to 39% in 2009. That of the Democratic Alliance (and its predecessors) had risen from less than 2% of eligible voters in 1994 to 10% in 2009. Other parties also garnered 10% in 2009, so that altogether 40% of eligible voters did not vote at all. We suggested that the outcome of a future election would depend on how this 40% cast their ballots. We said there was no chance the ANC would lose the election due in 2014 and perhaps not even the one after that, due in 2019. But by 2024, we suggested, there was a possibility that the DA could be the largest single party in Parliament.

The Institute's Unit for Risk Analysis produced two scenarios for its subscribers. One was called *Long Dark Night*, and the other *New Dawn*, their titles speaking for themselves. Each set out a series of roadsigns to look out for to see which way the country was heading.

Long Dark Night's roadsigns included tightening of employment equity, empowerment, and labour market regulation; clamps on the Media, the Judiciary, and civil society; and adoption of grandiose state-led social and economic projects. *New Dawn's* signs included moves towards labour market deregulation; watering down of employment equity and empowerment requirements for investors; abandonment of large-scale projects such as state-owned mining and steel companies and national health insurance; and maintenance of prudent fiscal and monetary policies.

Separately, we also spelt out how we thought a change of direction might come about. Essentially, the ANC – like its National Party predecessor – would be compelled to retreat, reluctantly, from unworkable policies. 'Unfortunately, this would not occur before there had been more damage, for we should not underestimate the ANC's capacity for thoughtless destruction'.

We identified three reasons why the ANC would have to change course. The first was that its contradictory policies were unsustainable. It could not run a modern economy, fix local government, build infrastructure, finance a welfare state, create jobs, and generate electricity without fixing public education, fully exploiting the skills of the white population, professionalising the civil service, or making the country friendlier for business. Secondly, countervailing forces were growing. The Media and black intellectuals had become increasingly critical, civil servants were leaking vast quantities of information about corruption to the Media, and civil society was becoming far more critical than it had been in the early period after the ANC came to power. The cumulative effect of growing opposition was that the ANC was having to retreat from some of its policies – including the deployment of party cadres instead of professionals to jobs throughout the civil service. Thirdly, the obvious failure of many policies meant that the climate for putting alternatives on the table was now more auspicious than at any time since 1994.

ALTERNATIVE POLICIES

Although critical vigilance has been part of the Institute's *modus operandi* since its foundation in 1929, the organisation has always also put forward alternative policies. In accordance with this spirit and tradition, we have this past year continued to put forward a range of alternatives in various fields.

One such alternative is to replace the proportional representation system with a hybrid electoral system in which Parliament would be split into two chambers with equal powers. One chamber would be elected on the proportional representation system, the other on a constituency basis. This would preserve the position of minority parties, while also strengthening accountability to voters. Other alternatives include auctioning off South African Airways and all other state-owned companies to the private sector. Government schools would be sold off to private companies and other interested groups, which would then compete for pupils who would be provided by the State with vouchers that they could use to purchase education in a competitive market. Another alternative would be to repeal South Africa's job-destroying labour law – emulating successful reforms introduced some years ago in New Zealand. Black economic empowerment and affirmative action laws – which, we said, harmed blacks more than they did whites – would be replaced by colour-blind policies aimed at helping the poor, the homeless, the jobless, and others currently deprived of such essentials as education and access to basic health care.

The overall thrust of policy would shift from welfare to entrepreneurship, from stifling markets to liberating them, from alienating private investment to encouraging it, and from redistribution to growth. Much lip service is now paid to the need for this type of shift, but it actually means a 180-degree turnabout in policy. Such a turnabout requires successful propagation of a set of ideas fundamentally different to those prevailing in South Africa. The Institute looks forward in the years ahead to engaging in – and then winning – this 'battle of ideas'.

Johannesburg
May 2013

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

ANNUAL FINANCIAL STATEMENTS
for the year ended 31st December 2012

COMPANY REGISTRATION NUMBER: 1937/010068/08
NON-PROFIT REGISTRATION NUMBER: 000-709-NPO
PUBLIC BENEFIT ORGANISATION NUMBER: 930006115

CONTENTS

The annual financial statements set out on pages 36–50 were drawn up by R D le Roux BCom (Acc), audited as required by the Companies Act, and have been approved by the Board of Directors.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

ANNUAL FINANCIAL STATEMENTS

for the year ended 31st December 2012

COMPANY INFORMATION

Country of incorporation	South Africa	
Registration numbers:		
Company registration number	1937/010068/08	
Non-Profit registration number	000-709-NPO	
Public Benefit Organisation number	930006115	
Nature of business	Research and bursary administration	
Registered address	2 Clamart Road Richmond 2092 Johannesburg	
Postal address	P O Box 291722 Melville 2109 Johannesburg	
Auditors	Grant Thornton Chartered Accountants (SA) Registered Auditors A South African member of Grant Thornton International	
Bankers	First National Bank	
Non Executive Directors	J D Jansen	President
	H B Giliomee	Vice President
	M M A Shezi	Vice President
	T Coggin	Chairman of Board of Directors
	P J Horwitz	Vice Chairman of Board of Directors
	T A Wixley	Audit Committee Chairman and Honorary Treasurer
	D S L Bostock	Honorary Legal Adviser
	P L Campbell	
	R D Crawford	
	J A Elgie	
	P G Joubert	
	E le Roux Bradley	
	P Letselebe	
	C J McCaul	
	I Mkhabela	
	M J Myburgh	
	C E W Simkins	
	D F P Taylor	
Executive Director	J S Kane-Berman	Chief Executive
Company Secretary	R D le Roux	
	Business address:	*Postal address:*
	2 Clamart Road Richmond 2092 Johannesburg	P O Box 291722 Melville 2109 Johannesburg

CORPORATE GOVERNANCE

The South African Institute of Race Relations applies the principles set out in the King Report on Governance for South Africa 2009 (King lll) except for those principles that are inappropriate because of its nature and limited size. Exceptions are explained below.

Board of Directors

The Institute is controlled by the Board, which meets quarterly. The roles of Chairman and Chief Executive do not vest in the same person. Directors are appointed for a two-year term of office and re-appointment is not automatic. New members of the Board are appropriately inducted and the Board and its committees are evaluated annually. Membership of the Board is set out on page 34 of the annual financial statements. The Board is assisted by the Audit, Remuneration, and Social and Ethics Committees, whose members are listed on page 4.

Audit Committee

The Audit Committee, which is not a statutory committee but established by decision of the Board, assists the Board by reviewing the annual financial statements and obtaining assurance from management, supplemented by external audit, regarding the effectiveness of internal controls, the management of risk, and compliance with relevant laws and regulations. The small size of the Institute's administrative structures makes it unnecessary to establish formal risk management or an internal audit function. The Committee satisfies itself regarding the effectiveness of the Institute's finance function. The Committee, consisting of five independent non-executive members, meets at least twice a year.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of executive management and recommending overall remuneration policies to the Board. The Committee consists of no fewer than four members appointed by the Board, all of them non-executive. The remuneration of the Chief Executive and the Prescribed Officers is disclosed. Members of the Institute are asked to approve the remuneration policy at the Annual General Meeting.

Social and Ethics Committee

To advise the Board on social and ethical matters in accordance with the Companies Act, the Board appointed a Social and Ethics Committee at its meeting on 27th February 2012. The Committee will report to the Annual General Meeting of Members on 8th July 2013.

Company Secretary

All directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed.

Financial control

The Institute maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are appropriately executed and recorded. These controls include proper delegation of responsibilities, effective accounting procedures, and adequate segregation of duties, and are monitored regularly.

Sustainability

The Institute's main purpose is to promote democracy, development, human rights, and reconciliation across the colour line. In doing so it aims to enhance the sustainability of South African civil society. The sustainability of the Institute itself depends on careful management of its financial resources as reflected in its annual financial statements. The effect of the Institute's operations on the physical environment is immaterial and is not separately dealt with in this report.

Code of ethics

The South African Institute of Race Relations conducts its activities in accordance with the principles of excellence, integrity, human dignity, and fairness.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Institute and its wholly-owned dormant subsidiary as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing, and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Institute's cash-flow forecast for the year to 31st December 2013 and, in the light of this review and the current financial position, they are satisfied that the Institute has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditors and their report is presented on page 35.

The annual financial statements set out on pages 36 to 50, which have been prepared on the going concern basis, as well as the directors' report presented on pages 33 and 34, were approved by the Board on 20th May 2013, and were signed on its behalf by:

Tom Wixley

J S Kane-Berman | T A Wixley

CERTIFICATE BY THE COMPANY SECRETARY

In accordance with the provisions of section 88(2)(e) of the Companies Act, I certify that to the best of my knowledge and belief, the company has filed for the financial year ended 31st December 2012 all such returns and notices as are required of a private company in terms of the said Act, and all such returns and notices appear to be true, correct and up to date.

R D le Roux

REPORT OF THE DIRECTORS

The directors submit their report for the year ended 31st December 2012.

Review of the Institute's business and operations

The main purpose of the Institute is to promote democracy, development, human rights, and reconciliation across the colour line. We seek to attain these objectives by conducting and publishing relevant research and policy analysis and by providing bursaries (mainly to black South Africans) on the basis of merit and need.

The operating results and state of affairs of the Institute are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The consolidated set of accounts represents the results of the Institute only as the dormant subsidiary has been unwound and is in the process of deregistration.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

Dividends

The Institute is a non-profit organisation. It has no shareholders and is not permitted by its memorandum of incorporation to distribute profits to its members.

Interest in its subsidiary

Details of the Institute's investment in its subsidiary are set out in note 4.

Events after reporting date

The directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements which would affect the operations of the Institute or the results of those operations significantly.

Auditors

Grant Thornton will continue in office as recommended by the Audit Committee and the Board, subject to the approval of the Members at the Annual General Meeting.

Prescribed officers

The prescribed officers are:
F J C Cronje
R D le Roux

Secretary

R D le Roux served as secretary of the Institute for the year ended 31st December 2012.

Directors

The directors of the Institute during the year and to the date of this report are as follows:

Non Executive Directors	J D Jansen	President
	H B Giliomee	Vice President
	M M A Shezi	Vice President
	T Coggin	Chairman of Board of Directors
	P J Horwitz	Vice Chairman of Board of Directors (Resigned 12th February 2013)
	T A Wixley	Audit Committee Chairman and Honorary Treasurer
	D S L Bostock	Honorary Legal Adviser
	P L Campbell	
	R D Crawford	
	J A Elgie	
	P G Joubert	
	E le Roux Bradley	
	P Letselebe	
	C J McCaul	
	I Mkhabela	
	M J Myburgh	
	C E W Simkins	
	D F P Taylor	
	G N Towell	Appointed 25th January 2013
Executive Director	J S Kane-Berman	Chief Executive

Remuneration policy

The Remuneration Committee operates in terms of a charter approved by the Board. All members are non-executive. The committee meets in time to approve remuneration adjustments normally due on 1st October each year. Pay rises of senior management are determined by the committee in consultation with the Chief Executive. The Chief Executive's own salary is determined by the committee in his absence. Salaries of other staff members are decided by the Chief Executive after consulting the committee and his senior colleagues. All pay rises are performance-based, while also taking into account affordability and increased responsibility. Remuneration consists entirely of a fixed salary except in the case of a few individuals whose remuneration is partly dependent on success in marketing Institute services or raising funds for special projects (excluding the Chief Executive, Deputy Chief Executive, and Head of Finance). The Chief Executive is provided by the Institute with a car. This fringe benefit is taxed.

The Chief Executive is authorised to grant pay rises during the year at his discretion, except where it involves senior management, in which case he obtains permission from the Chairman of the committee.

Report of the Audit Committee

The Audit Committee has five members, all of whom are independent non-executive directors of the Institute. The committee has met twice since the previous Annual General Meeting of Members and has performed the following functions:

- Recommended Grant Thornton as auditors and Andrew Cawdry as the designated auditor for the 2012 financial year;
- Satisfied itself that the auditors are independent;
- Approved the annual financial statements of the Institute for 2012, prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), and recommended them to the Board for approval;
- Satisfied itself, based on information received from management and the auditors, that the internal control of the Institute is adequate, that the financial policies followed are appropriate and that the audit was properly carried out.

REPORT OF THE INDEPENDENT AUDITORS

To the members of the
South African Institute of Race Relations NPC ("SAIRR")

We have audited the financial statements of the South African Institute of Race Relations ("SAIRR") set out on pages 36 to 50, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African Institute of Race Relations ("SAIRR") as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2012, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.

Grant Thornton

GRANT THORNTON
Chartered Accountants (SA)
Registered Auditors

per A Cawdry
Partner
Chartered Accountant (SA)
Registered Auditor

20th May 2013

Grant Thornton Office Park
137 Daisy Street
Sandown
2196

STATEMENT OF FINANCIAL POSITION

at 31st December 2012

	Notes	*GROUP*		*INSTITUTE*	
		2012 ***R***	***2011*** ***R***	***2012*** ***R***	***2011*** ***R***
ASSETS					
Non current assets					
Plant and equipment	2	1 299 795	1 147 709	1 299 795	1 147 709
Intangible assets	3	33 167	42 993	33 167	42 993
		1 332 962	1 190 702	1 332 962	1 190 702
Investments					
Special Funds					
– Bursary	20.1.1	18 463 522	18 606 579	18 463 522	18 606 579
– Institute	20.1.2	1 658 615	825 632	1 658 615	825 632
– Other	20.1.3	642 408	1 928 472	642 408	1 928 472
		20 764 545	21 360 683	20 764 545	21 360 683
Other Institute investments	20.2	29 837 793	25 631 660	29 837 793	25 631 660
		50 602 338	46 992 343	50 602 338	46 992 343
Current assets					
Accounts receivable	6	786 803	649 509	786 803	649 509
Cash resources	7	874 058	1 561 283	874 058	1 561 283
		1 660 861	2 210 792	1 660 861	2 210 792
TOTAL ASSETS		**53 596 161**	**50 393 837**	**53 596 161**	**50 393 837**

FUNDS AND LIABILITIES					
Funds and reserves					
Accumulated funds		28 943 686	25 291 990	28 943 686	22 521 940
		28 943 686	25 291 990	28 943 686	22 521 940
Special funds					
– Bursary	18/19	18 463 522	18 606 579	18 463 522	18 606 579
– Institute	18/19	1 658 615	825 632	1 658 615	825 632
– Other	18/19	642 408	1 928 472	642 408	1 928 472
		20 764 545	21 360 683	20 764 545	21 360 683
Non current liabilities					
Wesbank instalment sale agreement	9	67 295	100 043	67 295	100 043
Sunlyn investment finance lease agreement	10	154 532	230 264	154 532	230 264
		221 827	330 307	221 827	330 307
Current liabilities					
Wesbank instalment sale agreement	9	45 038	45 400	45 038	45 400
Sunlyn investment finance lease agreement	10	107 066	125 713	107 066	125 713
Accounts payable	8	3 513 999	3 239 744	3 513 999	3 239 744
Loan from subsidiary	4	–	–	–	2 770 049
		3 666 103	3 410 857	3 666 103	6 180 906
TOTAL FUNDS AND LIABILITIES		**53 596 161**	**50 393 837**	**53 596 161**	**50 393 836**

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2012

	Notes	*GROUP*		*INSTITUTE*	
		2012	***2011***	***2012***	***2011***
		R	***R***	***R***	***R***
INCOME					
Administration fees received		626 581	880 179	626 581	880 179
Bequests		41 014	50 000	41 014	50 000
Grants and donations		9 377 418	11 128 455	9 377 418	11 128 455
Membership fees and subscriptions		3 361 389	3 032 278	3 361 389	3 032 278
Publication sales		19 307	110 577	19 307	110 577
		13 425 709	**15 201 489**	**13 425 709**	**15 201 489**
EXPENSES					
Amortisation	3	109 326	3 907	109 326	3 907
Auditors' remuneration					
– Fees for the audit	13	174 439	303 186	174 439	303 186
Bad debts		51 686	136 092	51 686	136 092
Depreciation	2	295 171	283 993	295 171	283 993
Finance costs	12	39 501	54 508	39 501	54 508
Lease expenditure		37 020	37 020	37 020	37 020
Loss on disposal of plant and equipment		2 554	–	2 554	–
Overheads and administration		1 469 593	1 255 347	1 469 593	1 252 674
Personnel		10 864 633	7 787 220	10 864 633	7 787 220
Postage		161 904	202 265	161 904	202 265
Printing		421 275	262 659	421 275	262 659
Rent and utilities		767 701	723 780	767 701	723 780
Telecommunications		152 439	164 553	152 439	164 553
Travel		194 796	130 914	194 796	130 914
		14 742 038	**11 345 444**	**14 742 038**	**11 342 771**
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR		**(1 316 329)**	**3 856 045**	**(1 316 329)**	**3 858 718**
INCOME FROM INVESTMENTS					
Dividends from investments		825 032	593 559	825 032	593 559
Dividends from dormant subsidiary		–	–	2 770 050	–
Realised and unrealised gain on investments		3 762 360	743 741	3 762 360	743 741
Interest received		380 633	347 004	380 633	347 004
		4 968 025	**1 684 304**	**7 738 075**	**1 684 304**
SURPLUS BEFORE TAXATION		**3 651 696**	**5 540 349**	**6 421 746**	**5 543 022**
Secondary tax on companies paid	15.1	–	276 000	–	–
Normal tax overpaid 2009	15.2	–	(61 508)	–	–
SURPLUS FOR THE YEAR		**3 651 696**	**5 325 857**	**6 421 746**	**5 543 022**
Other comprehensive income		–	–	–	–
SURPLUS AFTER COMPREHENSIVE INCOME		**3 651 696**	**5 325 857**	**6 421 746**	**5 543 022**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2012

GROUP	***Accumulated funds R***
Balance at 1st January 2011	19 966 133
Surplus for the year	5 325 857
Balance at 31st December 2011	**25 291 990**
Balance at 1st January 2012	25 291 990
Surplus for the year	3 651 696
Balance at 31st December 2012	**28 943 686**

INSTITUTE	
Balance at 1st January 2011	16 978 918
Surplus for the year	5 543 022
Balance at 31st December 2011	**22 521 940**
Balance at 1st January 2012	22 521 940
Surplus for the year	6 421 746
Balance at 31st December 2012	**28 943 686**

STATEMENT OF CASH FLOWS

for the year ended 31st December 2012

	GROUP		***INSTITUTE***	
Cash flows from operating activities	***2012 R***	***2011 R***	***2012 R***	***2011 R***
Surplus for the year	3 651 696	5 540 349	6 421 746	5 543 022
Adjustments:				
Depreciation/Amortisation	404 497	287 900	404 497	287 900
Interest received	(380 633)	(347 004)	(380 633)	(347 004)
Taxation paid		(276 000)	–	–
Gain on investment	(3 737 520)	(743 741)	(3 737 520)	(743 741)
Straight-lining of office lease	19 188	64 444	19 188	64 444
Lease instalments paid	(127 489)	(119 305)	(127 489)	(119 305)
Loss on disposal of plant and equipment	2 554	–	2 554	–
Movement in working capital				
– decrease/(increase) in accounts receivable	(137 294)	632 767	(137 294)	632 767
– increase/(decrease) in accounts payable	255 067	439 390	255 067	377 880
Sub total	(49 934)	5 478 800	2 720 115	5 695 964
Interest received	380 633	347 004	380 633	347 004
Net cash inflow from operating activities	330 699	5 825 804	3 100 748	6 042 968
Cash flows from investing activities				
Decrease in inter-company loan account	–	–	(2 770 049)	(217 164)
Increase in investments	(468 613)	(4 374 229)	(468 613)	(4 374 229)
Acquisition of plant and equipment	(549 311)	(139 143)	(549 311)	(139 143)
Net cash outflow from investing activities	(1 017 924)	(4 513 372)	(3 787 973)	(4 730 536)
Net cash (utilised in)/generated for the period	(687 225)	1 312 432	(687 225)	1 312 432
Cash resources at beginning of period	1 561 283	248 851	1 561 283	248 851
Cash resources at end of period	**874 058**	**1 561 283**	**874 058**	**1 561 283**

1. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

Where there are references to the Institute and its wholly-owned dormant subsidiary in these financial statements it will be referred to as 'Institute' only.

These annual financial statements are presented in South African rands, the currency of South Africa and the country in which the Institute is incorporated.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Financial assets measured at cost and amortised cost

The Institute assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Institute makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period date that correlate with defaults on the portfolio.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the residual value assumption may change which may then affect the estimations and may then require a material adjustment to the carrying value of tangible assets.

The Institute reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including political stability, foreign sponsor contributions and demand for research as produced by the Institute, together with economic factors such as exchange rates, inflation, and interest rates.

Taxation

Although the Institute is a Public Benefit Organisation in terms of section 30 of the Income Tax Act, ('the Act') and the receipts and accruals are exempt from Income Tax in terms of Section 10(1) (cN) of the Act, the subsidiary recognises liabilities based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

NOTES (continued)

1.2 Plant and equipment

Library books are not depreciated. Library books are stated at fair value and the archives, which are housed at the University of the Witwatersrand, are carried at no cost. Other assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the depreciable value of each asset over its estimated useful life as follows:

Furniture and equipment	3–6 years
Motor vehicles	5 years

The depreciable value is the cost less the residual value. The residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (thus impairment losses are recognised).

Gains and losses on disposals of plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

If the company is unable to make a reliable estimate of the useful life of an intangible asset, the life will be presumed to be 10 years.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting period date if there are indicators present that there is a change from the previous estimate.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Website development	1 year

1.4 Investments

Investments are stated at market value. The increase or decrease in market value is capitalised for Bursary Funds. For the Institute, the increase or decrease is recognised as a fair value adjustment through profit and loss in the Statement of Comprehensive Income.

Special Funds

Funds specially designated by donors may, at the discretion of the Institute, be retained and invested by the Institute pending disbursement.

Bursary Funds and Special Research Projects

The Funds and Projects administered by the Institute are disclosed in these financial statements in note 19.

1.5 Consolidation

The consolidated financial statements include the assets and liabilities of the Institute and its subsidiary company. The subsidiary company is dormant and there are currently no assets or liabilities in the subsidiary company.

Subsidiary company

The subsidiary is an entity controlled by the Institute. Control exists when an entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commenced until the date that control ceases.

Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Institute.

The subsidiary has been dormant since 2010. It distributed its surplus funds in December 2012. Management is in the process of deregistering the subsidiary.

Investment in subsidiary

The investment in the subsidiary is measured at cost less impairment in the separate financial statements of the Institute.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any realised and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

1.6 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Institute; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Institute;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and valued added tax.

Membership fees and subscriptions

Membership fees are recognised in the accounting period in which the services to members are rendered.

For membership fees collected in advance, the revenue is deferred to income received in advance in the statement of financial position.

Donations and grants

Donations and grants are brought to account on a cash-received basis except where they cover more than one year, in which case they are brought into income over the period.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property, or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction in outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return over the remaining balance of the liability.

1.8 Accumulated Funds

All reserves are reflected under accumulated funds.

1.9 Financial instruments

Initial recognition

The Institute classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the agreement.

Financial assets and financial liabilities are recognised on the Institute's statement of financial position when the Institute becomes party to the contractual provisions of the instrument.

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include accounts receivable, loans and accounts payable. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the moment expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Investment policy

Investment income consists of net realised surpluses and deficits on the sale of investments, net unrealised surpluses and deficits on the valuation of investments at fair value, interest, and dividends.

Realised and unrealised surpluses and deficits are recognised in the profit or loss. Interest income is recognised on an accrual basis, using the effective interest rate method. Dividends received are recognised when the right to receive payment is established.

1.12 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accrual for employee entitlements to annual leave represents the amount which the Institute has a present obligation to pay as a result of employees' service provided up to the reporting date. The accrual has been calculated at undiscounted amounts based on current salary rates.

1.13 Impairment

The Institute assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Institute estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, a recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual assets, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of the fair value less cost to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss and is charged to the profit and loss.

1.14 Contingencies and commitments

Transactions are classified as contingencies where the Institute's obligations depend on uncertain future events. Items are classified as commitments where the Institute commits itself to future transactions with external parties.

NOTES (continued)

2. PLANT AND EQUIPMENT

GROUP AND INSTITUTE	*Furniture and equipment* *R*	*Motor vehicles* *R*	*Library* *R*	*Total* *R*
Year ended 31st December 2012				
Opening net carrying amount	532 512	211 197	404 000	1 147 709
Additions	282 811	217 000	–	499 811
Disposals	(2 554)	(50 000)	–	(52 554)
Depreciation	(234 985)	(60 186)	–	(295 171)
Closing net carrying amount	**577 784**	**318 011**	**404 000**	**1 299 795**
Year ended 31st December 2012				
Cost	1 746 029	415 930	404 000	2 565 959
Accumulated depreciation	(1 168 245)	(97 919)	–	(1 266 164)
Closing net carrying amount	**577 784**	**318 011**	**404 000**	**1 299 795**
Year ended 31st December 2011				
Opening net carrying amount	678 476	256 983	404 000	1 339 459
Additions	92 243	–	–	92 243
Depreciation	(238 207)	(45 786)	–	(283 993)
Closing net carrying amount	**532 512**	**211 197**	**404 000**	**1 147 709**
Year ended 31st December 2011				
Cost	1 653 370	500 683	404 000	2 558 053
Accumulated depreciation	(1 120 858)	(289 486)	–	(1 410 344)
Closing net carrying amount	**532 512**	**211 197**	**404 000**	**1 147 709**

	GROUP		*INSTITUTE*	
	2012 *R*	***2011*** *R*	***2012*** *R*	***2011*** *R*
The net book value of the motor vehicle purchased in 2011 is pledged as security to WesBank, a division of FirstRand Bank Limited	112 333	145 443	112 333	145 443

3. INTANGIBLE ASSETS

	2012 *R*	***2011*** *R*	***2012*** *R*	***2011*** *R*
Website development:				
Opening net carrying amount	42 993	–	42 993	–
Additions	99 500	46 900	99 500	46 900
Amortisation	(109 326)	(3 907)	(109 326)	(3 907)
Closing net carry amount at 31st December 2012	**33 167**	**42 993**	**33 167**	**42 993**

4. INVESTMENT IN WHOLLY-OWNED SUBSIDIARY COMPANY

	INSTITUTE ***2012*** *R*	***2011*** *R*
Shares at cost	–	6
Less: Loan	–	(2 770 055)
The loan from De Korte Street Properties Proprietary Limited was interest-free with no fixed repayment terms and conditions.	**–**	**(2 770 049)**

The accumulated surplus/retained profit in the dormant subsidiary De Korte Street Properties Proprietary Limited was declared as a dividend during the year to the Institute.

The subsidiary is incorporated in South Africa and shares the year-end of the Intstitute. The carrying amount of the subsidiary is shown net of impairment losses.

5. RELATED PARTY NOTE – INSTITUTE

Board of Directors:

Full details of all the directors of the Institute are set out under the Report of the Directors on pages 33 and 34 of this annual report.

Subsidiaries:

De Korte Street Properties Proprietary Limited

	2012 R	2011 R
Related party balance:		
Loan from subsidiary De Korte Street Properties Proprietary Limited	–	(2 770 049)
Related party transactions:		
Legal fees paid to related party: P J Horwitz	–	715

6. ACCOUNTS RECEIVABLE

	GROUP		INSTITUTE	
	2012 R	2011 R	2012 R	2011 R
Receivables	760 800	631 775	760 800	631 775
Receiver of Revenue – VAT	11 203	5 734	11 203	5 734
Staff debtors	14 800	12 000	14 800	12 000
	786 803	649 509	786 803	649 509

7. CASH RESOURCES

Cash on hand	3 500	3 500	3 500	3 500
Current account	114 071	184 633	114 071	184 633
Call account	756 487	1 373 150	756 487	1 373 150
	874 058	1 561 283	874 058	1 561 283

8. ACCOUNTS PAYABLE

Payables	716 180	1 042 333	716 180	1 042 333
Accruals	151 982	271 953	151 982	271 953
Accrual for leave pay	682 187	535 251	682 187	535 251
Income received in advance	1 963 650	1 390 207	1 963 650	1 390 207
	3 513 999	3 239 744	3 513 999	3 239 744

9. INSTALMENT SALE

Motor vehicle:

Minimum instalment payments:				
– within a year	45 038	45 400	45 038	45 400
– within second to fith year	82 569	128 635	82 569	128 635
	127 607	174 035	127 607	174 035
Less future finance charges	(15 275)	(28 592)	(15 275)	(28 592)
Present value of minimum instalment payment	112 333	145 443	112 333	145 443
Current liabilities	45 038	45 400	45 038	45 400
Non current liabilities	67 295	100 043	67 295	100 043
	112 333	145 443	112 333	145 443

10. FINANCE LEASE

The Institute has certain financial leases on office equipment. In terms of the leases the Institute's commitments are as follows:

	GROUP		INSTITUTE	
Office equipment:	2012 R	2011 R	2012 R	2011 R
Minimum lease payments:				
– within a year	125 712	125 713	125 712	125 713
– within second to fifth year	177 614	425 780	177 614	425 780
	303 326	551 493	303 326	551 493
Less future lease charges	(41 728)	(195 516)	(41 728)	(195 516)
Present value of minimum lease payment	261 598	355 977	261 598	355 977
Current liabilities	107 066	125 713	107 066	125 713
Non current liabilities	154 532	230 264	154 532	230 264
	261 598	355 977	261 598	355 977

11. OPERATING LEASE

The Institute has an operating lease on office premises. In terms of the lease the Institute's commitments are as follows:

	GROUP		INSTITUTE	
Premises:	2012 R	2011 R	2012 R	2011 R
Minimum lease payments:				
– within a year	667 215	587 032	667 215	587 032
– within second to fifth year	969 246	1 431 439	969 246	1 431 439
	1 636 461	2 018 471	1 636 461	2 018 471

Operating lease payments represent rentals payable by the Institute for its office premises. The average escalation is 8% (2011: 8%) and has been reflected in the amounts above.

12. FINANCE COST

	2012 R	2011 R	2012 R	2011 R
Interest paid	3 069	6 382	3 069	6 382
Finance lease charges	36 432	48 126	36 432	48 126
	39 501	54 508	39 501	54 508

13. AUDITORS' REMUNERATION

	2012 R	2011 R	2012 R	2011 R
Holding Company	174 439	303 186	174 439	303 186
Charged to the income statement	174 439	303 186	174 439	303 186

Audit fees paid in the 2012 financial year to Grant Thornton were for the audit of the 2011 financial year. The 2012 audit fees will be paid in 2013 and reflect as such in the financial statements. Audit fees for De Korte Street Properties Proprietary Limited were nil as the company has been dormant since 1st January 2010.

14. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

The directors' and prescribed officers' emoluments in connection with the affairs of the Group, were as follows:	GROUP 2012 R	GROUP 2011 R	INSTITUTE 2012 R	INSTITUTE 2011 R
JS Kane-Berman – Salary	1 669 680	1 373 590	1 669 680	1 373 590
JS Kane-Berman – Fringe benefits	83 460	53 436	83 460	53 436
FJC Cronje – Salary	782 448	687 216	782 448	687 216
RD Le Roux – Salary	642 270	581 790	642 270	581 790
	3 177 858	2 696 032	3 177 858	2 696 032

The directors' emoluments were payable to executive directors only. Non-executive directors are not paid for their services. AJ Jeffery, who was included in the previous year, has not been identified as a prescribed officer and has been omitted from this return.

15. TAXATION

The Institute is exempt from tax in terms of Section 10(1) of the Income Tax Act for the period under review.

15.1 TAXATION

	GROUP 2012 R	GROUP 2011 R
Major components of the tax expense		
Secondary Tax on Companies	–	276 000
Total taxation for current year payable	–	276 000
Reconciliation of Secondary Tax paid:		
Dividend declared by De Korte Street Properties to South African Institute of Race Relations.	–	2 760 000
Tax at the applicable tax rate of 10% in 2011	–	276 000

15.2 TAXATION

Local income tax. Refund to the Institute by the Receiver of Revenue – Tax overprovided and paid for 2009 tax year	–	(61 508)

16. RETIREMENT BENEFITS

Defined contribution plan

The Institute encourages employees to belong to a pension or provident fund. Eight staff members are currently covered by an umbrella fund under the SA Welfare Consolidated Investment Portfolio. The Institute is under no obligation to cover any unfunded benefits.

	GROUP 2012 R	GROUP 2011 R	INSTITUTE 2012 R	INSTITUTE 2011 R
The total contribution to such schemes	177 064	174 977	177 064	174 977

17. COMMITMENTS

	INSTITUTE 2012 R	INSTITUTE 2011 R
Capital expenditure		
Authorised but not yet contracted for	250 000	213 200

The future capital expenditure is in relation to computer equipment and will be funded out of cash resources.

NOTES (continued)

18. SPECIAL FUNDS

INCOME	Bursary R	Institute R	Other funds R	2012 R	2011 R
Donations and grants	1 530 624	8 628 735	447 160	10 606 519	4 924 058
Interest	142 893	64 461	45 057	252 411	281 325
Dividends	483 396	–	–	483 396	570 341
Surplus on investments	1 944 426	–	–	1 944 426	–
	4 101 339	8 693 196	492 217	13 286 752	5 775 724
EXPENSES					
Administration fees and running costs	676 810	7 860 213	32 419	8 569 442	5 637 277
Audit fees	8 320	–	–	8 320	20 900
Bursaries and grants	3 451 139	–	1 745 862	5 197 001	4 498 956
Funds repaid to donors	–	–	–	–	172 105
Loss on investments	108 127	–	–	108 127	560 152
	4 244 396	7 860 213	1 778 281	13 882 890	10 889 390
SURPLUS (LOSS) FOR THE YEAR	(143 057)	832 983	(1 286 064)	(596 138)	(5 113 666)
Accumulated funds at beginning of year net of deficit balances	18 606 579	825 632	1 928 472	21 360 683	26 474 349
NET ACCUMULATED FUNDS	**18 463 522**	**1 658 615**	**642 408**	**20 764 545**	**21 360 683**

A list of the balances of the Special Funds administered by the Group appears in Note 19 and the related investments are set out in note 20.

19. SPECIAL FUNDS

19.1 Bursary Funds

	Capital R	Amounts held for Bursary awards R	2012 R	2011 R
Amcham Fund	–	1 139 686	1 139 686	1 142 342
Berkowitz Scholarship Fund	–	494 111	494 111	721 167
Clive Beck Education Trust	–	89 786	89 786	84 608
Dorothy Glauber Fund	50 000	4 710	54 710	54 058
Durban Thekwini Bursary Fund	–	34 030	34 030	32 887
Esrael Lazarus Education Fund	–	–	–	23 279
Gert and Irmgard Brusseau Trust	–	–	–	405 554
Giannopoulos Bequest	322 000	60 410	382 410	343 540
Horace Coaker Fund	500	1 089 075	1 089 575	1 067 286
Hungjao Bequest	821 831	6 943	828 774	728 159
Isaacson Foundation Bursary Fund	67 025	3 865 088	3 932 113	4 053 570
Johnson and Johnson Medical Bursary Fund	–	(38 660)	(38 660)	(141 013)
Kilchberg Bursary Fund	–	–	–	7 027
Luthuli Memorial Foundation Fund	107 883	55 947	163 830	162 987
Oppenheimer Memorial Trust	–	69 347	69 347	83 828
Pick 'n Pay Fund	–	177 566	177 566	171 096
Reginald Smith Memorial Trust	10 000	1 047	11 047	10 645
Robert Shapiro Trust	56 868	6 863 356	6 920 224	6 404 735
SAIRR Education Trust				
Raymond Tucker Fund	–	–	–	6 520
Senior Bursary Fund	50 000	148 103	198 103	190 989
Shirley Simons Fund	772 778	2 144 091	2 916 869	3 025 165
Sonae Novobord Bursary Fund	–	–	–	5 022
Trinity College Fund	–	–	–	23 128
TOTAL BURSARY FUNDS	**2 258 885**	**16 204 638**	**18 463 522**	**18 606 579**

NOTES (continued)

19.2 Special Research Projects:	GROUP		INSTITUTE	
	2012 R	2011 R	2012 R	2011 R
Anglo American Chairman's Fund	1 318	503 318	1 318	503 318
Royal Belgian Embassy	1 507	1 000	1 507	1 000
Dick Gawith Fellowship	42 507	98 719	42 507	98 719
Good Governance Africa Fund	1 011 146	216 592	1 011 146	216 592
International Republican Institute	1 012	2 000	1 012	2 000
Maurice Webb Trust	–	1 003	–	1 003
Royal Netherlands Embassy	–	1 000	–	1 000
Open Society Foundation for South Africa	1 038	1 000	1 038	1 000
Royal Danish Embassy	–	1 000	–	1 000
Swedish International Development Cooperation Agency	600 087	–	600 087	–
	1 658 615	**825 632**	**1 658 615**	**825 632**

19.3 Other funds:				
Hecate	–	98 269	–	98 269
Johnson and Johnson Best Care Always Fund	75 003	–	75 003	–
Johnson and Johnson BTC Fund	567 405	1 830 203	567 405	1 830 203
	642 408	**1 928 472**	**642 408**	**1 928 472**
TOTAL SPECIAL FUNDS	**20 764 545**	**21 360 683**	**20 764 545**	**21 360 683**

20. INVESTMENTS

	INSTITUTE AND GROUP		INSTITUTE AND GROUP	
20.1 Special funds	2012 R	2011 R	2012 R	2011 R
20.1.1 Bursary Funds (Note 19.1)				
Listed Investments (Note 22)	13 231 192	12 826 419	13 231 192	12 826 419
	13 231 192	12 826 419	13 231 192	12 826 419
Total equities and other investments	13 231 192	12 826 419	13 231 192	12 826 419
Cash deposits	5 240 650	5 801 060	5 240 650	5 801 060
	18 471 842	18 627 479	18 471 842	18 627 479
Less: Creditors	(8 320)	(20 900)	(8 320)	(20 900)
	18 463 522	**18 606 579**	**18 463 522**	**18 606 579**
20.1.2 Institute Special Research Projects (Note 19.2)				
Unit Trusts and Cash on call	1 658 615	825 632	1 658 615	825 632
20.1.3 Other funds (Note 19.3)	642 408	1 928 472	642 408	1 928 472
Total Special Funds	**2 301 023**	**2 754 104**	**2 301 023**	**2 754 104**
20.2 Other Institute Investments				
First National Bank Call Accounts	3 500 000	7 500 000	3 500 000	7 500 000
Listed Investments (Note 21)	26 337 793	18 131 660	26 337 793	18 131 660
	29 837 793	**25 631 660**	**29 837 793**	**25 631 660**
TOTAL INVESTMENTS	**50 602 338**	**46 992 343**	**50 602 338**	**46 992 343**

NOTES *(continued)*

21. LISTED INVESTMENTS OF INSTITUTE FUNDS	2012 Qty	2012 R	2011 Qty	2011 R
Banks				
Standard Bank Group Limited	9 860	1 173 340	9 860	973 675
Beverages				
SAB Miller Plc	4 166	1 633 822	4 166	1 179 353
Chemicals, Oils and Plastics				
Sasol Limited	5 000	1 816 250	2 834	1 092 507
Clothing and Accessories				
Compagnie Financière Richemont SA	22 600	1 502 900	16 360	666 997
Coal				
Exxaro Resources Limited	5 400	923 400	3 400	571 200
Food Retailers and Wholesalers				
Tiger Brands Limited	4 575	1 496 025	4 575	1 147 776
Shoprite Holdings Limited	9 250	1 903 188	9 250	1 259 850
The Spar Group Limited	10 200	1 305 600	10 200	1 107 618
Furnishings				
Steinhoff International Holdings Limited	18 098	502 220	–	–
Home Improvement Retailers				
Cashbuild Limited	7 250	1 116 500	–	–
Lewis Group Limited	11 800	813 020	7 900	633 185
Marine Transportation				
Grindrod Limited	27 000	424 170	27 000	378 000
Mobile Electronic				
Allied Technologies Limited	–	–	4 500	240750
MTN Group Limited	–	–	4 462	641 323
Vodacom Group Limited	9 700	1 209 978	–	–
Mining Holdings and Houses				
Anglo American Plc	4 150	1 087 093	4 150	1 228 400
BHP Billiton Plc	5 564	1 642 994	5 564	1 303 645
Kumba Iron Ore Limited	3 300	1 867 965	3 300	1 650 000
Platinum				
Anglo American Platinum Limited	–	–	402	213 864
Impala Platinum Holdings Limited	4 960	823 360	3 703	619 697
Retailers				
Clicks Group Limited	17 000	1 099 050	12 000	554 760
Services				
Bidvest Group Limited	7 080	1 550 378	7 080	1 095 984
Tobacco				
British American Tobacco Plc	4 102	1 757 789	4 102	1 573 076
Transportation Services				
Trencor Limited	12 500	688 750	–	–
		26 337 792		**18 131 660**

The fair values of listed investments are based on the quoted market price at the reporting period date.

22. LISTED INVESTMENTS OF BURSARY FUNDS

	2012 Qty	2012 R	2011 Qty	2011 R
Banks				
Standard Bank Group Limited	9 300	1 106 700	9 300	918 375
Beverages				
SAB Miller Plc	2 280	894 170	2 280	645 445
Chemicals, Oils and Plastics				
Sasol Limited	2 285	830 026	2 285	880 868
Clothing and Accessories				
Compagnie Financière Richemont SA	24 900	1 655 850	24 900	1 015 173
Mining Holdings and Houses				
Anglo American Plc	6 200	1 624 090	6 745	1 996 520
Kumba Iron Ore Limited	2 600	1 471 730	3 640	1 820 000
BHP Billiton Plc	5 991	1 769 082	5 991	1 403 691
Platinum				
Anglo American Platinum Limited	2 200	983 400	2 200	1 170 400
Property Unit Trusts				
Redefine Income Fund Limited	161 200	1 528 176	161 200	1 192 880
Arrowhead Properties Limited A	–	–	5 820	33 058
Retail				
Pick 'n Pay Stores Limited	–	–	16 802	782 973
Services				
Bidvest Group Limited	6 247	1 367 968	6 247	967 036
		13 231 192		**12 826 419**

The fair values of listed investments are based on the quoted market price at the reporting period date.

PRESIDENTS OF THE INSTITUTE 1930–2013

1930–1931	Charles Loram
1931–1933	Edgar Brookes
1933–1943	Alfred Hoernlé
1943–1945	Maurice Webb
1945–1948	Edgar Brookes
1948–1950	Winifred Hoernlé
1950–1953	J D Rheinallt Jones
1953–1955	Ellen Hellmann
1955–1957	Leo Marquard
1957–1958	Johannes Reyneke
1958–1960	Donald Molteno
1960–1961	Edgar Brookes
1961–1963	Oliver Schreiner
1963–1965	Denis Hurley
1965–1967	E G Malherbe
1967–1968	Leo Marquard
1968–1969	I D MacCrone
1969–1971	Sheila van der Horst
1971–1972	William Nkomo and Duchesne Grice
1972–1973	Duchesne Grice
1973–1975	Bernard Friedman
1975–1977	Ezekiel Mahabane
1977–1979	John Dugard
1979–1980	René de Villiers
1980–1983	Franz Auerbach
1983–1985	Lawrence Schlemmer
1985–1987	Stuart Saunders
1987–1989	Stanley Mogoba
1989–1992	Helen Suzman
1992–1994	W D (Bill) Wilson
1994–1996	Hermann Giliomee
1996–2003	Themba Sono
2003–2007	Elwyn Jenkins
2007–2009	Sipho Seepe
2009–	Jonathan Jansen

HOERNLÉ LECTURES 1945–2013

No	Year	Lecturer	Title
1st	1945	Jan Hendrik Hofmeyr	Christian principles and race problems
2nd	1946	E G Malherbe	Race attitudes and education
3rd	1947	I D MacCrone	Group conflicts and race prejudice
4th	1948	Winifred Hoernlé	Penal reform and race relations
5th	1949	W M Macmillan	Africa beyond the Union
6th	1950	Edgar Brookes	We come of age
7th	1951	H J van Eck	Some aspects of the South African industrial revolution
8th	1952	Herbert Frankel	Some reflections on civilisation in Africa
9th	1953	Radcliffe Brown	Outlook for Africa
10th	1954	Emory Ross	Colour and Christian community
11th	1955	T B Davie	Education and race relations in South Africa
12th	1956	Gordon Allport	Prejudice in modern perspective
13th	1957	B B Keet	The ethics of apartheid
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