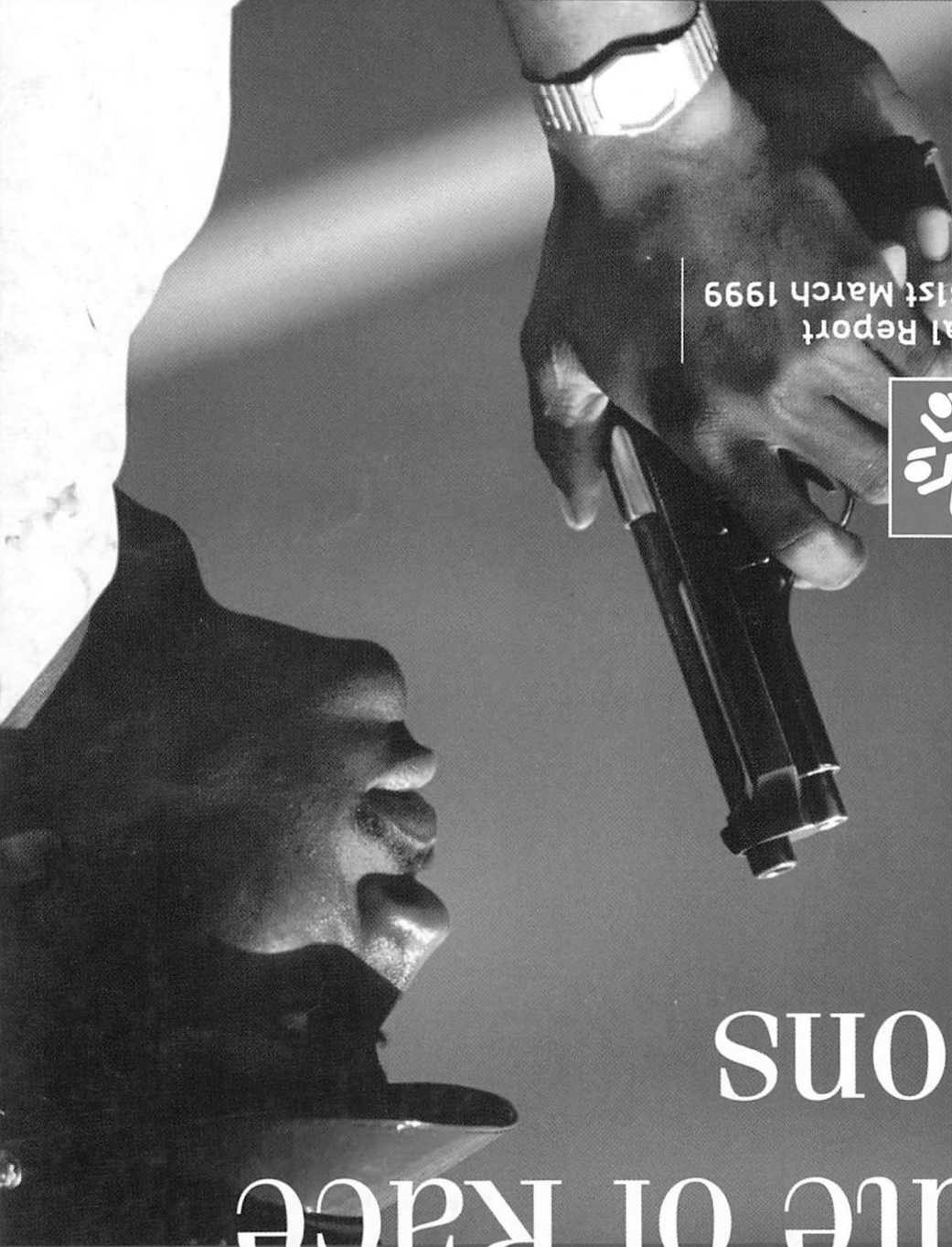


SEVENTY YEARS OF
LEADERSHIP WITH
FACTS 1929-1999

70



69th Annual Report
1st April 1998 to 31st March 1999



South African
Institute of Race
Relations

TO THE
MEMBERS OF THE
SOUTH AFRICAN INSTITUTE
OF RACE RELATIONS

SOUTH AFRICAN INSTITUTE
OF RACE RELATIONS (INC)

69th ANNUAL REPORT

1st APRIL 1998 TO 31st MARCH 1999

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armed robbery in downtown Johannesburg'

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CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING ON 24th AUGUST 1999

Mr President, Members of the Institute, I have pleasure in presenting this report to you. While the attached financial statements cover the financial year ended 31st March 1999, this narrative report is up to date to the middle of July 1999.

The narrative report has been somewhat restructured. Instead of dealing with public policy issues in a separate section, I have incorporated relevant material about such issues in appropriate sections of the rest of the report. The Institute has, after all, been concerned with matters of public policy throughout its existence. I have also shortened the overall report somewhat.

INTRODUCTION

On 9th May 1999, during the campaigning for the general election on 2nd June, the Institute turned 70. We registered a new motto, *Leadership with Facts*, with the Registrar of Companies. Throughout its existence, the Institute has done essentially two things. The first has been to champion constitutional liberalism and non-racialism. The second has been to ascertain the facts about South Africa and make them known. The list of publications dealing with almost every aspect of society on which racial laws had an impact runs into hundreds. Nor was the Institute content simply to publish, vitally important though that was. It also spoke out on the implications for race relations of the facts and laws it wrote about. In so doing, it provided the country with intellectual and moral leadership.

On 16th June Mr Thabo Mbeki was inaugurated as President in succession to Mr Nelson Mandela. He faces challenges just as great. Despite the high regard in which our government's management of the economy is held abroad, the quantities of foreign direct investment we need have not been forthcoming. I reported to you three years ago that the government had 'realised an ambitious plan to create 833 000 new jobs by the year 2000.' Daily retrenchments mock this figure. Some of these are an inevitable consequence of the comprehensive economic restructuring that is taking place. The causes for alarm are that jobs lost in some sectors are not being replaced by nearly enough jobs in other areas, and that huge numbers of new entrants to the labour market are remaining unemployed. Violent crime continues, and the acts of violence employed by individuals or vigilantes to counter or punish it, suggest growing desperation at the failings of our criminal justice system. The optimism publicly expressed in business circles is contradicted by anonymous pessimistic opinions gathered from businessmen by such bodies as the World Economic Forum, especially over crime and the labour market.

The UN's human development index pushed South Africa down from 89th to 101st

out of 174 countries, just below Albania, because of lower life expectancy resulting from AIDS. Even such encouraging factors as the successes of aspects of the government's development programme do not alter the fact that our society seems to be failing in certain important respects.

FINANCE AND MEMBERSHIP

The Institute ended the financial year on 31st March with a surplus of R728 635. This compares very favourably with last year's deficit of R22 065. Income was up 2% on the previous year's figure, but expenditure was 8% lower. The healthy surplus is to a large extent the result of two unusual factors. The first of these was a bequest of almost R490 000. The second was the result of the decline of the rand against foreign currencies. This meant that our dollar-denominated public policy research contract with the United States Agency for International Development (USAID) brought in more rands than had been budgeted for. The main reason why we managed to reduce expenditure, was the retrenchments we carried out last year, without which our surplus would have been wiped out. Membership fees were 12% below last year's figure, which is cause for rather serious concern.

RESEARCH AND PUBLICATIONS

South Africa Survey

The *1997/98 Survey* was a winner. In fact, it is now sold out. This is largely because our Research Department, having compiled the *Survey*, went out to market it. We launched the publication at bookshops in Sandton and Cape Town in October and November.

The *Survey* dealt as usual with political, constitutional, and cultural matters, as well as with security and the full spectrum of economic and socio-economic issues. Apart from providing both current and trend data in these latter fields, we reported on legislation and policy measures, the financial and human resources being applied to deal with problems, and the extent of practical implementation of policy. The Institute has always regarded the widening of public awareness as a necessary condition of dealing with socio-economic backlogs. Unless awareness is so widened, it is easy for problems simply to disappear from public view - or even to stay hidden from it altogether. (How many people thus know that 2 800 000 people in South Africa are officially regarded as 'stranded' in that they cannot afford the costs of transport to work or to hospital?) The *Survey's* first purpose is therefore to expose problems in a systematic way.

The *Survey's* second purpose is as important as the first. In addition to providing snapshots at particular points in time, as it were, it seeks wherever possible to present the moving picture - or 'trends over time.' It accordingly provides data on the current educational levels of the entire population, but also details how the output of the educational system is changing: thus the number of degrees, diplomas, and certificates awarded by universities and technikons to Africans rose by 82% over the last five years, but in the case of whites the figure was only 2%.

Education, of course, has to be paid for. So the Survey also reports how tax patterns are changing. Thus company tax as a proportion of GDP has dropped from 5,3% in 1976 to a projected 3,4% in 1999. Over the same period the ratio of personal tax to GDP will have more than doubled from 5,1% in 1976 to 10,7% this year. The Survey's dynamic analysis combining static and running records helps to show where conditions are improving and where not. (Contradictory trends are sometimes to be found: the infantile mortality rate among Africans is on the decline, but tuberculosis appears to be on the increase in the coloured population.)

At 614 pages, the 1997/98 Survey was bulky. To help users find their way around it easily, the 62-page index at the back was supplemented not only with an overall contents page but also with 20 pages of detailed contents giving readers a bird's eye view of the contents of each chapter. Extra value was added by listing all 330 of the tables, charts, and graphs at the beginning as well. They are designed to complement one another. For example, the graph on page 428 shows at a glance that both imports and exports have been climbing steadily since 1993, while the table on the previous page gave the actual figures for annual percentage increases.

Fast Facts

Eleven issues of *Fast Facts* were published. We also redesigned parts of the publication. We added an 'investment index' to our Fast Stats pages to enable us to monitor not only gross domestic fixed investment but also the contributions to it of both the private and the public sector. The macro-economic barometer dealing with the economy as a whole has been supplemented by a production barometer dealing with various sectors. An expanded range of business confidence indicators are reported in a new section of their own. We also included an expanded labour and socio-economic barometer to keep track of GDP per head, wage settlements, unemployment insurance claims, and other indicators enabling us to see how people are faring, rather than only what is transpiring with imports, inflation, and the like. Data on personal savings and household indebtedness now appear regularly. Finally, we now publish crime tables monthly rather than quarterly, and these tables include an expanded section on political fatalities and other types of violence.

This is all presented in clear and concise form in four pages of tables. These indicators give as comprehensive a picture as statistics can convey of how our economy and the people who make it up are doing.

The articles in *Fast Facts* highlight some of the trends from the tables, but beyond that tend to focus on the process of governance and on laws dealing with issues of race, equality, civil liberties, and employment. Under the title 'Government on the march' *Fast Facts* looked at laws empowering the state to intervene in the economy and society at large. It also focused on a spate of laws seeking to use racial criteria for various policy objectives. Legislation seeking to provide for greater scrutiny by parliament of law-making powers given to ministers was also highlighted. The Institute lobbied for such legislation. Other legislation which we welcomed included a bill giving effect to the rights to fair administrative action contained in the Bill of Rights. *Fast Facts* looked at the likely impact of the Basic Conditions of Employment

Act on small businesses.

Our 'state of the nation' issue, published in January, took advantage of the recent publication of the final results of the 1996 census to provide profiles of each province, including not only population data but information about households, earnings, education, health, living conditions, and provincial crime rates. The census data was supplemented by data from various other sources, official and unofficial.

Other regular features are a parliamentary preview at the beginning of each year, an analysis of the budget according to the classification of expenditure, and a review of trends in education. We commented on the 1998 matric results that there was little real evidence that the 20-year decline in South African schooling had been arrested. The high failure rate, we said, was 'swelling the ranks of the future disadvantaged.' *Fast Facts* has been generally supportive of the government's Growth, Employment, and Redistribution (GEAR) policies all along.

There has been controversy over the fact that the South African Police Service now usually publishes crime figures in the form of rates per hundred thousand of population as opposed to the absolute numbers of crimes reported. We publish whatever figures we can obtain to keep track of trends. One issue of *Fast Facts* published a table comparing the change in the rate with the change in the number. It showed that the incidence of serious crime measured in relation to the size of the population had dropped by 1,8% over the four years from 1994 to 1998, but that there had been a 7,8% increase in the absolute numbers of serious crimes reported over that same period. We also published a review showing that the news on the crime front was not all bad (the number of prison escapes, for example, is dropping). The review listed various positive developments - such as releasing 1 000 police officers from petrol pump duty at police garages for real police work - but the criminal justice system is so rickety that it will take time for these and other initiatives to show up in a steady downward trend in the crime rate.

Information about how and where South Africans earn a living has always been patchy. The Central Statistical Service (now Statistics South Africa) has long published data on the formal sector of the economy, but information on the informal sector has been hard to come by, as has information on such important providers of employment as agriculture and domestic service. The Institute is constantly on the lookout for information on these economic activities. We were accordingly very pleased when Stats SA published some new data breaking down the informal sector by industry, occupation, and 'manner of involvement' - whether informal sector workers are working for someone else in that sector or for their own account, for example. We also published data on both commercial and subsistence agriculture. Like many other sectors of the economy, commercial agriculture is shedding jobs, whether full-time, casual, or seasonal. It appears also that the vast majority of subsistence farmers rely on earnings outside agriculture and transfers from the state such as pensions to a greater extent than they do on farming.

Frontiers of Freedom

Four issues of our quarterly opinion journal were published. I think it fair to say that *Frontiers* has established itself as the most independent-minded publication in

South Africa. *Frontiers* continued to publish articles on subjects that the mainstream press tends to avoid. Such subjects included the undermining of judicial independence, and the Judicial Service Commission's downgrading of merit in the face of race, sex, and political considerations. Though all these issues appear in news stories, it is by and large left to *Frontiers* to emphasise their impact.

Several articles featured the state of race relations. Chief among these were an edited version of Professor Sono's presidential address, in which he said that 'skin colour politics' were ruining race relations and that it was time we threw them overboard and became a mature society. Lionel Abrahams wrote about the charges of 'whiteism' levelled at those with reservations about affirmative action and a dislike of political correctness. An article entitled 'The new McCarthyism' by Andrew Kenny focused on attacks on liberals. A second Kenny article, under the heading 'Good dictator, bad dictator', pondered the question why 'some murderous dictators get away with it.' Also challenging politically correct thinking, one article attacked the 'representivity' doctrine: the idea that every public and private institution should be made to reflect the racial demography of the country.

Frontiers continues to challenge vague notions of renaissance and transformation. The most incisive comment came from Charles Simkins. He detected 'remarkably little analysis of the factors underlying the persistence of inequality'.

Frontiers again published articles on the country's health system and Aids policy. A frustrated doctor wrote, 'A cabal of ideologues, amateurs and academics got hold of the manual of political correctness and turned the health system on its head' — and as a result, he said, 'the poor have less access to treatment than they had before'. *Frontiers* also carried the first analysis published in South Africa of the vigilante group Mapogo a Mathamaga.

A great many articles concerned economics and the related issues of unemployment and poverty. A number of other publications reprinted an article by a factory owner in KwaZulu-Natal on the plight of small furniture manufacturers who were being regulated out of the market, with resultant loss of jobs. The Malamulela Social Movement for the Unemployed contributed a plea for greater labour flexibility. In this regard, Michael Cowling of the University of Natal in Pietermaritzburg pointed out that it was not necessary to ditch the best of the country's labour laws in order to achieve greater labour market flexibility: rather various forms of differentiation and exemption would do the trick. Themba Sono pointed out that 'crony empowerment' schemes do nothing for the unemployed but simply revert to 'the old group rights approach'. *Frontiers* also carried a review of Professor Sono's publication (by the Free Market Foundation) of 'From poverty to property.'

Much has been written in *Frontiers* about the energy and creativity of non-governmental organisations, especially in the fields of poverty relief, education and health. In this regard, the most interesting article this year was an eloquent plea by Dr Selma Browde for more attention to be paid to palliative medicine. *Frontiers* also carried an article on the work of Operation Hunger and that organisation's recommendations for improved methods of feeding the poor. Matibidi Ke Samuel (a poet and aspirant writer working as a parking attendant) blamed the inefficiency of development projects on 'project experts' and consultants.

The major article of the year was Rian Malan's questioning of the myths surrounding the Boipatong massacre. Only two newspapers, *Die Burger* and *The Citizen*, took any notice of it, while the *Mail and Guardian*, having ignored the article, published an attack on it — but gave Malan equal space for his reply the following week. But the fact remains: were it not for *Frontiers*, the Truth Commission's finding that the massacre had been planned and carried out in collusion with the security forces would have gone unchallenged, despite the fact that this finding was based on hearsay evidence that had failed to stand up to seven years of judicial and other investigation.

Spotlights

We published four. The first, *Beyond the Boycotts: Financing Local Government in the Post-apartheid Era*, pointed out that only about a third of the 833 local authorities in the country were financially viable, another third being only potentially viable, and a third being unviable. The study looked at the economic disparities between richer and poorer areas and at teething problems arising from the amalgamation of formerly segregated municipalities. It also focused on the issue of non-payment, which is particularly serious in that local government is expected to raise 90% of its revenue from local sources. At the time the booklet was published, outstanding rates and service charges owed to local authorities stood at some 30% of expected income from those sources. This debt (which was owed by businesses and government institutions as well as by householders) amounted to almost R9 billion. Financial problems continue to plague local authorities. A year after publication, our study remains an essential guide to the difficulties currently facing local government.

The second Spotlight was entitled *Unshackling the Crime Fighters: Increasing Private Sector Involvement in South Africa's Criminal Justice System*. It argued that the traditional approach to fighting crime, where the criminal justice system is a state monopoly, is obsolete. Many developed states in the world today have a vibrant private sector actively engaged in the operation and management of their criminal justice systems. Our book reasoned that greater private sector involvement in South Africa's criminal justice system would both make the country safer and be more cost-effective, for consumer and state alike. By outsourcing non-core functions to the private sector, the state would be able to do more in the fight against crime. Most proposals in this Spotlight do not require radical changes to legislation. What is required is a change in the attitudes and mind-set of policy makers and administrators, trade unions, and private sector entrepreneurs.

The third Spotlight was entitled *Mbeki: His Time Has Come - An Introduction to South Africa's New President*. Its purpose was to present Mr Mbeki through his own words on a wide variety of issues, ranging from political violence through traditional leadership to 'entitlement in the civil service.' The core of the book consisted of excerpts of speeches by Mr Thabo Mbeki from the 1960s to the present. These excerpts were supplemented by extracts from various 'discussion documents' and statements published by the ANC since 1994, most of which were widely believed to reflect Mr Mbeki's views. A brief curriculum vitae was also included, along with comments about South Africa's then president-to-be from a range of people in

politics, business, journalism, and the academic world. A brief section at the end teased out some of the possible implications of Mr Mbeki's quoted pronouncements on the various issues covered in the book. The book was published shortly before the election on 2nd June.

The fourth Spotlight was entitled *The Truth about the Truth Commission*. It pointed out that the Truth and Reconciliation Commission (TRC) had captured some of the horror of the killings and other outrages perpetrated in the name of apartheid. It had also helped some of the victims of gross violations come to terms with their grief by giving them a chance to tell the stories of their suffering. Unfortunately, however, the book argued, the TRC had encompassed less than half the story. It left at least 12 000 killings unexplained - and the horror of these deaths has yet to be addressed. The methodology it used was also flawed, fundamentally so. It based key findings on untested and often hearsay allegations. It relied on secret testimony and the self-serving accusations of criminals seeking to escape imprisonment. It contradicted and, on occasion, misrepresented earlier judicial rulings. It left out major massacres. Sometimes it even got the basic facts wrong. And it used its incomplete and unverified 'evidence' to hold people accountable for killings without providing proper reasons. The book noted that the TRC had acknowledged that 'lies, half-truth and denial' were no basis to 'build the new South Africa.' Yet its report had done as much to distort as to disclose the truth.

Commissioned Research

A foreign embassy in South Africa commissioned the Institute to prepare a report on the socio-economic disparities among race groups in South Africa. Much of the information in the document, which ran to 177 pages, was subsequently incorporated, where appropriate, into the *Survey* and other Institute publications. The Friedrich Naumann Foundation commissioned an election reader under the title *Fighting for Votes: South Africa before 2nd June 1999* to be used as a briefing document for foreign visitors and other interested parties in the run-up to the election. The American Chamber of Commerce in South Africa has commissioned a study into aspects of the regulatory environment.

Electronic Publishing

The Institute's website has been redesigned. The new website contains 31 issues of *Fast Facts* (starting with January 1997), made up of some 284 articles of which we have designated a quarter as 'free reads.' It also contains 11 issues of *Frontiers of Freedom*, made up of 168 articles of which we have also designated about a quarter as 'free reads.' This is done partly as a public service and partly as a marketing strategy encouraging people to join the Institute to obtain access to material not available except to members with passwords. As soon as an issue of *Fast Facts* has gone to the printer and is up on the website, all our members are e-mailed informing them of this and telling them what's in it.

One of the features on the website is a 'website comment' section. This comprises occasional 300-word editorials on current issues. About a dozen such editorials

have been put on to the website this year. Some of these are reproduced in *Frontiers*, but most are published only on the website.

A contract has been signed with I-Net Bridge, a business information service owned by Times Media Limited, BDFM Publishers, Dimension Data, and Bridge Information Systems. Extracts from the *Survey* appear on their intranet system. The Institute will receive royalties. I-Net Bridge, which was launched in February, intends to be the most comprehensive and widely used international provider of news, data, and research. The Institute stands to gain market exposure which should generate enquiries and new members.

We have also assigned certain electronic publishing rights in respect of some of our publications to Logos Information Systems. We will receive royalties. The publications in question include ten years of the *Survey*, as well as *Political Violence in South Africa*, *South Africa's Silent Revolution*, *Bill of Rights Report*, *Unemployment in South Africa*, *The Natal Story: Sixteen Years of Conflict*, and *The Truth about the Truth Commission*.

HOFMEYR LIBRARY

Members are making increasing use of the information service provided by our library, and we are pleased that they are doing so. We are asked to supply information on a very wide range of topics. Some of these are fairly obvious: crime trends, employment statistics, information on classroom shortages, data on tourism, and vehicle ownership by race. Biographies of prominent South Africans are also frequently sought. But we have also been asked to supply information on such subjects as motor cycle sales, on the old Unity Party's race federation policy, on the baking industry, on the Muslim community, on Uganda, on the Sudan, on divorce rates, on the red meat industry, on the demographics of Welkom, on fast food outlets, on cosmetic companies, and even on something called 'The Spice Girls.'

PARLIAMENTARY AFFAIRS OFFICE

The Parliamentary Affairs Office was opened at the beginning of 1996. It enables us to keep track of the work of parliamentary portfolio committees in particular, by attending their meetings where legislation is processed before formal introduction into parliament. When appropriate, our staff make submissions to the committees. A notable success in this past year was our work with the parliamentary subcommittee dealing with delegated legislation. Information was provided to the committee on how the law-making powers of the executive are subjected to parliamentary scrutiny in various other countries and we were very pleased when relevant legislation was introduced in our own parliament (as reported above).

Our parliamentary staff does not produce separate publications, but contributes analyses of relevant legislation to other publications, among them *Fast Facts* and the *Survey*. The office also plays a key role in handling queries from Institute members and liaising with various parliamentarians, the press, and members of the diplomatic corps. An article revealing some of the successes of our Parliamentary Affairs Office in lobbying parliament was published in *Fast Facts*.

BRIEFINGS

Eight briefings were held for members. The speakers included Mr F W de Klerk, the former president; Mr Tony Leon, leader of the Democratic Party; Mr Marthinus van Schalkwyk, leader of the National Party; and Mr Smuts Ngonyama, Head of Presidency and Department of Information and Publicity of the African National Congress. These were part of a series which started last year and featured representatives of other political parties. Judge Willem Heath, head of a special investigation unit mandated to investigate corruption, spoke on the work of his unit, while Mr Mohlolo Kgopane, general secretary of the Malamulela Social Movement for the Unemployed, also addressed a meeting of Institute members.

In addition, Mr Martin Schönteich, then the Institute's Parliamentary Affairs Manager, gave a briefing to the annual general meeting of our Cape Western region. He also gave a briefing on his Spotlight *Unshackling the Crime Fighters: Increasing Private Sector Involvement in South Africa's Criminal Justice System*. The President of the Institute, Professor Themba Sono, gave his presidential address *Race Relations in Post-apartheid South Africa* on 2nd September. (He was ill at the time, so it was read on his behalf by the Institute's Chief Executive.) The speech was later published in full. Finally, two functions to launch the *1997/98 South Africa Survey* were held for members, one in Sandton and one in Cape Town. These were addressed by the President, the Chief Executive, and Ms Elisabeth Sidiropoulos, then our Research Director and the person responsible for the Survey.

Institute representatives also spoke to a variety of other organisations on altogether 26 separate occasions. Most of these briefings were given to corporate members of the Institute, usually at their own premises. Dr Anthea Jeffery was in frequent demand as a speaker on the Employment Equity Act, a detailed analysis of which we had published last year. As the election approached, the Chief Executive gave a series of briefings to members under the title 'The Election and Beyond.'

Dozens of briefings were also given to the media, including local and foreign radio and television, and the print media. These covered a very wide range of topics.

NATIONAL BURSARIES

Last year's pass rate among all our university and technikon students was 85%, an increase of three percentage points on the previous year's figure. Altogether 180 students graduated in the following fields: commerce 54, science 30, engineering 17, arts 17, health science 15, business administration 14, law 13, education 12, medicine 5, architecture 2, and dentistry 1.

In the last 17 years the Institute's head office has awarded bursaries, most of them to black students, to the value of R124 million. Since 1980, no fewer than 2 153 students have graduated through our programme in the following fields: science 357, education 330, arts 297, commerce 291, law 188, health science 178, business administration 161, medicine 159, engineering 138, dentistry 30, and architecture 24. Our pass rate since 1990 varies between 82% in 1997 and 91% in both 1992 and 1994.

The number of bursaries awarded for the 1999 academic year is 876, 87 more than in 1998. New awards accounted for 525 of these, while 351 of the awards were for students continuing on the programme. Despite the increase in the number of awards (many of which are not fully funded bursaries), the amount available for bursaries for 1998 was R7,2 million. This represents a decrease of 2,4% on last year's budget, brought about by the continuing decrease in foreign funding. New bursary programmes were established at the Institute for the Foschini Group, Nampak, and Schneider Electric.

CAPE WESTERN REGION

The regional annual general meeting was held in September. Mrs Thelma Harding was re-elected to the chair of the regional committee. Dr Eleanor Nash and Ms Leslie Liddell were elected as vice chairwomen. Regional subcommittees are constituted to deal with bursaries, the enrichment programme, finance, research and publications, the Institute's property in Mowbray, (which houses the regional office), and the region's 'Unity in Diversity' project.

Guest speakers included Ms Mary Burton, a member of the Truth and Reconciliation Commission, who spoke about the commission's report. Professor Rodney Davenport, a member of the regional committee, spoke about changes and additions to the fifth edition of his well-known *History of South Africa*. Ms Lyn Garwen gave a presentation on the implications of the proposed national qualifications framework, highlighting advantages as well as problem areas.

A Teacher Empowerment Project was launched with the aim of helping teachers of English, Maths, Physical Science, Biology, and Accountancy at under-achieving schools improve their skills through a series of training workshops. Altogether 2 400 students have enrolled this year for the Enrichment Programme in Langa and Khayelitsha.

Last year, 489 students received bursaries from the region, totalling R1 735 000. Funds available for disbursement in 1999 amounted to R1 999 000. This is mainly due to a substantial increase in the allocation from the Abe Bailey Trust and also to the fact that the Susan Kooy Fund is now being used for bursaries. There was also a donation of R100 000 from the Frank Robb Charitable Family Trust for use in the current year. The first commitment was to renew current bursaries for another year and the bursary committee approved 329 of these at a cost of R1 415 500. This left R583 000 available for new awards. The committee decided to make new awards on the basis of 28% for study at university, 70% for technikon, and 2% for teachers' training college. After screening on the basis of financial need and academic promise, a total of 140 new bursars were selected.

Headstart College, a project started by the Cape Western regional committee, was registered as a Section 21 company on 11th December. Following this, it became an organisation entirely independent of the Institute. This was in conformity with a long-standing Institute policy of establishing projects which are then allowed to set themselves as separate organisations when they can stand on their own two feet. The new college is called Gqweza College. We wish it every success.

GOVERNANCE AND OFFICE-BEARERS

I regret to report the sudden death in May 1999 of Mr Duchesne Grice, one of our honorary life members and a representative of such on Council. Mr Grice was president of the Institute in 1972 and 1973.

STAFF

We have arranged a home loan scheme for members of our staff with the Standard Bank. One staff member (Winnie Makhalemele) received an award for 25 years with the Institute, while four staff members (Oscar Mchunu, Prisca Nkosi, Clement Satsha, and John Kane-Berman) received awards for 15 years of service to the Institute. Japhet Mhlongo celebrated ten years at the Institute. The Human Resources and Administrative Director, Sheila Witeman, will celebrate 15 years of service to the Institute in December. No chief executive could hope for a finer deputy.

THANKS

Thanks are due to all our members for their continuing loyalty and support. Scattered throughout this report and in the notes to the financial statements which form part of it are the names of various others without whom the Institute would not be able to do nearly as much as it does. We are grateful to them all: the various sponsors of our bursary and other educational programmes, both at Head Office and in Cape Town, along with those who back our Free Society Project, our Parliamentary Affairs Office, and our annual *South Africa Survey*. Names of supporters always appear in the relevant publication or report, while our students are always told who is financing their particular bursary.

I am grateful to the members who serve on our various governing bodies and in particular offices, including Themba Sono, our President, Elwyn Jenkins, our Chairman, Raymond Tucker, our Honorary Legal Adviser, and Brian Hawksworth, our Honorary Treasurer.

Thanks are also due to all our staff for their solid support for all that the Institute tries to do.



Johannesburg
3rd August 1999

HONORARY TREASURER'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 1999

The excess of income over expenditure for the year amounted to R728 635 (1998 deficit: R22 065).

Income was up 2% from R7 865 728 to R8 014 601. Membership fees and subscriptions were down 12% from R2 192 623 to R1 938 035. It continues to be difficult to increase membership. Grants and donations were up 1% from R3 477 047 to R3 509 767 as a result of bequests, and grants made by foreign donors. Income from administration of bursaries increased from R1 521 439 to R1 860 968.

Expenditure for the year decreased by 8% from R7 887 793 to R7 285 966 due to the reduction of staff and effective control of expenditure.

The Institute's financial position at the year end was sound. At that date it had net assets of R22 605 704 (1998: R19 709 980) under its control. The main reason for the increase is a rise in Special Funds.

During the year certain bursary fund listed investments were disposed of and most of the proceeds were invested in fixed deposits and Eskom stocks to generate a higher income.

As a result of the drop in equity prices on the Johannesburg Stock Exchange the market value of the total portfolio at year end had fallen below cost by R600 851. Listed investments are now stated at market value and the increase or decrease in market value is capitalised. In 1998 the listed investments were stated at cost. The portfolio has been regularly reviewed and varied and will continue to be monitored closely.

There is a budgeted deficit of R669 009 for the year ending 31st March 2000. Bequests from estates of approximately R710 964, which had not been anticipated in the budget, were received subsequent to year end.

Having assessed the impact of Year 2000 compliance it is anticipated that the Institute will be fully compliant by 31st December 1999. A comprehensive inventory of systems and components, has been carried out in order to analyse their critical impact on our operations. Where appropriate, corrective action in respect of non-compliant systems and components has been implemented. Steps have also been taken to mitigate the possible disruption of business involving third parties and agents. Contingency plans will be developed to minimise the impact of any interruptions.

I thank Mr Frank Oppler and his staff for the efficient manner in which they have handled the finances of the Institute.



Brian M Hawksworth
Honorary Treasurer
Chairman of the Finance Committee

3rd August 1999

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
(INCORPORATED ASSOCIATION NOT FOR GAIN
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ANNUAL FINANCIAL STATEMENTS
for the year ended 31st March 1999

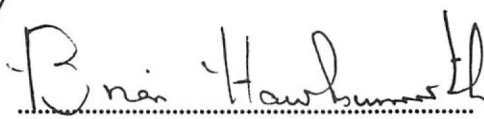
REGISTRATION NUMBER: 05/10068/08
FUND RAISING NUMBER: 01 100066 0006

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Balance sheet	28
Income statement	29
Cash flow statement	30
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The annual financial statements which appear on the attached pages have been approved by the directors and are signed on their behalf by:


.....
DIRECTOR


.....
DIRECTOR

27th May 1999

REPORT OF THE INDEPENDENT AUDITORS

To the members of the
South African Institute of Race Relations
(Incorporated Association Not For Gain
registered under Section 21
of the Companies Act)

We have audited the annual financial statements and group annual financial statements of the South African Institute of Race Relations set out on pages 27 to 41 for the year ended 31st March 1999. These financial statements are the responsibility of the Institute's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Institute and the Group at 31st March 1999, and the results of their operations and cash flows for the year then ended, in accordance with generally accepted accounting practice for non profit organisations.

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC
Chartered Accountants (SA)
Sunninghill
27th May 1999

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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REPORT OF THE DIRECTORS

for the year ended 31st March 1999

The directors have approved the attached annual financial statements and submit their report for the year ended 31st March 1999.

REVIEW OF THE INSTITUTE'S BUSINESS AND OPERATIONS

The main activity of the Institute is that of a Research, Policy Analysis, Publishing, and Educational Welfare Organisation. The financial statements adequately disclose the results of the operations of the Institute and the state of its affairs.

DIRECTORS AND SECRETARY

The following acted as directors :

T J Sono	- President of the Institute
E R Jenkins	- Chairman of the Executive Committee
H B Giliomee	- Vice President
L Schlemmer	- Vice President
H Suzman (D B E)	- Vice President
B M Hawksworth	- Honorary Treasurer
J S Kane-Berman	- Chief Executive
J W Wentzel	- Special Research Director
D H Venter	- Bursary Director (appointed 1 st September 1998)

The secretary of the Institute is F G Oppler.

<u>Business address</u>	<u>Postal address</u>
68 De Korte Street Braamfontein 2001 Johannesburg	P O Box 31044 Braamfontein 2017

SUBSIDIARY COMPANY

The name of the subsidiary is:

De Korte Street Properties (Pty) Ltd	<u>1999</u>	<u>1998</u>
--------------------------------------	-------------	-------------

Details are:

Issued Share Capital	R6	R6
Company's holding	100%	100%
Book value of company's holding	R6	R6
Amount owing to holding company	R898 206	R852 206

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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BALANCE SHEET

at 31st March 1999

	Notes	GROUP		COMPANY	
		1999 R	1998 R	1999 R	1998 R
CAPITAL EMPLOYED					
NON-DISTRIBUTABLE					
RESERVE	2	821 681	821 681	821 681	821 681
ACCUMULATED FUNDS		1 269 455	540 820	1 300 461	540 820
		<u>2 091 136</u>	<u>1 362 501</u>	<u>2 122 142</u>	<u>1 362 501</u>
SPECIAL FUNDS	3/4	18 061 642	15 028 317	18 061 642	15 028 317
RESEARCH FUND		2 004 147	2 000 000	2 004 147	2 000 000
RESERVE FUND - WESTERN CAPE	5	378 315	1 196 431	378 315	1 196 431
MOTOR VEHICLE RESERVE FUND - WESTERN CAPE		55 564	107 831	55 564	107 831
LONG TERM LIABILITIES	6	14 900	14 900	14 900	14 900
		<u>22 605 704</u>	<u>19 709 980</u>	<u>22 636 710</u>	<u>19 709 980</u>
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	7	1 014 753	1 014 753	30 928	30 928
INVESTMENT IN SUBSIDIARY	8	-	-	898 212	852 212
INVESTMENTS					
Special funds		17 959 243	14 946 775	17 959 243	14 946 775
Other		2 268 849	2 205 655	2 268 849	2 205 655
	9	<u>20 228 092</u>	<u>17 152 430</u>	<u>20 228 092</u>	<u>17 152 430</u>
		<u>21 242 845</u>	<u>18 167 183</u>	<u>21 157 232</u>	<u>18 035 570</u>
CURRENT ASSETS					
Stock	10	2	2	2	2
Debit balances on special funds	4.4	102 399	81 542	102 399	81 542
Current account with subsidiary		-	-	133 389	139 580
Accounts receivable	11	1 896 710	2 004 347	1 895 759	2 003 396
Cash resources		436 532	171 329	436 532	171 329
		<u>2 435 643</u>	<u>2 257 220</u>	<u>2 568 081</u>	<u>2 395 849</u>
CURRENT LIABILITIES					
Bank overdraft		-	20 094	-	20 094
Accounts payable	12	1 072 784	694 329	1 088 603	701 345
		<u>1 072 784</u>	<u>714 423</u>	<u>1 088 603</u>	<u>721 439</u>
NET CURRENT ASSETS		<u>1 362 859</u>	<u>1 542 797</u>	<u>1 479 478</u>	<u>1 674 410</u>
		<u>22 605 704</u>	<u>19 709 980</u>	<u>22 636 710</u>	<u>19 709 980</u>

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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INCOME STATEMENT

for the year ended 31st March 1999

	<u>Notes</u>	<u>1999</u> <u>R</u>	<u>GROUP</u> <u>1998</u> <u>R</u>	<u>1999</u> <u>R</u>	<u>COMPANY</u> <u>1998</u> <u>R</u>
INCOME					
Membership fees and subscriptions		1 938 035	2 192 623	1 938 035	2 192 623
Administration fees received		1 860 968	1 521 439	1 860 968	1 521 439
Interest received		550 952	555 219	550 952	555 219
Grants and donations		3 509 767	3 477 047	3 509 767	3 477 047
Publication sales		123 166	88 671	123 166	88 671
Profit on sale of shares		1 027	1 215	1 027	1 215
Rental received		30 686	29 514	30 686	29 514
Provision for loss on subsidiary written back		-	-	46 000	-
		<u>8 014 601</u>	<u>7 865 728</u>	<u>8 060 601</u>	<u>7 865 728</u>
EXPENDITURE					
Auditors' remuneration					
Fees for the audit	13	86 767	72 179	84 031	72 304
Furniture and equipment written down to nominal value		43 240	63 295	43 240	63 295
Interest paid		7 870	-	7 870	-
Lease expenditure		4 641	20 895	4 641	20 895
Research, publishing and administration expenses		7 143 448	7 731 424	7 161 178	7 685 299
Provision for loss in subsidiary		-	-	-	46 000
		<u>7 285 966</u>	<u>7 887 793</u>	<u>7 300 960</u>	<u>7 887 793</u>
EXCESS INCOME over expenditure		728 635	(22 065)	759 641	(22 065)
TRANSFER from/(to) motor vehicle reserve fund (W. Cape)		-	20 669	-	20 669
TRANSFER from/(to) loan redemption reserve fund		-	305 000	-	305 000
SURPLUS at beginning of year		540 820	237 216	540 820	237 216
SURPLUS at end of year		<u>1 269 455</u>	<u>540 820</u>	<u>1 300 461</u>	<u>540 820</u>

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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CASH FLOW STATEMENT

for the year ended 31st March 1999

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1999</u> <u>R</u>	<u>1998</u> <u>R</u>	<u>1999</u> <u>R</u>	<u>1998</u> <u>R</u>
Operating surplus/(deficit) before interest	185 553	(577 284)	216 559	(577 284)
Adjustments:				
Decrease in motor vehicle reserve fund	(52 267)	-	(52 267)	-
Decrease in reserve fund	(818 116)	-	(818 116)	-
Increase in research fund	4 147	-	4 147	-
Increase in working capital				
Decrease/(increase) in accounts receivable	107 637	(316 898)	107 637	(317 171)
Increase/(decrease) in accounts payable	378 455	(185 612)	387 258	(155 221)
	<u>(194 591)</u>	<u>(1 079 794)</u>	<u>(154 782)</u>	<u>(1 049 676)</u>
Interest received	550 952	555 219	550 952	555 219
Interest paid	(7 870)	-	(7 870)	-
Cash retained/(utilised) from operations	<u>348 491</u>	<u>(524 575)</u>	<u>388 300</u>	<u>(494 457)</u>
Decrease/(increase) in inter-company current account	-	-	6 191	(45 548)
External financing - loans repaid	-	(297 417)	-	-
(Increase)/decrease in investments	(63 194)	757 359	(63 194)	757 359
Increase in investment in subsidiary	-	-	(46 000)	(281 987)
Cash effects of investment activities	<u>(63 194)</u>	<u>459 942</u>	<u>(103 003)</u>	<u>429 824</u>
Net cash retained/(utilised)	285 297	(64 633)	285 297	(64 633)
Cash resources at beginning of year	<u>151 235</u>	<u>215 868</u>	<u>151 235</u>	<u>215 868</u>
Cash resources at end of year	<u><u>436 532</u></u>	<u><u>151 235</u></u>	<u><u>436 532</u></u>	<u><u>151 235</u></u>

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31st March 1999

1 ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis except for listed investments which are valued at market value.

1.1 Consolidation

The company results include the operating results and assets and liabilities of the Johannesburg Head Office and the Western Cape region. The group results include the company results and the operating results and assets and liabilities of the wholly-owned subsidiary.

1.2 Membership Fees

Membership fees due and payable are brought to account on a cash received basis.

1.3 Donations

Donations are brought to account on a cash received basis upon being banked to the account of the Institute.

1.4 Special Funds

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

1.5 Bursary Funds and Special Research Projects

The Funds and Projects administered by the Institute are disclosed in these financial statements by way of Notes 3 and 4.

1.6 Fixed Assets

Land and buildings are not depreciated. Other fixed assets are written off when purchased, and are shown at nominal value. For this reason, finance leases are not capitalised.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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1.7 Investments

Listed investments are stated at market value and the increase or decrease in market value is capitalised. In 1998 listed investments were stated at cost. The effect of this change in accounting policy has been to decrease the special funds balances by R600 851 in 1999. There has been no change to the income statement as a result of these changes.

1.8 Stock

Stock is valued at nominal value.

1.9 Regional Accounting

Regional operating results and their assets and liabilities are incorporated in these financial statements.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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				<u>1999</u>	<u>1998</u>
				<u>R</u>	<u>R</u>
2	NON-DISTRIBUTABLE RESERVE				
2.1	Specific bequests, surplus on sale of investments and extraordinary donations of a non-recurring nature:			231 181	231 181
2.2	Building Fund			590 500	590 500
				<u>821 681</u>	<u>821 681</u>
3	SPECIAL FUNDS				
	<u>Head</u> <u>Office</u> <u>Bursary</u> <u>Funds</u> <u>R</u>	<u>Head</u> <u>Office</u> <u>Special</u> <u>Research</u> <u>Projects</u> <u>R</u>	<u>Regional</u> <u>Bursary</u> <u>and</u> <u>Special</u> <u>Funds</u> <u>R</u>	<u>Total</u> <u>1999</u> <u>R</u>	<u>Total</u> <u>1998</u> <u>R</u>
	INCOME				
	Donations and grants	5 634 675	218 100	5 577 738	11 430 513
	Interest	1 035 692	12 679	605 414	1 653 785
	Dividends	59 655	-	3 933	63 588
		<u>6 730 022</u>	<u>230 779</u>	<u>6 187 085</u>	<u>13 147 886</u>
	EXPENDITURE				
	Administration fees and running costs	1 422 311	9 463	3 666 841	5 098 615
	Audit fees	75 793	-	4 400	80 193
	Bursaries and grants	5 665 341	-	2 220 738	7 886 079
		<u>7 163 445</u>	<u>9 463</u>	<u>5 891 979</u>	<u>13 064 887</u>
	Surplus/(deficit) for the year (Decrease)/increase on revaluation of shares and Eskom stock	(433 423)	221 316	295 106	82 999
	Profit on sale of shares	(989 506)	23 599	345 328	(620 579)
	Accumulated funds at beginning of year net of deficit balances	19 728	-	-	19 728
	Funds introduced during the year	11 851 712	245 502	2 849 561	14 946 775
		<u>2 656 387</u>	<u>(3 675)</u>	<u>877 608</u>	<u>3 530 320</u>
	FUNDS at year end	<u>13 104 898</u>	<u>486 742</u>	<u>4 367 603</u>	<u>17 959 243</u>
		<u>14 946 775</u>	<u>14 946 775</u>	<u>14 946 775</u>	<u>14 946 775</u>

A list of the balances of the Special Funds administered by the Institute appears in Note 4 and the related investments are set out in Note 9.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31st March 1999

4 SPECIAL FUND BALANCES AT 31st March 1999

4.1 Bursary Funds

	<u>Capital</u>	Amounts held for Bursary <u>Awards</u>	Total <u>1999</u>	Total <u>1998</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Engen Enrichment Fund	-	-	-	24 156
Bertha McKay Bursary Fund	100 201	28 115	128 316	141 336
Margaret Ballinger Welfare Fund	-	2 775	2 775	34 911
Dorothy Glauber Bursary Fund	55 000	5 905	60 905	59 138
Energos Foundation	1 565 873	317 536	1 883 409	1 785 058
First National Bank Bursary Fund	-	99 181	99 181	108 002
German Enrichment Programme	-	18 423	18 423	18 423
Gert and Irmgard Brusseau Trust	298 966	74 984	373 950	213 356
Giannopoulos Trust	327 674	52 103	379 777	-
Harvard S A Fellowship Programme	-	79 399	79 399	38 079
Hungjao Bequest	-	184 868	184 868	-
Isaacson Foundation Bursary Fund	1 255 483	428 230	1 683 713	1 099 063
Kellogg Foundation Bursary Fund	2 588 308	-	2 588 308	697 468
Esrael Lazarus Education Fund	102 793	17 810	120 603	100 000
Luthuli Memorial Foundation Trust Fund	107 883	4 050	111 933	107 883
Nampak Bursary Fund	-	252 269	252 269	-
Robert Shapiro Trust	1 485 582	55 092	1 540 674	3 920 652
Senior Teachers Training Trust	50 000	9 042	59 042	59 079
South African Scholarship Programme (US Aid)	-	320 388	320 388	1 039 282
Shirley Simon Bursary Fund	1 010 543	171 094	1 181 637	1 030 816
SAIRR Education Trust	143 952	29 828	173 780	212 852
(Engen Bursary Fund)	-	1 678	1 678	(113 762)
(Anglovaal Group Bursary Scheme)	-	188 184	188 184	109 503
(John Deere Bursary Fund)	-	74 447	74 447	6 068
(Du Pont Nemours Bursary Fund)	-	20 379	20 379	23 015
US Aid Test Teach Test	-	26	26	26
US Signatory Education Trust	4 506	1 162 086	1 166 592	1 112 923
Yvonne Rabbow Memorial Music Award	16 705	2 968	19 673	18 871
SAIRR Funds	482 975	9 903	492 878	85 555
	<u>9 596 444</u>	<u>3 610 763</u>	<u>13 207 207</u>	<u>11 931 753</u>

The SAIRR Funds are an amalgamation of the following: Joy Abelson Bursary Fund; Auerbach Fund; Sir Robert Birley Trust; Boxer Bursary Fund; Horace Coker Fund; Ellen Hellmann Fund; Emily Hobhouse Bursary Fund; Andrew Hofmeyer Book Award; B & E Koch Bursary Fund; Mampu Bursary Trust; Dr M Patel and his Parents Trust Fund; Alan Paton Fund; G M Robertson Bursary Fund; Reginald H Smith Bursary Fund.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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4 SPECIAL FUND BALANCES AT 31st March 1999 (continued)

	Amounts held for Bursary		Total	Total
	<u>Capital</u>	<u>Awards</u>	<u>1999</u>	<u>1998</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
4.1 <u>Total Bursary Funds</u>				
Balance brought forward	9 489 078	3 679 988	13 207 207	11 931 753
4.2 <u>Special Research Projects</u>				
Unemployment Study Fund			95 695	83 016
Estate Late CMK Thomas			182 410	162 486
Donaldson Trust			208 637	-
			<u>486 742</u>	<u>245 502</u>
4.3 <u>Funds Administered by Cape Western Region</u>				
Enrichment Programme	-	809 931	809 931	1 199
Freda Whitehead Progress Trust Bursary Programme	-	29 811	29 811	31 639
Educational Trust Bursary Programme				
- Educational Trust	2 774 364	87 893	2 862 257	1 731 445
- Gregoire Boonzaier Fund	124 000	2 936	126 936	124 000
- Brodie Trust Fund	352 409	-	352 409	340 139
The D G Murray Trust Fund	-	4 739	4 739	519
The Headstart Programme	-	174 258	174 258	622 121
The Cape Times Bursary Fund Bursary Programme	-	4 380	4 380	-
The Leslie Hill Higher Educational Trust Bursary Programme	-	2 972	2 972	-
	<u>3 250 773</u>	<u>1 116 920</u>	<u>4 367 693</u>	<u>2 851 062</u>
			<u>18 061 642</u>	<u>15 028 317</u>
4.4 <u>Debit Balances on Funds Administered: by Head Office (Johannesburg)</u>				
German Academic Exchange		-	-	9 895
SAIRR Funds		-	-	28 128
KFS Austrian Technikon Bursary Programme		28 079	28 079	32 816
Esrael Lazarus Education Fund		-	-	6 444
Luthuli Memorial Foundation Trust Fund		-	-	2 757
Engen Enrichment Fund		8 673	8 673	-
Kellogg Foundation Bursary Fund		65 557	65 557	-
<u>by Cape Western Region</u>				
Gregoire Boonzaier Fund		-	-	1 502
Brodie Trust Fund		90	90	-
		<u>102 399</u>	<u>102 399</u>	<u>81 542</u>

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		<u>1999</u> R	<u>1998</u> R		
5	RESERVE FUND WESTERN CAPE				
	Balance at beginning of year	1 196 431	1 196 431		
	Transfer to Educational Trust	(818 116)	-		
	Balance at end of year	<u>378 315</u>	<u>1 196 431</u>		
6	LONG TERM LIABILITIES				
	<u>Secured</u>				
	Secured by a first mortgage bond over land and buildings in Cape Town, with a book value of R30 922. There is no interest payable and no fixed terms of repayment at present.	<u>14 900</u>	<u>14 900</u>		
7	FIXED ASSETS				
		<u>Cost</u> R	<u>Accumulated Depreciation</u> R	<u>Net Book Value 1999</u> R	<u>Net Book Value 1998</u> R
	Land and buildings	30 922	-	30 922	30 922
	Furniture and equipment	821 374	821 370	4	4
		<u>852 296</u>	<u>821 370</u>	<u>30 926</u>	<u>30 926</u>
	Library - at nominal value			2	2
				<u>30 928</u>	<u>30 928</u>
	<u>Consolidating De Korte Street Properties (Pty) Ltd</u>		<u>Written down to Nominal Value</u> R	<u>Net Book Value 1999</u> R	<u>Net Book Value 1998</u> R
	Land and buildings	1 014 747	-	1 014 747	1 014 747
	Furniture and equipment	821 374	821 370	4	4
		<u>1 836 121</u>	<u>821 370</u>	<u>1 014 751</u>	<u>1 014 751</u>
	Library - At nominal value			2	2
				<u>1 014 753</u>	<u>1 014 753</u>

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7 FIXED ASSETS (continued)

<u>Details of Land and Buildings</u>	<u>Valuation</u> R	<u>1999</u> R	<u>1998</u> R
Freehold property, Stand 28701, situated at No. 5 Long Street, Mowbray, Cape Town - Purchased January 1975 at cost		27 723	27 723
Improvement during that year		3 199	3 199
Municipal valuation	29 240	<u>30 922</u>	<u>30 922</u>
Freehold stand, lot 2794 Johannesburg township situated at 68 De Korte Street, Braamfontein - Purchased 1954 at cost		20 500	20 500
Building erected 1956		65 198	65 198
Directors' valuation	1 167 600	<u>85 698</u>	<u>85 698</u>
(Based on maintainable earnings of R12 per square metre per month and capitalised at 12% per annum.)			
Freehold stand, lot 5088 Johannesburg township situated at 70 De Korte Street, Braamfontein - purchased 1989 at cost		375 000	375 000
Improvements and alterations - 1990		440 410	440 410
Improvements and alterations - 1991		47 528	47 528
Improvements and alterations - 1997		35 189	35 189
Directors' valuation	381 600	<u>898 127</u>	<u>898 127</u>
(Based on maintainable earnings of R12 per square metre per month and capitalised at 12% per annum.)			
	<u>1 578 440</u>	<u>1 014 747</u>	<u>1 014 747</u>

8 INVESTMENT IN WHOLLY OWNED
SUBSIDIARY COMPANY

Shares at cost	6	6
Loan to subsidiary (net of provision for losses incurred)	898 206	852 206
	<u>898 212</u>	<u>852 212</u>

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		<u>1999</u>	<u>1998</u>
		R	R
9	INVESTMENTS		
9.1	SPECIAL FUNDS		
9.1.1	<u>Bursary Funds : Head Office</u>		
	Participation Mortgage Bonds	86 500	86 500
	Fixed Deposits	7 679 168	4 732 562
		<hr/>	<hr/>
		7 765 668	4 819 062
	Listed Investments at market value (1998 at cost)		
	13 746 Allan Gray Property Trust	22 543	-
	3 455 Anglo American Corporation of SA Ltd	777 375	660
	1 066 Anglo American Platinum Corporation Ltd	99 593	76 406
	204 Anglogold Limited	48 553	-
	24 280 Anglovaal Industrial Holdings Limited	636 136	3 556 636
	24 280 Anglovaal Mining Ltd	620 354	43 540
	5 066 Billiton Plc	73 204	6 288
	1 696 CG Smith Ltd	28 408	34 852
	400 De Beers Centenary Linked Units	47 200	68 445
	- Deelkraal Gold Mining Co Ltd	-	1 275
	1 898 Genbel Ltd	43 651	19 750
	- Gold Fields of SA Ltd	-	88 200
	- IBM SA Ltd	-	26 502
	- Ingwe Coal Corporation Ltd	-	13 728
	2 188 Liberty Life Association of Africa Ltd	177 665	70 720
	3 000 Murray and Roberts Holdings Ltd	7 050	29 024
	373 New Clicks Holdings Ltd	3 021	-
	1 000 Palabora Mining Co Ltd	32 500	68 356
	5 000 Pick 'n Pay Stores Ltd	44 000	50 353
	10 475 Pick 'n Pay Stores Ltd "N"	78 772	712
	274 Rand Mines Ltd	2 384	2 384
	1 000 Rembrandt Group Ltd	47 500	29 398
	3 000 Richemont Securities AG	297 000	55 686
	816 SA Breweries Plc	43 655	49 061
	1 500 Tiger Oats Ltd	91 050	150
	- Goldfields Coal Ltd	-	42 062
	- Billiton AG	-	29 231
		<hr/>	<hr/>
	Carried forward	3 221 614	4 363 419

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	<u>1999</u> R	<u>1998</u> R
Brought forward	3 221 614	4 363 419
- Nuclicks Stores Ltd	-	1 167
- Apex Property Fund	-	54 281
- Vaal Reefs Exploration and Mining Co Ltd	-	62 236
240 Western Deep Levels Ltd	240	240
	<hr/>	<hr/>
(Cost price: R4 248 338)	3 221 854	4 481 343
	<hr/>	<hr/>
Local Registered Stock		
9,5% Newcastle Town Council	8 761	9 926
11% Eskom	1 395 249	120 013
	<hr/>	<hr/>
	1 404 010	129 939
	<hr/>	<hr/>
	12 391 532	9 430 344
	<hr/>	<hr/>
Cash deposits	838 114	2 764 714
Debtors	5 862	35 635
	<hr/>	<hr/>
	13 235 508	12 230 693
Less : Creditors	(130 610)	(378 980)
	<hr/>	<hr/>
	13 104 898	11 851 713
	<hr/>	<hr/>
9.1.2 <u>Special Research Projects</u>		
Cash on call	95 695	83 016
Sundry investments	391 047	162 486
	<hr/>	<hr/>
	486 742	245 502
	<hr/>	<hr/>
9.1.3 <u>Funds Administered by Regional Office</u>		
Enrichment Programme		
Cash on call	705 873	106 848
Other net assets/(liabilities)	104 058	(105 649)
Freda Whitehead Progress Trust Bursary Programme		
Syfrets Unit Trust Gilt Fund	28 401	31 018
Cash on call	2 087	1 950
Other net liabilities	(677)	(1 329)
Educational Trust Bursary Programme		
Educational Trust		
Participation Mortgage Bonds	1 165 859	1 009 000
Shares at market value (1998: at cost)	401 158	90 051
Cash on call	1 650 047	780 933
Other net liabilities	(354 807)	(148 539)
Gregoire Boonzaier Fund		
Syfrets Unit Trust Gilt Fund	131 719	131 719
Cash on call	6 625	5 465
Other net liabilities	(11 408)	(14 686)
	<hr/>	<hr/>
Carried forward	3 828 935	1 886 871

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		<u>1999</u>	<u>1998</u>
		R	R
	Brought forward	3 828 935	1 886 871
	Brodie Trust Fund		
	Eskom Stock	332 884	320 000
	Cash on call	20 906	19 525
	Other net (liabilities)/assets	(1 471)	614
	D.G. Murray Trust Fund Bursary Programme		
	Net assets	4 739	519
	Headstart Programme		
	Cash on call	-	567 329
	Other net assets	174 258	54 792
	The Cape Times Bursary Fund Bursary Programme		
	Net assets	4 380	-
	The Leslie Hill Higher Educational Trust Bursary Programme		
	Net assets	2 972	-
		<u>4 367 603</u>	<u>2 849 560</u>
	TOTAL SPECIAL FUNDS INVESTED	<u>17 959 243</u>	<u>14 946 775</u>
9.2	<u>CASH ON CALL AND ON DEPOSIT : OTHER FUNDS</u>		
	Head Office:		
	General reserve call/deposit accounts	1 587 352	1 017 601
	Eskom Stock	246 220	-
	Regional Office:		
	Reserve fund call/deposit accounts	435 277	1 196 431
	Other	-	(8 377)
		<u>2 268 849</u>	<u>2 205 655</u>
	TOTAL INVESTMENTS	<u>20 228 092</u>	<u>17 152 430</u>
10	STOCK		
	Stock comprises - finished goods, books and publications at nominal value	<u>2</u>	<u>2</u>
		<u>GROUP</u>	<u>COMPANY</u>
		<u>1999</u>	<u>1998</u>
		R	R
11	ACCOUNTS RECEIVABLE		
	Trade and other debtors:		
	Head Office	1 672 122	1 669 767
	Regional	203 482	265 759
	Staff debtors -		
	- Head Office	21 106	68 821
		<u>1 896 710</u>	<u>2 004 347</u>
		<u>1 895 759</u>	<u>2 003 396</u>

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	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
12	ACCOUNTS PAYABLE			
	Trade and other creditors:			
	Head Office	654 868	754 986	661 884
	Regional	39 461	333 617	39 461
	1 072 784	694 329	1 088 603	701 345
13	AUDITORS' REMUNERATION (GROUP)			
	Fees for the audit including management services			
	Head Office Central Funds			
	- Audit		59 497	45 934
	- Prior year over provision		(6 966)	(270)
	- Other services		1 000	-
	Cape Western Region Institute		23 000	19 992
	Cape Western Bursary Department		7 500	6 648
			84 031	72 304
	De Korte Street Properties (Pty) Ltd			
	- Audit		2 736	2 485
	- Prior year over provision		-	(2 610)
	Charged to the income statement		86 767	72 179
	Charged to bursary funds - Head Office		19 593	18 269
			106 360	90 448

14 **DIRECTORS' REMUNERATION**

The directors' emoluments for the year under review were R678 747 (1998: R499 457).

15 **COMMITMENT**

There is a commitment in respect of the unexpired portion of lease agreements over office equipment amounting to R194 290 (1998: R165 160), of which R86 030 (1998: R98 388) is payable in the next financial year in instalments of R7 790 (1998: R8 199) per month.

16 **TAXATION**

The Institute is exempt from tax in terms of Section 10(i) of the Income Tax Act.

17 **CONTINGENT LIABILITY - Cape Western Region**

A recent VAT audit performed by the South African Revenue Service has indicated that there is a possibility that VAT input may have been erroneously claimed over the past five years by the Cape Western Region of the Institute on behalf of the Headstart Programme (R125 901) and the Enrichment Programme (R65 339). The South African Revenue Service will be investigating this matter in the near future.



SOUTH AFRICAN INSTITUTE OF RACE RELATIONS