

South African Institute of Race Relations



70th Annual Report
1st April 1999 to 31st March 2000

SOUTH AFRICAN INSTITUTE
OF RACE RELATIONS (INC)

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1st APRIL 1999 TO 31st MARCH 2000

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[‘Two children who lost their parents during the floods at the Chokolane
refugee camp, about 150 km north of Maputo’]

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*The Institute would
deeply appreciate being
remembered
in your will.*

*Please contact the
Chief Executive should
you be willing to
discuss a possible
legacy or bequest.*

CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING ON 13th SEPTEMBER 2000

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 2000, this narrative report is up to date to the end of July 2000.

INTRODUCTION

Our cover depicts two children who lost their parents during the floods in Mozambique and parts of South Africa in February and March this year. The photograph was taken in Mozambique, which suffered greater loss of life and destruction than we did. Our defence force was praised here and abroad for its role in rescuing people there. This was to be expected of the region's most powerful country. Unfortunately, our leadership over Mozambique was not matched by similar leadership over the crisis in Zimbabwe when the Mugabe government launched a campaign of terror against political opposition.

The third important regional development this year was the signature of an agreement reducing trade barriers within the Southern African Development Community with effect from 1st September. The liberalisation of trade is one of the most significant developments of the post-apartheid era. Over the past year two other important steps were taken. South Africa signed an agreement with the European Union to promote freer trade between ourselves and our largest trading partner, while the United States passed legislation to give exports from ourselves and other African countries easier access to the vast American market. Though these various agreements contain plenty of fine print, they present us with exploitable opportunities.

President Thabo Mbeki has more than once stated that South Africa must remain part of the process of globalisation. His commitment to globalisation, along with his government's steadfast adherence to its objectives in fiscal and monetary policy, have no doubt helped to counter some of the unfavourable views held about South Africa abroad. There is still much work to be done. Along with other agricultural exporters in the 'Cairns group' of countries, South Africa has been demanding an end to the dozens of billions of dollars that richer nations, the Europeans in particular, spend subsidising their own farmers, to the detriment of poorer countries. A successful drive for fairness as between rich and poor in the world food trade will yield far greater benefits for poorer countries than would debt relief. South Africa needs to consider whether it should not shift the focus of its international campaigning accordingly. Apart from the fact that we have no foreign debt problem, we are more likely to attract the foreign direct investment we need if we clearly differentiate ourselves from countries such as Zimbabwe and the other political and economic failures of the continent.

FINANCE AND MEMBERSHIP

The Institute ended the financial year on 31st March with a surplus of R331 411. Last year's surplus was R728 635. Income was down 1% on the previous year's figure, while expenditure was 5% higher. We had budgeted for a deficit of R680 657. The main reason why income ran above budget by such a large margin was that we received a generous bequest of R952 718 from Marjorie Langley Macintosh. This had obviously not been included in the budget. The main reason why expenditure was over budget was a provision for leave pay of R344 452 made during the year on the instruction of our audit committee which was not budgeted for. Membership fees were 5% up on last year's figure in nominal terms, but 3% down in real terms.

Financial constraints led to the closure at the end of December of our Parliamentary Affairs Office, regrettably depriving us of a useful presence near Parliament. The monitoring of public policy has accordingly shifted back to Head Office. Any necessary advocacy work will be conducted from here, the staff concerned travelling to Cape Town when necessary. Even when the Parliamentary Affairs Office was in operation, some of our advocacy was in fact done by Head Office staff.

Over the last few years in particular, the Institute has been very fortunate to receive a number of generous bequests, mainly from individual members. A small proportion of these funds are used to help finance the *South Africa Survey*, but the bulk are allocated to our reserves, where they earn interest which helps to finance our work. A full list of bequests in recent years is being compiled and will be published in a future edition of this report. Where bequests are allocated to the *Survey*, they are acknowledged there.

RESEARCH, PUBLICATIONS, AND INFORMATION

The Institute now provides a comprehensive and integrated information service to its members, making use of both the printed word and electronic technology. Our annual *South Africa Survey* is supplemented by our monthly *Fast Facts* and our quarterly *Frontiers of Freedom*. The *Survey* is available both in print and, for the first time this year, on CD-ROM. *Fast Facts* and *Frontiers* are available both in print and on our website, which also contains topical 'Website Comments' and 'News Releases' that do not necessarily appear in print. Regular visits by our marketing team to members to assess their information needs guide us in the selection of topics for particular attention. This year, for example, in response to demand from members, we issued various comments on the crisis in Zimbabwe both in print and on the website. In addition, our Library Information Service supplies specific information on demand to members by hand-delivery or fax.

South Africa Survey

The 1999/2000 *Survey* was named the Millennium Edition. It was published only in mid-January 2000, a month later than anticipated. The first print had arrived with pages missing, so the whole job had to be done again. We did not pay for the second print, but we lost pre-Christmas sales.

At 605 pages, the *1999/2000 Survey* was the same length as its predecessor, but about 30% shorter than the issue before that. The wide scope of the *Survey* does not change radically from one year to the next. The coverage of each chapter does change quite substantially, however, depending in part on the availability of information. For example, the Millennium Edition contained much more information about rural households than we have provided in the past, thanks to a new study published in June last year by Statistics South Africa. So many people depend on agriculture for survival, but information about them is so scarce, that we were eager to incorporate the new data. The Millennium Edition also included a more detailed analysis of provincial finances than we have had for some time, again because new information became available. Yet another addition was a diary of events which detailed key developments in the country from June 1998 to September 1999. All of which goes to show how dynamic a publication our *Survey* is.

Although the *Survey* is named for a particular year and always includes the latest information available, historical perspective is never lost. Our sets of dozens of tables, supplemented by charts and graphs, seek always to show recent developments in the context of long-term trends. These include levels of real wage settlements over 15 years, strike trends over 20, immigration and emigration back to 1940, crime trends back to 1994, matric results over 20 years, university enrolments over 15, telephone installations back to 1992, infant mortality data back to 1984, investment and job creation over 40 years, real GDP and personal income growth over a similar period, and the changing structure of the economy back to 1946.

Planning and preparation of the next *Survey* starts almost the moment the current one has gone to the printer. Each chapter is planned according to the most detailed of sub-headings and all the tables, charts, and graphs that will be required are identified, so that our research and library staff can start searching for the information in good time. Some of the information we require is not easily obtainable, or arrives too late for inclusion, but usually we have an embarrassment of riches. We obtain far more information than we can possibly put into print if we are to avoid a book running to more than 1 000 pages. What is left out of the *Survey* is available on demand in our library.

Fast Facts

Twelve issues of *Fast Facts* appeared. The issue of September 1999 was the 100th published. Designed to be read quickly by busy people and to present statistics in the most attractive way possible, the publication is usually limited to eight or twelve pages. Relying strongly on hard facts and careful analysis of key developments in law, policy, and social trends likely to have an impact on the economy, *Fast Facts* seeks to provide members with most of the information they need to gain an objective current picture of how South Africa is faring in terms of both economic and human development.

Fast Facts thus pays attention to key macro-economic trends and forecasts, supplemented by a range of socio-economic and labour indicators, along with regular national and provincial crime monitors. Official figures breaking down crimes by race become available only rarely, but we were able to publish one set of such tables. *Fast Facts* also contains an annual set of charts and tables on foreign investment in South Africa and South Africa's investment abroad. Our annual breakdown of the budget, showing both the growth and the relative

shares of protection, social, and economic services, enables our readers to follow trends from the mid-1990s to three years ahead.

Our emigration and immigration table is regularly updated: on present trends South Africa is heading for its seventh successive year of net emigration. Areas of the economy undergoing liberalising reform, such as agriculture, or designated as potential generators of jobs, such as tourism, are also monitored. As usual, we publish our regular monitor of trends in education, looking not only at matric results but also at the relationship between skill shortages and the disciplines in which people of different races are obtaining qualifications.

Another focus of attention this past year has been the changing pattern of racial inequality over the past 30 years. Although the vast majority of poor people are Africans, and although the vast majority of Africans are poor, Africans now account for more than a fifth of the richest 10% of households, against 2% in 1975.

The publication also keeps a close watch on unemployment and on employment trends by sector, and as well as on proposals to reform labour law. A number of analytical pieces focused on the Employment Equity Act and the Promotion of Equality and Prevention of Unfair Discrimination Act. Our analysis sought to show as clearly as possible exactly how and where they would apply.

Our provincial profiles are so popular that we published not one but two. Breakdowns of economic growth by province are rare. The latest that we obtained showed that the Northern Province, which is South Africa's poorest, has also experienced the fastest growth. However, growth of the labour force is outstripping growth in employment by a larger margin in the Northern Province than elsewhere, the Eastern Cape faring almost as badly.

Three articles focused on AIDS, looking at how it would affect the population overall and how it would hurt the economy. We published features on South Africa's shocking rape statistics, while also querying the wisdom of the moratorium imposed by the government in July on the publication of crime statistics.

Fast Facts also contained articles dealing with constitutional matters and the rule of law. One article drew attention to the extent to which the presumption of innocence is being eroded.

Frontiers of Freedom

In preparation for our conference on political correctness (see below) *Frontiers of Freedom* carried a number of articles on that subject. One was a review of Peter Coleman's famous book, *The Liberal Conspiracy: The Congress for Cultural Freedom and the Struggle for the Mind of Postwar Europe*.

After the conference, *Frontiers* published shortened versions of all the speeches. We also followed up on another of Mr Coleman's insights: the connection between fellow travelling during the rise of communism and present-day political correctness. To remind readers of the nature of fellow travelling, we published two articles on the subject. The first reviewed *The Harvest of Sorrow*, Robert Conquest's book on the famine in the Soviet Union in the 1930s. This showed how effectively the Soviets—abetted by Western

fellow travellers— prevented the West from realising how vast was the scale of starvation and liquidation during enforced collectivisation of agriculture. The second article discussed the betrayal of Russian writers by many of their colleagues in the West.

As always, *Frontiers* dealt extensively with the question of poverty in South Africa. A major article by John Kane-Berman (reprinted inter alia in the *Sowetan*) explored some of the issues behind the growing attacks on globalisation and looked at the links between trade liberalisation and the reduction of poverty. It also expressed the hope that the voices of poorer countries might be heard more clearly in the future. Charles Simkins made a case for a public works programme, which, he said, would alleviate poverty more efficiently than the dole. A positive note was struck in a report on Max Price's briefing to the Institute (see below), in which he pointed out that, despite mistakes made by trying to implement changes in a rush, and despite the severe problems in provincial hospitals, the authorities had succeeded in extending health care to vast numbers of South Africans.

Several articles dealt with education. One, based on a briefing to the Institute by Jane Hofmeyr, contained the results of her study of schools in Carletonville to which black residents had sent their children. Dr Hofmeyr saw these English-medium public schools—situated in an economically depressed conservative stronghold—as 'one of the many success stories of the new South Africa'. Her researchers were all impressed by the good relationships between black and white pupils.

As the country's leading journal of liberal opinion, *Frontiers* of course continued to carry articles on liberalism. To encourage debate, we reprinted an attack on liberals' insistence on the need for strong opposition which Chris Fisser, a former National Party minister now supportive of the ANC, had syndicated in various Afrikaans newspapers. To emphasise the importance of the Institute's research over the years, *Frontiers* felt justified in publishing several reminders that we had 'told you so'. One, referring to the attacks on the press by the South African Human Rights Commission, recalled that most newspapers had brushed aside the Institute's warnings about the inquisitorial powers given the HRC at its founding.

Frontiers published Hermann Giliomee's review of Anthea Jeffery's *The Truth about the Truth Commission*, in which he said the book had succeeded in forestalling attempts to turn the flawed TRC report into an authorised version of our recent history. Now 'only flower-children will regard the truth commission's report as an authorised history', Professor Giliomee said.

On a lighter note, *Frontiers* carried a regular column by Colin Smuts, who complained in one such column that 'I have never felt so coloured in my life' - a piece that shared the year's prize for the best article with Michael O'Dowd's article on political correctness.

Spotlights

The Truth about the Truth Commission, first published last year, continues to sell extremely well. A third impression was produced in November to meet demand. Excerpts of the book were reprinted in *Human Rights*, the journal of

the American Bar Association, while the whole book has been recorded for Tape-Aids for the Blind.

Mbeki: His Time Has Come - An Introduction to South Africa's New President, which was published shortly before the general election in June last year, has now virtually sold out.

The Institute was commissioned by the *Frankfurter Allgemeine Zeitung* to write an evaluation of the ten years since Mr Nelson Mandela's release from prison on 11th February 1990. The article appeared in that newspaper on the anniversary of that event. With the paper's permission it was distributed in its original English to all Institute members as well as to all members of parliament.

A book entitled *Political Correctness in South Africa* containing the papers from our conference was also published.

Electronic publishing

Some 18 'Website Comments' on topical issues have been put up on to the Institute's website since the last annual report. These dealt with a wide range of issues, among them the crisis in Zimbabwe, inflation targeting, and the enforcement of anti-littering laws. More than 700 passwords have been issued to Institute members.

Earlier this year, the Millennium Edition of the *Survey*, along with five earlier issues and six publications in our *Spotlight* series, were published on a CD-ROM. About 100 of these CDS have been sold by the Institute, generating a modest profit for us. We will also receive royalties on copies sold by the publisher of the CD-ROM, Logos Information Systems. Among the books on the CD-ROM is *The Truth about the Truth Commission*. The same disc contains the full report of the Truth Commission itself.

We have earned a modest amount in royalty fees from I-Net Bridge in terms of a contract allowing that company to make parts of our *Survey* available on their intranet system.

Library Information Service

The Institute's library is a resource not only for our own research operation but also for our members. To include all the information we obtain in the *Survey* would be quite impossible, as I have already noted, so the printed edition encourages members to supplement it with information available in our library. Requests involve not only topics that are also covered in our publications, but a wide range of other issues as well. It is very seldom that we are unable to supply what is required. Most requests can be met from our own bank of clippings, reports, and other publications. On the rare occasions when we cannot so meet them, we are usually able to obtain the information elsewhere and pass it on to the member in question. Our Chief Librarian, Ellen Potter, who is responsible for this service, continues to receive high praise for her efficiency.

At the request of the Friedrich Naumann Foundation, Mrs Potter, who compiles our violence statistics, gave the National Constitutional Assembly of Zimbabwe some guidance on the monitoring of political violence.

BRIEFINGS AND CONFERENCE

Seven briefings were held for members. The speakers and topics were

- Max Price, dean of the Faculty of Health Sciences at the Wits Medical School, on *The health system in South Africa*
- Anthea Jeffery and John Kane-Berman, on the *Promotion of Equality and Prevention of Unfair Discrimination Bill*
- Jane Hofmeyr, national executive director, Independent Schools Association of Southern Africa, on *The emerging school landscape in post-apartheid South Africa*
- Ketso Gordhan, city manager - Greater Johannesburg, on *Reinventing Johannesburg - The Egoli 2000 Plan*
- Bill Johnson, director, Helen Suzman Foundation, on *Zimbabwe: the crisis for democracy in Southern Africa*
- Mark Orkin, head of Statistics South Africa, on *New developments in labour market statistics from Stats SA*, and
- Frans Rautenbach, managing director of the Labour Liberation Institute, on *Liberating South African labour from the law*.

With the Friedrich Naumann Foundation, we held a conference on political correctness in Johannesburg in October last year. Peter Coleman, the distinguished Australian writer, was invited to South Africa as the keynote speaker. The conference, which was overbooked, was a fitting way to mark the Institute's 70th birthday, providing leadership and reinvigorating our determination to maintain a vigilant and critical voice. With the Friedrich Naumann Foundation, we produced a book on the conference entitled *Political Correctness in South Africa*.

The following were the topics and the speakers:

- *Drinking in bad company at the wrong end of the bar* (opening address): Rainer Erkens, regional director of the Friedrich Naumann Foundation
- *From fellow travelling to political correctness*: Peter Coleman, Australian writer and former MP and minister
- *Political correctness and the black intelligentsia*: Temba Noluthungu, a director of the Free Market Foundation
- *Political correctness in the universities, NGOs, and the press*: Bill Johnson, director of the Helen Suzman Foundation
- *Political correctness as it affects the parliamentary opposition*: Tony Leon, leader of the parliamentary opposition
- *The damage political correctness has done in South Africa - especially to the poor*: Lawrence Schlemmer, former president and current vice-president of the Institute
- *Manipulating the past: political correctness and the recent history of South Africa*: Hermann Giliomee, former president and current vice-president of the Institute, and
- *Where do we go from here?* (summing up): John Kane-Berman.

NATIONAL BURSARIES

Our bursary programme is the Institute's development arm. It seeks simultaneously to promote individual excellence, to provide opportunities for those who would not otherwise get a tertiary education, and to counteract the enormous legacy of deprivation caused by apartheid in education and indeed apartheid more generally. Students on Institute bursaries continue to perform very well indeed. Their achievements are a beacon of light on the usually bleak landscape of South African education. Last year's pass rate among our tertiary students was 89%, an increase of four percentage points on the previous year's figure. Our pass rate since 1990 varies from a low of 82% in 1997 to 91% in both 1992 and 1994. Altogether 124 students graduated last year, in the following fields: commerce 37, science 27, engineering 20, business administration 12, health science 8, education 6, law 5, arts 4, architecture 3, dentistry 1, and medicine 1.

In the last 18 years the Institute's Head Office has awarded bursaries, most of them to black students, to the value of R132 million. Since 1980, no fewer than 2 252 students have graduated through our programme in the following fields: science 382, education 335, commerce 320, arts 295, law 194, health science 185, business administration 167, medicine 160, engineering 156, dentistry 31, and architecture 27. Women comprise an increasing proportion of our graduates - in fields that include science, commerce, and engineering. Our 726 graduates between 1995 and 1999 came from 571 schools across the country, showing how big our catchment area is. About 28% came from rural schools and 72% from urban schools.

The number of bursaries awarded for the 2000 academic year is 726, which is 150 fewer than in 1999. (The big drop is the result of the fact that a company for whom we ran an in-house bursary scheme was taken over by another.) New awards accounted for just under half of the awards, the remainder going to students continuing on the programme. The amount available for bursaries for 2000 is R7,4 million, an increase of 3% on last year's budget. A new bursary programme was established by the Institute for 3M South Africa (Pty) Ltd.

CAPE WESTERN REGION

Ms Leslie Liddell was elected regional chairwoman, and Dr Mary Roberts as vice-chairwoman on 15th September last year. I regret to report that Mrs Esther Wides, a long-serving and committed member, died in February. An Esther Wides Bursary Fund was established in her memory. I also regret to report the death of Dr Heini Einhorn, also a long-standing and committed member.

The Institute's Chief Executive and the Human Resources Director attended the regional annual general meeting on 31st August. The guest speaker was Ryland Fisher, editor of the *Cape Times*, who spoke on *One City, Many Cultures*. John Cartwright wrote a topic paper on *The Community Peace Programme: Renewing Crime Prevention*. A topic paper by Sean Jacobs was distributed and another by Frans Rautenbach, based on a presentation on

labour deregulation, is ready for circulation.

Head Office agreed to write off an outstanding long-term loan of R175 258 to Gqweza College (formerly known as Headstart College). The college, formerly part of the Institute, was set up as a separate organisation in March last year.

The total number of bursary awards for 2000 stands at 484, of which 371 are renewals, while 113 are new awards. Altogether 119 are awards for study at university, 344 for technikon, and 21 for teacher training college. Funds for disbursement were down by 15% to R1 710 028 (from R1 999 000 in 1999), but a donation from the Frank Robb Charitable Trust relieved much of the pressure on the bursary programme.

The 1999 matric results of the Learner Empowerment Programme (formerly known as the Enrichment Programme) again showed the dramatic impact of this programme on matric results in township schools. Pupils on the programme came mainly from 22 township feeder schools. The average pass rate for these schools was 45%; the equivalent pass rate for LEP pupils from the same schools was 72% (780 candidates passed out of a total of 1 084).

Altogether 156 teachers from 25 different township schools are registered on the Teacher Empowerment Programme; they attend afternoon workshops three times a week. The subjects covered are maths, physical science, English, life skills, and biology. The Celebrating Diversity Programme has formed networks with various institutions, other non-governmental organisations, and individuals with expertise in the field of racism and diversity. To date, 15 schools have committed themselves to the programme for a year, and work has begun with pupils selected from these schools.

OFFICE-BEARERS

I regret to report the death of Professor Alan Heimert, one of our honorary life members, in November 1999. Professor Heimert was the founding inspiration and director of the Harvard/South Africa Fellowship Programme, which has been run by the Institute for twenty years. During that period more than a hundred South Africans have studied at Harvard thanks to his dedication. I also regret to report the death in April of Mrs Hanna Jaff, who served the Institute for many years on its Executive Committee and Council and who was recently made an honorary life member. Mr Kenneth Birch resigned his honorary life membership. We thank him for his generous support.

STAFF

This year, one staff member (Sinah More) received an award for 20 years with the Institute and one (Sarah Zwane) will shortly receive an award for 20 years. Three staff members (Anthea Jeffery, Frank Oppler, and Stewart Sithole) have received or will receive awards for 10 years with the Institute.

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 annual *South Africa Survey*. Names of sponsors 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.

Our three major foreign partners are the Friedrich Naumann Foundation, the International Republican Institute, and the Westminster Foundation for Democracy. The last of these has concluded its support for us but we thank them for their previous support, while we much appreciate the continued backing of the Friedrich Naumann Foundation and the International Republican Institute.

Our thanks are also due to all those who have made bequests to the Institute.

PUBLIC POLICY MATTERS

We do not permit ourselves to make any comment in the *Survey*, but the Institute nevertheless canvasses a wide range of public policy issues. Some are dealt with in *Fast Facts* and *Frontiers of Freedom*, others are discussed in Website Comments or News Releases. Some are currently receiving attention. Those itemised below are but a selection.

Promotion of Equality and Prevention of Unfair Discrimination Act

The Institute kept track of this legislation ever since it was first mooted in the constitution. The bill as finally published merited opposition on a number of grounds, including its undermining of key principles of due process and its likely economic damage. We used e-mail to send out an 'issue alert' in October to all members informing them of two articles we had placed on the Institute's website, that an analysis of the bill would appear in *Fast Facts*, and that we would be arranging a breakfast briefing. We also sought a hearing from the parliamentary ad hoc committee dealing with the bill. Dr Jeffery and I further wrote letters to various newspapers drawing attention to the harm the bill would do if enacted.

In our parliamentary presentation we argued, inter alia, the following:

- 'The constitution already prohibits private persons from unfairly discriminating against others on race and 16 other listed grounds. It further stipulates that national legislation must be enacted to prevent or prohibit unfair discrimination.'

- 'This constitutional requirement could be met by adopting a reformulated anti-discrimination statute that concentrates on prohibiting the form of discrimination that has been most persistent, most obnoxious, and most harmful. That, clearly, is race discrimination.
- 'A narrowly tailored statute prohibiting racially discriminatory treatment motivated by racist prejudice would meet the constitutional requirement, acknowledge the poverty and pain caused by apartheid, and avoid the unintended consequences of undermining investment and growth. It could also be framed so as to uphold due process and equality before the law.'

The act demonstrates that, however strongly committed some ministers are to economic policies designed to stimulate sustainable growth and investment, others are susceptible to, or still believe in, ideas which are essentially hostile to the free enterprise system. In addition, our rulers, much of civil society, and the press do not seem to take very seriously the fundamental liberal idea that individual rights and freedoms should not lightly be tampered with.

Since we had embarked on a strategy of alerting various constituencies to the problems in the bill, we found it gratifying that some of our critique was echoed by others. Inter alia, they argued that the objective of 'substantive equality' was unattainable; that the bill could compromise the independence of the judiciary and magistracy, as only 'designated' judicial officers would be able to hear equality claims; that 'aspects of the bill still posed a potential threat to the free market system'; and that the bill, 'for all its laudable aims, might actually frighten off investors, foreign and local, and thereby aggravate rather than alleviate the plight of the poor'.

The Institute's comment on the bill shortly after enactment was made by our President, Professor Sono, who said, 'The Equality Bill is sound in terms of its moral imperative of a law to prevent unfair discrimination...but it is a terrible law. It fails to understand the distinction between public and private spheres; it is Orwellian. It is morally desirable but conceptually confused and jurisprudentially unsound. It will promote social tensions.'

The end of the National Party

The year under review saw the establishment of a Democratic Alliance made up of the Democratic Party and the (New) National Party. In effect this amounted to the absorption of the latter party by the former. The NP, once so powerful, and responsible for the unflinching application of inhuman policies over so many years, passed from the scene with not a bang but a whimper! South Africa will take a long time to recover from the damage the National Party inflicted upon human beings and upon the economy. Fortunately, the NP eventually had the realism to recognise when the game was up and to seek a negotiated settlement with the African National Congress.

Power and governance

For the ANC, certain problems arise from the fact that the transition to democracy came about through negotiations 'rather than as a consequence of a revolutionary seizure of power'. To begin with, it means that there is still

much work to be done. Inter alia, according to documents produced by the ANC's political education and training unit for the party's national general council meeting in Port Elizabeth in the middle of July this year, state power still has to be captured and used 'to advance the purposes of the revolutionary forces'. The agenda is ambitious: it embraces transforming the political and ideological orientation of civil servants; exercising 'hegemony' over the media, policy institutes, research and academic institutions, and the intelligentsia; and ensuring that the emerging black middle class remains linked to the 'national democratic revolution'. Not all of this will be attainable, or even pursued with equal determination. Not all of it will necessarily even be supported by the ANC as government.

But it reveals a determination to extend and accumulate power. At the same time, government itself is becoming more centralised and the distinction between party and state less clear. The limited federalism in the constitution has been undermined by the top-down party-political appointment of provincial premiers. So also, executive mayors are to be appointed to cities from above by the ANC rather than elected from below. The office of the president has substantially increased in size, and one of its tasks is to appoint directors-general, a power previously vested in the ministers heading their departments. Yet, as the Institute pointed out in our article in the *Frankfurter Allgemeine Zeitung* in February this year, political power in South Africa now seems more and more to go 'hand in hand with impotence'. The ruling party's inability to exercise power effectively is ironical, given its hostility to the concept of limited government.

The Port Elizabeth document thus declared that 'we must fight against the liberal concept of "less government"'. This liberal offensive, it said, was presented as a philosophical approach to the state in general, but it was 'in fact aimed specifically at the weakening of the democratic state'. Even more ironical is the fact that power is not being exercised even in areas where its exercise would not be contested by liberal opinion.

This is not to deny important achievements. Tax collection is more efficient. The independence of our central bank has been established beyond doubt. Provincial spending seems to have been reined in. The budget deficit has been brought under control by an outstanding finance minister and Treasury team. Privatisation successes probably outweigh the failures. More people have taps, lavatories, telephones, and electricity in their homes. More have access to primary health care. Immunisation programmes have been quite successful. Trade and exchange control liberalisation has continued. Effective governance usually includes doing unpopular things, so the government's victory over the public service trade unions in the pay dispute last year must also be counted as a success.

In other areas, however, there have been failures. Many of these have their origins in apartheid. The pass laws, forced removals, group areas, Bantu Education, job reservation, and the land acts - to name but some of the worst features - introduced distortions so great they will take generations to correct. But after six years in power, the ANC government and its junior partner, the Inkatha Freedom Party, cannot escape collective responsibility for failings of

their own. Many of these failings are admitted by ministers or even revealed by official watchdogs, among them the auditor general, showing that we are at least an open society. Like our independent bench, free press, bold opposition, innovative private sector, and robust institutions in civil society, this is a powerful asset.

But failings there are. Confusion, suspicion, and obscurity surround the issue of the third cellphone licence. There is little sign of improvement in school education. Promises to deliver school books on time are not kept. Law enforcement remains weak; the overall crime rate is rising; smuggling is a major problem; policemen and farmers keep getting murdered, and 50 juveniles are raped every day. TB vaccine is allowed to run out. Drugs are stolen from hospitals and weapons from the army and police. Public hospitals have deteriorated, along with municipal finances and services, including even so basic a service as the fire brigade. Nearly everyone would welcome a major show of strength to stamp out violence surrounding minibus taxis, but the authorities seem reluctant to use it. Any fair-minded person appreciates that reducing the budget deficit means spending less money, but spending priorities are sometimes odd: there is plenty of money for various statutory commissions, soccer bids, and international conferences, but little for public libraries, on which the poor rely so heavily, or to pay decent salaries to public prosecutors. Even so, hundreds of millions allocated to the poor lie idle.

AIDS

Nowhere has failure been greater than with the vast tragedy of AIDS. Section 28 of the constitution purports to guarantee basic health care services to every child. The spirit of this clause has long been mocked by the government's refusal over so long a period to provide anti-retroviral drugs to pregnant women who are HIV-positive. The statement seemed so callous that he subsequently tried to deny making it, but the presidential spokesman has provided the only plausible, though inexcusable, explanation so far when he said the government did not want to have to look after the orphans. One can appreciate the government's evident fears that to start providing drugs to some people might start a momentum that would consume the entire budget. But the biggest failure over AIDS has been in public education and moral leadership, which is not a financial problem.

Nobody disputes that people who are poor and ignorant are far more vulnerable to disease than others. But by focusing the blame on poverty, which is in turn blamed on world indifference, the government comes close to scapegoating the rich countries and factoring human sexual behaviour out of the equation. And when the president spends more time on questioning rape statistics than on condemning rape, the role of criminal behaviour in the spread of AIDS is also sidestepped. Our constitutional claim to be a 'non-sexist' society testifies to little more than a hollow political correctness when our political leadership fails to address the country's horrifying problem of rape. It is almost as if the government is turning a blind eye to it. A national campaign against rape, led by the president, would be a good start to turning the tide against AIDS.

Unemployment and labour law reform

The Institute has been prominent over the past few years in drawing attention to the detrimental impact of recent South African labour legislation on small business and the unemployed. We accordingly noted with great interest a press interview in January by the minister of finance, Mr Trevor Manuel, in which he, inter alia, derided the government's trade union allies for launching 'job creation' marches, observed that governments were themselves impotent when it came to job creation, attacked labour laws that had the unintended consequence of squeezing workers off farms, and questioned the usefulness of the National Economic Development and Labour Council (Nedlac), the statutory body where business, labour, and government supposedly seek consensus on key policy issues.

Although laws causing labour market rigidities are sometimes blamed on the organised trade union movement and the South African Communist Party, this analysis is superficial and understates the extent of the problem. There is a much wider consensus in South Africa about the need for state intervention in the labour market and elsewhere. This consensus embraces most non-governmental organisations that have the ear of the media, academics, labour lawyers, labour consultants, labour journalists, many newspaper leader writers, and various business representatives. Many advisers seconded from abroad to South African government departments are also in favour of intervention in the labour market. Senior civil servants share the interventionist consensus, as do many members of the cabinet itself. Seen against this background, Mr Manuel's critical remarks signify that the consensus is vulnerable.

Although the latest figures issued by Statistics South Africa show a slight drop in unemployment, its extent - 23% on a strict measurement - is shamefully large. Amendments to our labour law currently being discussed fall short of what is required. Much of the debate as to whether or not the South African labour regulation system is flexible misses the fundamental objection that it is coercive. To make life easier for small businesses, the minister of labour is proposing that they (and others) be given a statutory right to have their voices heard before he accedes to a request from a bargaining council to make the terms of a collective agreement binding upon them. He is obliged only to hear them out, not to seek their consent. But the real objection to this system is that the minister has the power to impose agreements on anyone in the first place. Employers and unions who are members of bargaining councils are within their rights when they negotiate and then sign collective agreements. They are exercising freedom of association and freedom to conclude contracts. But in seeking then to impose these contracts upon people who are not party to them, whether employers or employees, they are violating these very same rights of others. Supporters of this system argue that applications for exemption from collective agreements are frequently granted. This sidesteps the real question: Why should anyone have to go to the trouble and expense of seeking exemption from the terms of a contract concluded by others? The way this system operates is unfair in practice as well as in principle, for bargaining councils, along with the employer associations and trade unions of whom they

are comprised, have financial and other resources available to them which many a small business does not.

Small business is sometimes spoken of as the cure for unemployment. What we rather need is a comprehensive approach. Big companies paying relatively high wages and relying on highly skilled workers are also extremely important. The steady (and sometimes substantial) growth in motor vehicle exports in recent years shows the country's ability to compete in high-tech industries in the global marketplace. But we also need to be able to compete in labour-intensive industries (such as clothing) in which smaller producers pay lower wages.

According to Stats SA, only 13% of adults in South Africa have been trained for work. Obviously we need more and better education and training. Equally important, we need labour market policies that enable those without skills to price themselves into jobs. Hence the importance of replacing our coercive labour system with one based on the principle of willing buyer and willing seller. South Africa also needs to avoid regulation which damages the growth of employment through outsourcing and sub-contracting and the use of casual and part-time workers. Jobs of this kind have been an important source of employment growth in both the US and Europe and we should not undermine the contribution they can make in South Africa. Finally, we need faster economic growth. As Mr Mbeki recently reiterated, the only way government can end poverty and unemployment is to build a strong economy. This shows he is still committed to the principles of the Growth, Employment, and Redistribution (GEAR) programme adopted four years ago.

None of the above remarks should be construed as anti-union. In forming trade unions, workers are exercising fundamental rights. The right to bargain collectively is also a fundamental right, as is the right to withdraw one's labour by striking. Moreover, as we have seen so clearly in recent months in Zimbabwe, trade unions can play a critical role in protecting democracy itself.

Race relations

Race is making a strong appearance on the statute book again in the form of the Employment Equity and the Promotion of Equality and Prevention of Unfair Discrimination Acts. The concept of racism on which these laws rely, and which also informs much political discourse, is different from what might be termed the conventional definition. Certainly the Institute, and many others, has long defined racism as differential treatment which is discriminatory in purpose and hurtful, vicious, humiliating - or worse - in impact. As indicated above, in testimony to the parliamentary committee processing the Equality Act, we suggested that the constitutional prohibition on such behaviour could be supplemented by a statute providing for specific remedies and penalties designed finally to rid the country of this scourge. Our vision of a society free of racism embraces not only the absence of racist laws and practices but also the presence of the ideal of colour-blindness. People would be treated on the basis of their attributes as individuals without regard to race or colour. And all would be equal before the law.

But a new concept of racism is being developed under the term 'indirect discrimination'. This term appears in both acts but is defined in neither. The Equity Act is only now coming into operation, and the Equality Act will not be implemented before the end of the year. So it is possible at this stage only to surmise what 'indirect discrimination' might mean or how its existence might be determined. It appears that policies and practices which may intentionally and genuinely be colour-blind could in future nevertheless be regarded as indirectly discriminatory if they have a disparate impact as between people of one race and those of another. Whether or not a disparate impact exists will evidently be determined with reference to the proportional racial make-up of the population. Moreover, if indirect discrimination is alleged, the persons so accused will be presumed guilty until they have proved their innocence. This much is clear in both laws. It is also clear that there need not be any intention to discriminate. It will apparently be sufficient that the outcome of the policy is such that a disadvantaged group does not benefit from it in a proportion similar to that group's proportion of the population. Decisions made on economic grounds could then be construed as racially motivated.

The argument is put forward that laws of this nature are needed to deal with the legacy of apartheid, 'using race to get beyond race', as it were. That purposeful policies and fiscal allocations are required to eliminate that legacy is beyond doubt. Whether policies which focus on groups defined by race rather than on individuals defined by deprivation is the best way to do it, is much less clear. Racist behaviour, as we have suggested, can be dealt with by a law designed to put a stop to it. Poverty, disease, homelessness, crime, poor schooling, and unemployment need to be dealt with by policies focused very specifically on those problems. Whatever their origins, these are current problems that we will surmount only if we apply policies based on current best practice rather than historical origins.

The necessary focused approach risks being undermined by laws with a racial focus. There is also a risk that such laws may damage growth and so do more harm to the poor than good. A further risk is that they will cause suspicion and perpetuate racial stereotyping rather than promote the liberal vision of a society where race simply does not count.

A handwritten signature in black ink, reading "John Haner-Serman". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Johannesburg
10th August 2000

HONORARY TREASURER'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2000

The excess of income over expenditure for the year amounted to R331 411 (1999: R728 635).

Total income of R7 986 229 was in line with the previous year (1999: R8 014 601) and incorporated membership fees and subscriptions of R2 040 238 (1999: R1 938 035), grants and donations of R3 501 469 (1999: R3 509 767), and income from administration of bursaries of R1 826 248 (1999: R1 860 968).

Total expenditure was R7 654 818 (1999: R7 285 966) and included a provision for leave pay of R344 452, raised for the first time.

The Institute's financial position at the year end was sound. At that date it had net assets of R24 718 779 (1999: R22 590 804) under its control. The main reason for the increase is a rise in the value of Special Funds investments of R2 263 949 (1999: R620 579 decrease). The portfolio has been regularly reviewed and varied and will continue to be monitored.

The annual financial statements are prepared in accordance with generally accepted accounting practice for non-profit organisations, and they comply with South African Statements of Generally Accepted Accounting Practice (GAAP) with the exception that fixed assets other than fixed property are expensed on purchase, and inventories of publications are reflected at a nominal value. Fixed assets expensed during the year totalled R198 458. The Institute is in the process of determining the value of fixed assets other than fixed property and inventories of books and publications.

There is a budgeted deficit of R1 421 201 for the year ending 31st March 2001. Efforts are being made to raise additional funds, while expenditure is being monitored closely. Bequests from estates of approximately R323 285, not anticipated in the budget, have been advised subsequent to the year end.

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

8th August 2000

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
(INCORPORATED ASSOCIATION NOT FOR GAIN
REGISTERED UNDER SECTION 21 OF THE COMPANIES ACT)
AND ITS SUBSIDIARY COMPANY

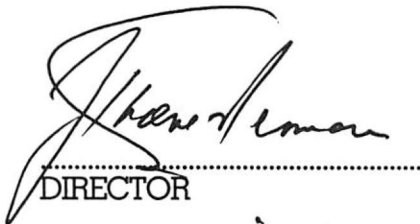
ANNUAL FINANCIAL STATEMENTS
for the year ended 31st March 2000


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

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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

31st May 2000

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 33 to 48 for the year ended 31st March 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

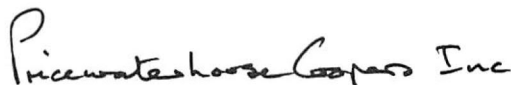
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- 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.

Audit 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 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice for non-profit organisations.



PRICEWATERHOUSECOOPERS INC

Registered Accountants and Auditors

Chartered Accountants (SA)

Johannesburg

31st May 2000

CORPORATE GOVERNANCE

The South African Institute of Race Relations remains committed to the principles of openness, integrity, and accountability as advocated in the King Report on corporate governance.

BOARD OF DIRECTORS

Decisions on material matters are in the hands of the board, materiality having been defined in delegated authorities regarding matters such as capital expenditure, property transactions, goods and service procurement, borrowings, and investments. The board retains full and effective control over the group and monitors the performance of the executive management on a continuous basis.

The roles of chairman and chief executive do not vest in the same person. Directors are appointed for a specific term of office and appointment is not automatic.

Membership of the board is set out on page 33 of the Annual Financial Statements.

AUDIT COMMITTEE

An audit committee has been in existence since 1998. The committee is responsible for ensuring that management creates and maintains an environment of effective corporate control, for reviewing the accounting policies, and for ensuring optimal functioning of the financial and operational control systems. The committee, consisting of three non-executive members and two executive members, meets twice annually.

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 the board procedures are followed.

FINANCIAL CONTROL

The group maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with general business practices. These controls include proper delegation of responsibilities, effective accounting procedures, and adequate segregation of duties, and are monitored regularly throughout the group. Employees are required to act with integrity in all transactions.

YEAR 2000 COMPLIANCE

The group's information technology systems are Year 2000 compliant and final testing for compliance of all equipment has been successfully completed. After January 2000 all systems were found to be adequate.

CODE OF ETHICS

The South African Institute of Race Relations conducts business around the principles of excellence, integrity, human dignity, and fairness.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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REPORT OF THE DIRECTORS

for the year ended 31st March 2000

The directors have approved the attached annual financial statements and submit their report for the year ended 31st March 2000.

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

The secretary of the company is F G Oppler, whose addresses are:

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

SUBSIDIARY COMPANY

The name of the subsidiary is:

De Korte Street Properties (Pty) Ltd	<u>2000</u>	<u>1999</u>
--------------------------------------	-------------	-------------

Details are as follows:

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	R898 206

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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INCOME STATEMENT

for the year ended 31st March 2000

	<u>Notes</u>	<u>2000</u> <u>R</u>	<u>GROUP</u> <u>1999</u> <u>R</u>	<u>2000</u> <u>R</u>	<u>COMPANY</u> <u>1999</u> <u>R</u>
INCOME					
Membership fees and subscriptions		2 040 238	1 938 035	2 040 238	1 938 035
Administration fees received		1 826 248	1 860 968	1 826 248	1 860 968
Interest received		369 666	550 952	369 666	550 952
Grants and donations		3 501 469	3 509 767	3 501 469	3 509 767
Publication sales		206 315	123 166	206 315	123 166
Profit on sale of shares		-	1 027	-	1 027
Rental received		42 293	30 686	42 293	30 686
Provision for loss on subsidiary written back		-	-	-	46 000
		<u>7 986 229</u>	<u>8 014 601</u>	<u>7 986 229</u>	<u>8 060 601</u>
EXPENSES					
Auditors' remuneration - Fees for the audit	12	104 729	86 767	101 729	84 031
Furniture and equipment written down to nominal value		198 458	43 240	198 458	43 240
Interest paid		-	7 870	-	7 870
Lease expenditure		2 632	4 641	2 632	4 641
Research, publishing and administration expenditure		7 348 999	7 143 448	7 379 690	7 161 178
		<u>7 654 818</u>	<u>7 285 966</u>	<u>7 682 509</u>	<u>7 300 960</u>
SURPLUS for the year		331 411	728 635	303 720	759 641
SURPLUS at beginning of year		1 269 455	540 820	1 300 461	540 820
SURPLUS at end of year		<u>1 600 866</u>	<u>1 269 455</u>	<u>1 604 181</u>	<u>1 300 461</u>

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
(INCORPORATED ASSOCIATION NOT FOR GAIN
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BALANCE SHEET
at 31st March 2000

	Notes	2000 R	GROUP 1999 R	2000 R	COMPANY 1999 R
ASSETS					
Non current assets					
Property, plant and equipment	6	1 014 753	1 014 753	30 928	30 928
Investment in subsidiary	7	-	-	898 212	898 212
Investments					
Special funds	8	19 817 677	17 959 243	19 817 677	17 959 243
Other	8	3 751 432	2 268 849	3 751 432	2 268 849
		<u>23 569 109</u>	<u>20 228 092</u>	<u>23 569 109</u>	<u>20 228 092</u>
Current assets					
Inventory	9	2	2	2	2
Debit balances on special funds	3	48 008	102 399	48 008	102 399
Current account with subsidiary		-	-	101 816	133 389
Accounts receivable	10	1 187 562	1 896 710	1 186 611	1 895 759
Cash resources		93 511	436 532	93 511	436 532
		<u>1 329 083</u>	<u>2 435 643</u>	<u>1 429 948</u>	<u>2 568 081</u>
TOTAL ASSETS		<u>25 912 945</u>	<u>23 678 488</u>	<u>25 928 197</u>	<u>23 725 313</u>
FUNDS AND LIABILITIES					
Funds and reserves					
Non-distributable reserves	1	821 681	821 681	821 681	821 681
Accumulated funds		1 600 866	1 269 455	1 604 181	1 300 461
		<u>2 422 547</u>	<u>2 091 136</u>	<u>2 425 862</u>	<u>2 122 142</u>
Special funds	3	19 865 685	18 061 642	19 865 685	18 061 642
Research reserve		2 000 000	2 004 147	2 000 000	2 004 147
Reserve funds					
- Western Cape	4	430 547	433 879	430 547	433 879
		<u>22 296 232</u>	<u>20 499 668</u>	<u>22 296 232</u>	<u>20 499 668</u>
Non current liabilities					
Long term liabilities	5	14 900	14 900	14 900	14 900
Current liabilities					
Accounts payable	11	1 179 266	1 072 784	1 191 203	1 088 603
TOTAL FUNDS AND LIABILITIES		<u>25 912 945</u>	<u>23 678 488</u>	<u>25 928 197</u>	<u>23 725 313</u>

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
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CASH FLOW STATEMENT

for the year ended 31st March 2000

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2000</u> <u>R</u>	<u>1999</u> <u>R</u>	<u>2000</u> <u>R</u>	<u>1999</u> <u>R</u>
Cash flows from operating activities				
Operating (loss)/profit before interest	(38 255)	185 553	(65 946)	216 559
Adjustments:				
Decrease in reserve funds				
– Western Cape	(3 332)	(870 383)	(3 332)	(870 383)
(Decrease)/increase in research fund	(4 147)	4 147	(4 147)	4 147
Increase in special funds	1 804 043	3 033 325	1 804 043	3 033 325
Increase in working capital				
Decrease in accounts receivable	709 148	107 637	709 148	107 637
– Increase in accounts payable	106 482	378 455	102 600	387 258
– Decrease/(increase) in debit balances on special funds	54 391	(20 857)	54 391	(20 857)
	<u>2 628 330</u>	<u>2 817 877</u>	<u>2 596 757</u>	<u>2 857 686</u>
Interest received	369 666	550 952	369 666	550 952
Interest paid	-	(7 870)	-	(7 870)
Net cash inflow from operating activities	<u>2 997 996</u>	<u>3 360 959</u>	<u>2 966 423</u>	<u>3 400 768</u>
Cash flows from investing activities				
Decrease in inter-company current account	-	-	31 573	6 191
Increase in investments	(3 341 067)	(3 075 662)	(3 341 017)	(3 075 662)
Increase in investment in subsidiary	-	-	-	(46 000)
Net cash outflow from investing activities	<u>(3 341 017)</u>	<u>(3 075 662)</u>	<u>(3 309 444)</u>	<u>(3 115 471)</u>
Net cash generated for the year	(343 021)	285 297	(343 021)	285 297
Cash resources at beginning of year	<u>436 532</u>	<u>151 235</u>	<u>436 532</u>	<u>151 235</u>
Cash resources at end of year	<u>93 511</u>	<u>436 532</u>	<u>93 511</u>	<u>436 532</u>

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STATEMENT OF ACCOUNTING POLICIES

for the year ended 31st March 2000

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

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.

Membership fees

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

Donations

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

Special funds

Funds specially designated by donors may, at the discretion of the recipient activity, 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 by way of Notes 2 and 3.

Property, plant and equipment

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

Investments

Listed investments are stated at market value. The increase or decrease in market value is capitalised for Bursary Funds, and recognised in income for Institute investments.

Inventory

Inventory is valued at nominal value.

Regional Accounting

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

Compliance with Statements of GAAP

The annual financial statements are prepared in accordance with generally accepted accounting practice for non-profit organisations, and they comply with South African Statements of Generally Accepted Accounting Practice (GAAP) with the exception that fixed assets, other than fixed property, are expensed on purchase, and inventories of publications are reflected at a nominal value. Fixed assets expensed during the year totalled R198 458. The Institute is in the process of determining the value of fixed assets, other than fixed property and inventories of books and publications.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31st March 2000

1 NON-DISTRIBUTABLE RESERVES	<u>2000</u> <u>R</u>	<u>1999</u> <u>R</u>			
1.1 Specific bequests, surplus on sale of investments and extraordinary donations of a non-recurring nature	231 181	231 181			
1.2 Building Fund	590 500	590 500			
	<u>821 681</u>	<u>821 681</u>			
2. SPECIAL FUNDS					
	Head Office Bursary Funds R	Head Office Special Research Projects R	Regional Bursary and Special Funds R	Total 2000 R	Total 1999 R
INCOME					
Donations and grants	5 754 630	696 076	2 820 350	9 271 056	11 430 513
Interest	769 652	3 540	523 582	1 296 774	653 785
Dividends	147 796	-	-	147 796	63 588
	<u>6 672 078</u>	<u>699 616</u>	<u>3 343 932</u>	<u>10 715 626</u>	<u>13 147 886</u>
EXPENSES					
Administration fees and running costs	1 215 813	593 362	1 755 514	3 564 689	5 098 615
Audit fees	65 700	-	4 404	70 104	80 193
Bursaries and grants	6 481 290	-	1 700 509	8 181 799	7 886 079
	<u>7 762 803</u>	<u>593 362</u>	<u>3 460 427</u>	<u>11 816 592</u>	<u>13 064 887</u>
(Deficit)/Surplus for the year	(1 090 725)	106 254	(116 495)	(1 100 966)	82 999
Increase/(decrease) in revaluation of investments	1 846 457	61 873	355 619	2 263 949	(620 579)
Profit on sale of shares	68 274	-	46 064	114 338	19 728
Accumulated funds at beginning of the year net of deficit balances	13 104 898	486 742	4 367 603	17 959 243	14 946 775
Funds introduced during the year	1 042 966	-	(461 853)	581 113	3 530 320
	<u>14 971 870</u>	<u>654 869</u>	<u>4 190 938</u>	<u>19 817 677</u>	<u>17 959 243</u>

A list of the balances of the Special Funds administered by the Institute appears in Note 3 and the related investments are set out in Note 8.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31st March 2000

3. SPECIAL FUNDS

3.1 Bursary Funds : Head Office

	Capital R	Amounts held for Bursary Awards R	Total 2000 R	Total 1999 R
Bertha McKay Bursary Fund	100 201	9 173	109 374	128 316
Margaret Ballinger Welfare Fund	-	16 950	16 950	2 775
Dorothy Glauber Bursary Fund	55 000	-	55 000	60 905
Energos Foundation	1 570 238	254 666	1 824 904	1 883 409
First National Bank Bursary Fund	-	9 108	9 108	99 181
German Enrichment Programme	-	18 423	18 423	18 423
Gert and Imgard Brusseau Trust	356 421	46 885	403 306	373 950
Giannopoulos Trust	336 521	47 790	384 311	379 777
Harvard SA Fellowship Programme	-	52 142	52 142	79 399
Hungjao Bequest	1 037 306	21 874	1 059 180	184 868
Isaacson Foundation Bursary Fund	1 795 638	-	1 795 638	1 683 713
Kellogg Foundation Bursary Fund	-	1 225 751	1 225 751	2 588 308
Esrael Lazarus Education Fund	106 977	14 104	121 081	120 603
Luthuli Memorial Foundation Trust Fund	107 883	-	107 883	111 933
Nampak Bursary Fund	-	584 868	584 868	252 269
Robert Shapiro Trust	2 487 987	42 276	2 530 263	1 540 674
Senior Teachers Training Trust	50 000	5 548	55 548	59 042
South African Scholarship Programme (US Aid)	-	428 912	428 912	320 388
Shirley Simons Bursary Fund	1 126 530	109 715	1 236 245	1 181 637
SAIRR Education Trust	206 093	18 558	224 651	173 780
(Engen Bursary Fund)	-	11 344	11 344	1 678
(Anglovaal Group Bursary Scheme)	-	172 214	172 214	188 184
(John Deere Bursary Fund)	-	46 668	46 668	74 447
(Clive Beck Bursary Fund)	-	431 372	431 372	-
(Foschini Bursary Fund)	-	13 097	13 097	-
(Alumni Bursary Fund)	-	13 500	13 500	-
(3M Bursary Fund)	-	277 487	277 487	-
(Du Pont Nemours Bursary Fund)	-	-	-	20 379
US Aid Test Teach Test	-	-	-	26
US Signatory Education Trust	11 254	1 141 218	1 152 472	1 166 592
Yvonne Rabbow Memorial Music Award	16 705	3 452	20 157	19 673
SAIRR Funds	626 181	-	626 181	492 878
	<u>9 990 935</u>	<u>5 017 095</u>	<u>15 008 030</u>	<u>13 207 207</u>

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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3 SPECIAL FUNDS (continued)	<u>Capital</u> R	Amounts held for Bursary <u>Awards</u> R	Total <u>2000</u> R	Total <u>1999</u> R
3.1 Balance brought forward	9 990 935	5 017 095	15 008 030	13 207 207
3.2 <u>Special Research Projects : Head Office</u>				
Unemployment Study Fund			-	95 695
Estate Late CMK Thomas			244 232	182 410
Business Response			100 000	-
Donaldson Trust			310 637	208 637
			<u>654 869</u>	<u>486 742</u>
3.3 <u>Funds administered by Cape</u>				
<u>Western Region</u>				
Enrichment Programme	-	170 722	170 722	809 931
Abe Bailey Trust Bursary Programme	-	66 833	66 833	-
Freda Whitehead Progress Trust Bursary Programme	31 197	-	31 197	29 811
Educational Trust Bursary Programme				
- Educational Trust	2 453 920	951 645	3 405 565	2 862 257
- Gregoire Boonzaier Fund	124 000	-	24 000	126 936
- Brodie Trust Fund	339 525	12 833	352 358	352 409
The DG Murray Trust Fund	-	13 823	13 823	4 739
The Headstart Programme	-	-	-	174 258
The Cape Times Bursary Fund Bursary Programme	-	7 776	7 776	4 380
The Leslie Hill Higher Educational Trust Bursary Programme	-	30 512	30 512	2 972
	<u>2 948 642</u>	<u>1 254 144</u>	<u>4 202 786</u>	<u>4 367 693</u>
			<u>19 865 685</u>	<u>18 061 642</u>
3.4 <u>Debit balances on funds administered:</u>				
<u>Head Office</u>				
- Dorothy Glauber Bursary Fund			2 035	-
- Isaacson Foundation Bursary Fund			24 258	-
- Luthuli Memorial Foundation Trust Fund			1 251	-
- Du Pont Nemours Bursary Fund			951	-
- SAIRR Funds			7 665	-
- KFS Austrian Technikon Bursary Programme			-	28 079
- Engen Enrichment Fund			-	8 673
- Kellogg Foundation Bursary Fund			-	65 557
<u>Cape Western Region</u>				
- Brodie Trust Fund			-	90
- Freda Whitehead Progress Trust			1 299	-
- Gregoire Boonzaier Fund			10 549	-
			<u>48 008</u>	<u>102 399</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	<u>2000</u> R	<u>1999</u> R	
4 RESERVE FUNDS WESTERN CAPE			
Reserve Funds			
Balance at beginning of year	378 315	1 196 431	
Transfer to Education Trust	-	(818 116)	
Transfer to Headstart Programme : loan account written off	(175 257)	-	
Other transfers	300	-	
	203 358	378 315	
Celebrating Diversity Programme	150 505	-	
Motor Vehicle Reserve Fund	76 684	55 564	
	430 547	433 879	
5. LONG TERM LIABILITIES			
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	14 900	14 900	
6. PROPERTY, PLANT AND EQUIPMENT			
	<u>Cost</u> R	<u>Accumulated Depreciation</u> R	<u>Net Book Value</u> 2000 R
			<u>1999</u> R
Land and buildings	30 922	-	30 922
Furniture and fittings	821 374	821 370	4
	852 296	821 370	30 926
Library – at nominal value			2
			30 928
<u>Consolidating De Korte Street Properties (Pty) Ltd</u>			
	<u>Cost</u> R	<u>Written down to Nominal Value</u> R	<u>Net Book Value</u> 2000 R
			<u>1999</u> R
Land and buildings	1 014 747	-	1 014 747
Furniture and fittings	821 374	821 370	4
	1 836 121	821 370	1 014 751
Library – at nominal value			2
			1 014 753

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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6. **PROPERTY, PLANT AND EQUIPMENT** (continued)

<u>Details of land and buildings</u>	Valuation R	2000 R	1999 R
Freehold property, Stand 28701, situated at No. 5 Long Street, Mowbray, Cape Town – Purchased 1975 at cost		27 723	27 723
Improvement during that year		3 199	3 199
Municipal valuation	29 240	30 922	30 922
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	753 679	85 698	85 698
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	246 321	898 127	898 127
		1 029 240	1 014 747

7. **INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY**

Shares at cost	6	6
Loan to subsidiary (net of provision for losses incurred)		898 206
		898 212

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	<u>2000</u>	<u>1999</u>
	R	R
8. INVESTMENTS		
8.1 SPECIAL FUNDS		
8.1.1 <u>Bursary Funds : Head Office</u>		
Participation Mortgage Bonds	86 500	86 500
Fixed deposits	4 998 339	7 679 168
	<u>5 084 839</u>	<u>7 765 668</u>
Listed Investments at market value	<u>Qty</u>	
Allan Gray Property Trust	68 000	128 520
Anglo American Plc	3 455	1 044 101
Anglo American Platinum Corporation Ltd	1 006	175 044
Anglogold Limited	200	62 560
Anglovaal Industries Ltd	75 341	474 648
Anglovaal Industries 5% Convertible Debentures	8 973	49 352
Anglovaal Mining Ltd	24 663	1 159 161
Billiton Plc	5 066	156 033
CG Smith Ltd	-	-
Coronation Holdings Ltd "N"	700	93 800
De Beers Centenary Linked Units	400	61 200
Genbel South Africa Ltd	2 400	52 200
Illovo Sugar Ltd	5 000	27 500
Liberty Life Association of Africa Ltd	2 259	141 188
Liberty International Plc	1 053	47 122
Murray and Roberts Holdings Ltd	-	-
Nampak Ltd	1 000	15 200
New Clicks Holdings Ltd	373	4 327
Old Mutual Plc	3 000	46 350
Palabora Mining Co Ltd	1 000	30 500
Pick 'n Pay Stores Ltd	15 944	151 468
Pick 'n Pay Stores Ltd "N"	-	-
Rand Mines Ltd	-	-
Rembrandt Group Ltd	1 000	58 000
Richemont Securities AG	3 000	492 000
SA Breweries Plc	816	40 800
Standard Bank Investment Corporation of SA Ltd	6 149	166 023
Sycom Property Fund Ltd	16 000	99 200
Tiger Brands Ltd	1 774	120 632
Western Deep Levels Ltd	240	240
	<u>4 897 169</u>	<u>3 221 854</u>

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	<u>2000</u>	<u>1999</u>
	R	R
8.1.1 <u>Bursary Funds : Head Office (continued)</u>		
Local Registered Stock		
9,5% Newcastle Town Council	9 257	8 761
11% Eskom N168	1 650 852	1 395 249
	1 660 109	1 404 010
Funds administered Standard Bank Trust		
Listed equities	464 888	-
Gilts	143 138	-
Cash reserves	430 280	-
	1 037 306	-
Total equities and gilts	12 679 423	12 391 532
Cash deposits	2 614 496	838 114
Debtors	113 454	5 862
	15 407 373	13 235 508
Less : Creditors	(435 503)	(130 610)
	14 971 870	13 104 898
8.1.2 <u>Special Research Projects : Head Office</u>		
Listed equities	244 232	95 695
Cash on call	410 637	391 047
	654 869	486 742

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31st March 2000

	<u>2000</u>	<u>1999</u>
	<u>R</u>	<u>R</u>
8.1.3 Funds Administered by Regional Office		
Enrichment Programme		
Cash on call	142 407	705 873
Other net assets	28 315	104 058
Freda Whitehead Progress Trust Bursary Programme		
Syfrets Unit Trust Gilt Fund	28 613	28 401
Cash on call	2 193	2 087
Other net liabilities	(908)	(677)
Educational Trust Bursary Programme Educational Trust		
Participation Mortgage Bonds	1 252 481	1 165 859
Shares at market value	768 536	401 158
Cash on call	2 249 946	1 650 047
Other net liabilities	(882 170)	(354 807)
Gregoire Boonzaier Fund		
Syfrets Unit Trust Gilt Fund	121 508	131 719
Cash on call	6 235	6 625
Other net liabilities	-	(11 408)
Brodie Trust Fund		
Eskom Stock	332 884	332 884
Cash on call	21 954	20 906
Other net liabilities	-	(1 471)
The DG Murray Trust Fund Bursary Programme		
Other net assets	13 823	4 739
Abe Bailey Trust Bursary Programme		
Other net assets	66 833	-
The Headstart Programme		
Other net assets	-	174 258
The Cape Times Bursary Fund Bursary Programme		
Other net assets	7 776	4 380
The Leslie Hill Higher Educational Trust Bursary Programme		
Other net assets	30 512	2 972
	<u>4 190 938</u>	<u>4 367 603</u>
TOTAL SPECIAL FUNDS INVESTED	<u>19 817 677</u>	<u>17 959 243</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31st March 2000

	<u>2000</u>	<u>1999</u>
	R	R
8.2 CASH ON CALL AND ON DEPOSIT : OTHER FUNDS		
Head Office:		
General reserve	1 794 303	1 587 352
Eskom bonds	471 400	246 220
Listed shares	922 125	-
Regional Office:		
Reserve fund	563 604	435 277
	3 751 432	2 268 849
TOTAL INVESTMENTS	23 569 109	20 228 092

9. INVENTORY

Inventory comprises –		
Finished goods, books and publications at nominal value	2	2

	GROUP		COMPANY	
	2000	1999	2000	1999
	R	R	R	R

10. ACCOUNTS RECEIVABLE

Trade and other debtors:				
Head Office	1 068 375	1 672 122	1 067 424	1 671 171
Regional	70 068	203 482	70 068	203 482
Staff debtors – Head Office	49 119	21 106	49 119	21 106
	1 187 562	1 896 710	1 186 611	1 895 759

11. ACCOUNTS PAYABLE

Trade and other creditors :				
Head Office	935 613	739 167	947 550	754 986
Regional	243 653	333 617	243 653	333 617
	1 179 266	1 072 784	1 191 203	1 088 603

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31st March 200

	<u>2000</u> R	<u>1999</u> R
12 AUDITORS' REMUNERATION (GROUP)		
Fees for the audit		
Head Office Central Funds		
- Audit	65 160	59 497
- Prior year overprovision	-	(6 966)
- Other services	5 663	1 000
Cape Western Region Institute	23 729	23 000
Cape Western Bursary Department	7 177	7 500
	101 729	84 031
 De Korte Street Properties (Pty) Ltd		
- Audit	3 000	2 736
	104 729	86 767
Charged to the income statement	23 538	19 593
Charged to bursary funds – Head Office	7 177	7 500
	128 267	106 360

13. DIRECTORS' REMUNERATION

The directors' emoluments for the year under review were as follows:

	<u>Salaries</u>	<u>Fringe Benefits</u>	<u>Total</u>
Executive directors	R639 233	R58 956	R698 189

14. COMMITMENT

There is a commitment in respect of the unexpired portion of lease agreements over office equipment amounting to R634 714 (1999: R194 290), of which R152 328 (1999: R93 480) is payable in the next financial year in instalments of R12 694 (1999: R7 790) per month.

15. TAXATION

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

Accolades received from the press about the annual South Africa Survey published by the South African Institute of Race Relations

LOCAL PAPERS

"Succeeds brilliantly. Nothing but dispassionate and objective facts...nothing to beat it"
- The Star

"Difficult to restrain the superlatives... triumphantly corroborates the Institute's claim to seek the facts and make them known. Rigorous and objective... unique and invaluable. The premier reference work on South African affairs"
- Cape Times

"Wealth of rare facts, figures. Impossible to understand South Africa without it...an instant political education"
- Business Day

"Our best researched compendium of statistics"
- Mail and Guardian

"Essential research material... widely respected across the world"
- Financial Mail

"The most comprehensive yearbook of its kind in South Africa"
- Beeld

"Meticulous... indispensable"
- Sunday Times

"A must for visitors, an invaluable companion for journalists. Should be recommended as a prescribed book in our schools. Trade unions and political parties should have a copy too."
- Sowetan

"Monumental work packed with facts"
- Post Natal

"Impeccable and impartial. Indispensable in a post-apartheid South African market becoming crowded by imitators and pretenders"
- City Press

"Has grown to international almanac proportions and now covers everything from security to business. A priceless reference... As a fact file of South African life it is without peer"
- Argus

"Most extensive overview of political and socio-economic trends available in South Africa"
- Daily Dispatch

"Once again indispensable for basic information, made more accessible by an extended index."
- Die Burger

FOREIGN PAPERS

"A must for any foreign South Africa watcher"
- Frankfurter Allgemeine Zeitung, Germany

"Invaluable update on all aspects of the country's development"
- Times Educational Supplement, London

"No better source... indispensable"
- Times Literary Supplement, London

"Exhaustive...precious resource"
- Le Monde Diplomatique, Paris

"A comprehensive dossier on South Africa"
- Kenya Times, Nairobi

"Invaluable and irreplaceable"
- The Guardian, London

"Bible to journalists, researchers and anyone with a keen interest in South African society"
- Sydney Morning Herald, Australia

