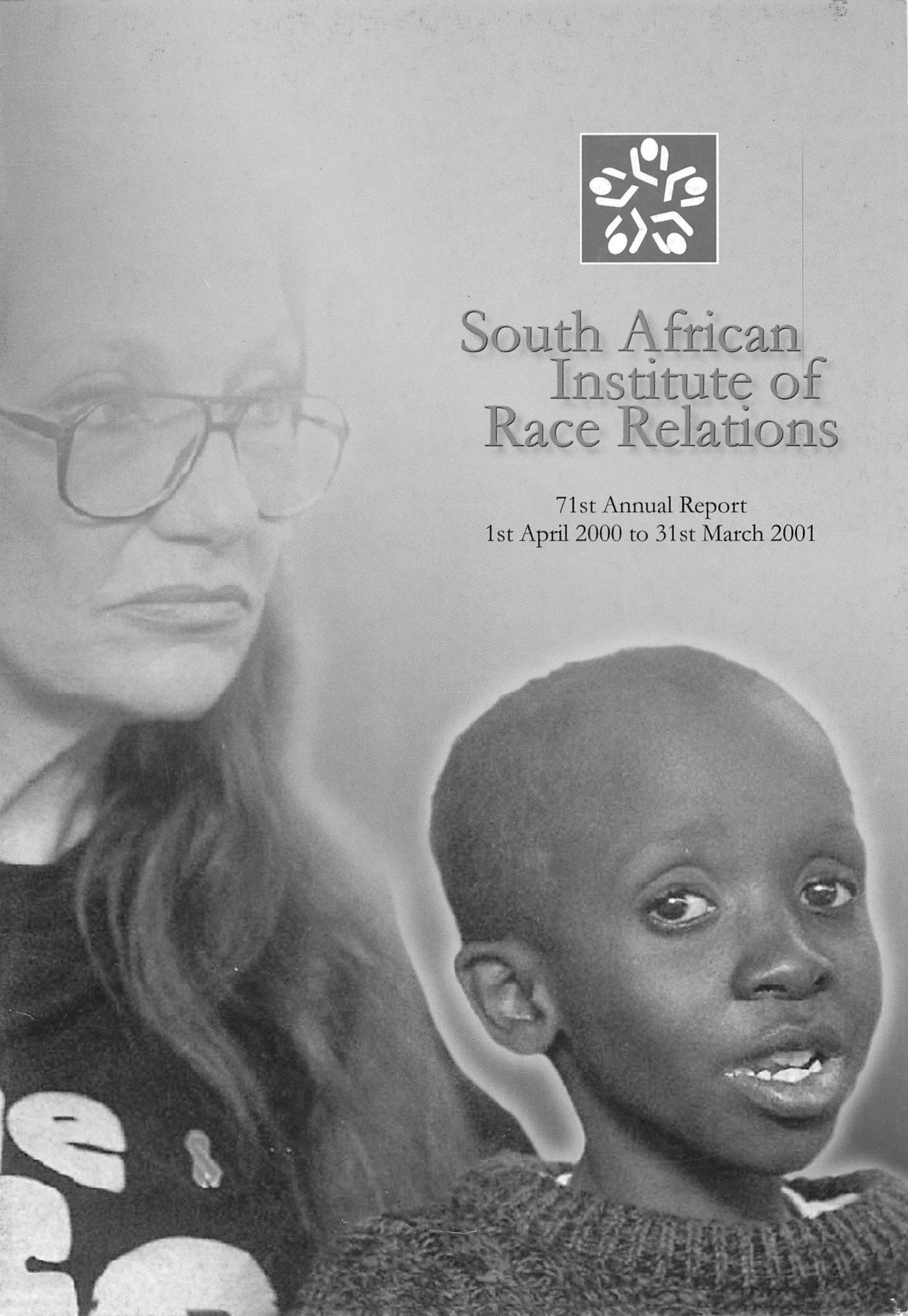




South African Institute of Race Relations

71st Annual Report
1st April 2000 to 31st March 2001



SOUTH AFRICAN INSTITUTE
OF RACE RELATIONS (INC)

71st ANNUAL REPORT

1st APRIL 2000 TO 31st MARCH 2001

LEADERSHIP WITH FACTS

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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 28th AUGUST 2001

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 2001, this narrative report is up to date to the end of July 2001.

INTRODUCTION

Nkosi and Gail Johnson are depicted on our cover because they are in a sense the 'South Africans of the year.' Nkosi died at the age of twelve on 1st June 2001 after having been born HIV-positive. He gave a human face to the numbing statistics on HIV and AIDS that are now reported almost daily in our newspapers. Gail Johnson took care of Nkosi as his foster mother for nearly ten years until his death. She represents all those people around the country, whether parents, grandparents, partners, brothers and sisters, nurses, social workers, or just ordinary kind people, who look after children and others dying of AIDS. Of course, many of the dying have nobody to look after them.

Gail and Nkosi Johnson represent a standing rebuke to political leadership that has failed to confront the challenges, complex though they might be, presented by HIV and AIDS. Until now South Africa has been known to the world first for apartheid, and then for negotiating to replace that system with a democratic one. Will we now also become known as the country whose leadership toyed with theories while disease consumed so many of its people?

FINANCE, MEMBERSHIP, AND GOVERNANCE

The Institute ended the financial year on 31st March with a deficit of R259 495. Last year's surplus was R428 526. Income was down 18% on the previous year's figure, while expenditure was 10% lower. The main reason for the big drop in income was the decline from R3.2 million to R1.8 million in grants and donations, partly because a major policy research contract with USAID came to an end. Membership fees running at slightly over R2 million are a critical component of income, but income from this source has not grown. Although our rate of membership renewals is high, mergers, takeovers, and widespread restructuring of business often have a detrimental effect on the Institute, especially when two or three companies that were each members in their own right combine into a single member. The enrolment of new members is an uphill battle.

Our accounts for the past year include a statement on corporate governance. This is the second time we have done this. Although the Institute is not a profit-making organisation with shareholders, we have long sought as far as is practicable to apply the same standards of governance and reporting as are required of listed companies. In recent years, of course, these requirements have become steadily more exacting in South Africa in accordance with worldwide trends. As Chief Executive I am particularly grateful to our Honorary

Treasurer, Brian Hawksworth, for shepherding us through to a situation where our accounts have over the past three years been prepared under the guidance of an Audit Committee and where our accounting policies are now fully compliant with generally accepted accounting practice.

RESEARCH, PUBLICATIONS, AND INFORMATION

The Institute provides a comprehensive and integrated information service to its members, making use of both the printed word and electronic technology. For the second time the *Survey* has been published on CD-ROM as well as in book form. It is now possible to obtain the twelve most recent annual *Surveys* on CD-ROM along with eight other Institute publications (*The Truth about the Truth Commission, Political Violence in South Africa, South Africa's Silent Revolution, Mbeki: His time has come, Bill of Rights Report, Unemployment in South Africa, The Natal Story: Sixteen years of conflict, and Political Correctness in South Africa*). In addition, our Library Information Service supplies information on demand to members by hand-delivery or fax.

South Africa Survey

As members are aware, the *Survey*, which has been published every year since 1948, has a reputation both inside the country and among South Africa watchers in many parts of the world as a publication of excellence. Recently Mr Nelson Mandela ordered copies going back over the last twelve years to assist him in the writing of his presidential memoirs.

The *2000/01 Survey* was published in February 2001. At 654 pages this edition was more than 50 pages longer than the previous year's, and for the first time the *Survey* included advertisements.

The forthcoming edition, the *2001/02 Survey*, has been redesigned to deal with development in a more holistic way than in the past. Four entirely new sections have accordingly been commissioned. One is a special chapter on social development being written by a leading social scientist. There is such an abundance of statistical data on development, much of it contradictory and inadequate, that we believe a thoroughgoing evaluation by an outside expert is necessary to measure the progress actually made. Closely related to social development - which includes living conditions, communications, health, welfare, housing, and land reform - is the education-economy-employment nexus. Here we have also commissioned an outside expert to provide a careful evaluation. Since security has an impact on economic growth and on most other aspects of society, we have commissioned a third specialist to provide the necessary assessment of progress in combating all types of crime. Finally, given the close relationship between these three areas and politics and governance, a fourth outside expert will analyse this field. This integrated approach is designed to assess human, social, and economic development in relation to one another as well as in the context of wider issues.

For example, human development is not only vital in its own right, but important for economic growth. Spending on health and education is essential both to assist the poor and for sustained growth. Proper targeting of such spending requires systems of government at local and provincial level that facilitate debate and in particular allow the voice of the poor to be heard.

Programmes such as sanitation and rural road building are also important for reducing poverty, as is the state of the job market. This last requires attention to political and policy factors influencing confidence and investment. The *Survey* is the only publication in South Africa which deals with all related factors, and their relationship one with another, in a single volume.

The four specialist chapters will be supplemented by restructured statistical material under the following chapter headings: health and welfare, education, industrial relations and employment, business and the economy, demographics, crime and security, living conditions, and communications.

Fast Facts

Twelve issues of our concise monthly bulletin *Fast Facts* were published. With the demise of *Frontiers of Freedom* (see below), the scope of *Fast Facts* was expanded to include some of the kinds of articles that would previously have gone into *Frontiers*.

Our 'Fast Stats' pages continued to cover labour and socio-economic trends, business indicators, confidence movements, an investment index, an economic barometer, an inflation index, and latest macro-economic forecasts. To these were added statistics depicting trends in crime, education, migration, industrial relations, employment, and living standards measured by sex, race, income group, and province. *Fast Facts* also recorded a drop in the population growth rate in the last five years as a result of AIDS.

Our examination of figures from Statistics South Africa showed that a drop in immigrants was as serious a problem as emigration. The country lost an average of just over 9 000 people a year between 1994 and 1999, which was actually slightly fewer than the average of just over 10 000 who left each year since the end of the Second World War. On the other hand we attracted an average of some 25 000 people a year between the end of the war and the early 1990s. Since then we have been attracting only just under 6 000 people a year, while last year's figure of 3 053 immigrants was the lowest since the war.

As usual, *Fast Facts* provided quick insight into the national budget via a series of carefully laid out - and therefore instantly comprehensible - tables. In addition to providing the actual figures, we broke down the budget in two ways. First, we showed what proportion of the whole was taken up by each major category of expenditure (protection services, social services, economic services, and general government services). Then we showed what proportion of GDP was taken up by these categories of expenditure.

On the political front, *Fast Facts* concentrated on the issues most likely to affect the economy. The report of the Black Economic Empowerment Commission took up seven pages of the May 2001 issue. *Fast Facts* also examined amendments to labour law and the extent to which these would help or hinder growth and employment. It examined some of the economic implications of the programme of action recommended by a national conference on racism in 2000, and produced a major article on the state of welfare and how it could be reformed.

Education featured frequently. *Fast Facts* produced a six-and-a-half-page overview of the state of education at all levels. *Fast Facts* also published a trenchant analysis of the education minister's *National Plan for Higher*

Education, presented at an Institute breakfast briefing by the Chairman of our Executive Committee, Professor Elwyn Jenkins, himself an academic and former university administrator.

Fast Facts carried two addresses to prestigious institutions by the Institute's Chief Executive. In a lecture to the Harvard Business School Club in Cape Town in March he assessed the prospects for a fully non-racial and constitutional order given the pressures of poverty, inequality, and unemployment. He said he believed that if only poverty, unemployment, homelessness, disease, and ignorance were dealt with 'in terms of best practice', the remnants of racism would be likely to pale into insignificance. Later in the year, *Fast Facts* published John Kane-Berman's appraisal of the track record of the Mbeki government which he presented in Washington to the International Republican Institute.

Another article of the kind that would have appeared in *Frontiers* looked at the extent to which the government has become hypersensitive to criticism. It reiterated the Institute's belief that robust criticism and independent watchdogs are part of the working capital of a free society. Also as would have happened in *Frontiers*, *Fast Facts* reprinted a letter to the *Sunday Times* in which the Institute's President, Professor Themba Sono, attacked a full-page advertisement in May by eleven black professionals who alleged that criticism of President Mbeki was the work of a coalition of right-wing forces trying to dismantle democracy.

Frontiers of Freedom

Though *Frontiers of Freedom* became the country's leading journal of liberal opinion and debate, it cost far more to produce than it brought in as a brand that attracted members. Its target market was our individual membership, which is extremely important but not large enough to justify the costs of the publication. Regrettably, therefore, it ceased publication at the end of 2000, the last issue being the 27th. As mentioned above, in order to keep up the flow of liberal comment and analysis, we have enlarged *Fast Facts* and now supply it to all our individual members.

In the wake of a national conference on racism run by the Human Rights Commission in August and September, the penultimate *Frontiers* ran seven articles on this theme (see also below under Public Policy Matters). One of them was Rian Malan's irreverent commentary on the conference, where he watched what he described as a succession of glamorous and self-confident black yuppies lamenting black helplessness.

In the tradition of *Frontiers*, we also carried a number of articles unlikely to be printed elsewhere. One was an erudite, honest, and unpretentious answer by an Institute Vice-President, Professor Hermann Giliomee, to his three-year-old grandson's putative question 'Grandpa, what did you do during apartheid?'

Another was Anthea Jeffery's historically significant commentary on the unintentional exploding of the 'Boipatong myth' in a finding which the amnesty committee of the Truth and Reconciliation Commission made in November 2000. This committee found that Inkatha hostel residents applying for amnesty had spoken the truth when they denied that the security forces had assisted them

when they massacred 45 residents of the Boipatong township near Sharpeville in 1992. This gave the lie to the 'third force' version of the massacre: the allegation by ANC leaders that the National Party (NP) and security forces had encouraged and assisted in the massacre in order to strengthen the NP's position at the negotiations for a new constitution (which began in December 1991). In fact the massacre had done the opposite and strengthened the hand of the ANC, not the NP. Believed worldwide to be true, the allegations of complicity in the massacre damaged State President FW de Klerk's reputation and so demoralised the NP government that it conceded most ANC demands at the negotiating table. Later on, in October 1998, the report of the Truth Commission endorsed the allegations of security force complicity in the massacre. But two years later this endorsement was contradicted by the Truth Commission's own amnesty committee when it could find no evidence to substantiate the allegations. Considering the effect these accusations of security force complicity had had on the constitutional negotiations - and on the history of the country - the amnesty committee's finding was highly significant, though the mainstream press paid scant attention to it.

The Institute had all along queried the validity of the 'third force' version of the Boipatong massacre - in particular in a *Frontiers* article by Rian Malan in 1999, and in Dr Jeffery's best-selling book, *The Truth about the Truth Commission*. *Frontiers* also pointed out that a recent book on the Truth Commission by its former deputy chairman, Dr Alex Boraine, had all but ignored the criticisms of many of the commission's findings contained in *The Truth about the Truth Commission*. Reviewing the book, Patrick Laurence, an assistant editor of the *Financial Mail*, took Boraine to task for ignoring his 'moral and intellectual obligation to reply to Jeffery's cerebral and detailed criticisms'.

The power of myth over truth was also evident in an article by Walter Saunders on the worldwide smear campaign against Victor Kravchenko, the Soviet engineer who defected to the West and wrote *I Chose Freedom*. Though Kravchenko won a famous libel action in 1949 against a newspaper that had helped perpetrate the smears, 'the mud was again picked up, was flung, and stuck' (Robert Conquest's words).

The harm done by ideology in the 20th century was the theme of the 38th Hoernlé Lecture, delivered in November by Michael O'Dowd. *Frontiers* carried a shortened version of it. Mr O'Dowd argued that just as constant reminders of Hitler's crimes made a Nazi revival impossible, the same amount of publicity should attend the crimes of Lenin and Stalin - and he went on to explain why he spoke of the crimes of Lenin, rather than just Stalin: 'The principle of total amorality, the right to do anything which is expedient in your pursuit of power, was formulated by Lenin and learned from him by both Hitler and Stalin' - and then by Mao Zedong and Pol Pot.

Politics and culture are of course connected - and an open society is fostered by irreverence, humour, and the expression of wayward or unorthodox views. *Frontiers* published many such articles. In one, *Frontiers's* irreverent columnist Colin Smuts (a former ANC activist) complained about being harangued with ideological propaganda throughout a pilgrimage to Robben

Island - and, to add insult to injury, not being allowed to smoke on deck in the open air, or to buy himself a drink. In another, Peter van der Merwe wrote a provocative piece advocating the abolition of state subsidies for the arts. He didn't see why, in a multi-cultural country, people should be forced to pay for the cultural activities of other ethnic groups - or, for that matter, why 'the Philistine should be forced to contribute money towards the art of the cultivated'.

There were two articles on literature. In one, Lionel Abrahams saw now in South Africa the glimmerings of respect for artistic standards, possibly in revolt against decades of unction and boredom. Another article was a review by David Christianson of *The Many Houses of Exile* by Richard Jürgens, a wry, self-deprecating book about life as a white liberation fighter in exile.

Contradicting perceptions of South Africa as a country dominated by crime to the exclusion of all else, the Africa Regional Director of the Friedrich Naumann Foundation, Rainer Erkens, enthused over the racial mingling and vitality which he said was the real 'vibe' of the country - and of Johannesburg in particular. He chided whites for neglecting the theatres and suburbs where South Africans and immigrants of all races and colours were to be seen mixing amiably amid some highly original business and artistic activities. And Rian Malan weighed in with a piece on the allure of a dangerous and beguiling city.

Electronic publishing

Thirty-seven *Website Comments* and *News Releases* were issued during the year. Most were about issues already mentioned in this report or dealt with under Public Policy Matters below. Often we highlighted aspects of current events that seemed to have passed unnoticed in the press - such as how silent our normally vocal universities have been over explicit threats in the *National Plan for High Education* to impose racial and other quotas on them. Two *News Releases* on the website went into considerable detail about the events following allegations of irregularities in the government's decision to buy R44bn worth of arms. These releases were designed to provide continuing points of reference for journalists, businessmen, and others as the investigation into the deal continues.

Library Information Service

The Institute's library is a resource not only for our own research operation but also for our members. To include in the *Survey* all the information at our disposal would be quite impossible, so that publication encourages members to supplement it with information available in our library. Requests from members involve not only topics that are also covered in our various 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.

Parliamentary Information Service

Earlier this year we signed a contract with the Australian Agency for International Development (AusAID), in terms of which that agency, which is the development arm of the Australian government, is supplying part of the funding for the Institute to open a Parliamentary Information Service. This funding enables us to provide to all parliamentarians, irrespective of party, the same information service as is available to our members. We wrote to all 490 parliamentarians in the National Assembly and the National Council of Provinces to inform them of this service and also sent complimentary copies of the *Survey* to members of various parliamentary portfolio committees. Some of the queries from parliamentarians can be speedily dealt with, but others involve several hours of background research by our librarians.

BRIEFINGS AND LECTURES

Nine briefings or lectures were held for members in Johannesburg. The speakers and topics were

- Mr Willie Hofmeyr, Head: Asset Forfeiture Unit in the office of the National Director of Public Prosecutions, on *The challenges facing the Asset Forfeiture Unit*
- Professor Lawrence Schlemmer, Vice-President of the Institute, and Dr Anthea Jeffery, Special Research Consultant at the Institute, on *Racism in South Africa: The state of play*
- Professor R W (Bill) Johnson, Director of the Helen Suzman Foundation, on *Zimbabwe*
- Mr Michael O'Dowd, a past Chairman of the Anglo American and De Beers Group Chairman's Fund and currently Chairman of the Free Market Foundation, on *Ideas have consequences*
- Mr Peter Leon, an attorney and previously leader of the official opposition in the Gauteng legislature, on *Restructuring local government in South Africa - What does it mean?*
- Mrs Mirryéna Deeb, Chief Executive Officer of the Pharmaceutical Manufacturers' Association of South Africa, on *Multinational drug companies: what role do they play?*
- Professor Elwyn Jenkins, Chairman of the Executive Committee of the Institute and former principal of the Mamelodi campus of Vista University, on *Action and indecision: will the National Plan for Higher Education deliver?*
- Mrs Patricia de Lille MP, chief whip of the Pan Africanist Congress, on *The role of parliamentary opposition in the post-apartheid era*, and
- Mr Clem Sunter, Chairman of the Anglo American Chairman's Fund, on *AIDS: the challenge for South Africa and the private sector*.

Mr O'Dowd's lecture was the 38th Alfred and Winifred Hoernlé Memorial Lecture. It was published in our *Spotlight* series.

NATIONAL BURSARIES

The national bursary programme of the Institute, run from Head Office, dates back to 1935. Since then our students, among them Mr Nelson Mandela, who won a bursary worth £120 in the late 1940s, have served the country in almost every field of endeavour. The 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.

We receive more than 20 000 applications each year. The initial selection is done by a computer, which analyses the applicants' examination results. Applicants who pass this first test are then evaluated by selection committees which include representatives of sponsors, outsiders drawn from the community and from various academic institutions, and the Institute's own bursary department. The two main selection criteria are the applicants' academic promise and the financial circumstances of their families. Most of our students therefore tend to come from the poorer sections of the community; very few have had what may be called a privileged education. This makes their achievements all the more remarkable.

Sponsors include foreign donor agencies, local trusts, and individuals. We also administer bursary programmes for local and foreign companies. The names of the various bursary trusts administered by the Institute, as well as the names of our corporate clients and of the sponsors of our bursary programme, appear as part of the notes to our financial statements on page 45 of this report. Our students are always told who is financing their particular bursary.

Students on Institute bursaries continue to perform well. Last year's pass rate among our tertiary students was 89%. Our pass rate since 1990 varies from a low of 82% in 1997 to 91% in 1992 and 1994. Altogether 141 students graduated last year. In the last 19 years the Institute's Head Office has awarded bursaries, most of them to black students, to the value of R139 million. Since 1980, no fewer than 2 418 students have graduated through our programme in the following fields: science 417, commerce 372, education 344, arts 308, health sciences 197, law 193, business administration 184, engineering 172, medicine 168, architecture 32, and dentistry 31.

Apart from these students, 123 South Africans have been awarded bursaries to study at Harvard since 1979 on the Harvard/South Africa Fellowship Programme, the South African end of which is run by the Institute, in the following fields or capacities: arts and science 32, management development 28, education 22, law 14, public health 10, visiting scholars 9, public administration 5, architecture 2, and theology 1.

The number of bursaries awarded for the 2001 academic year is 622, which is 104 fewer than in 2000. The decrease is mainly due to Kellogg Foundation funding having come to an end as that foundation has re-arranged its priorities. There has also been a decrease in the number of USAID post-

graduate students. New awards amounted to 42% of the total, the remainder going to students continuing on the programme. The amount available for bursaries is R6.9 million, a decrease of 17% on last year's budget.

A new bursary programme was established by the Institute for MTN. A further amendment to one of our USAID contracts was signed in August 2000. This increased the number of students by 160 over three years.

We were delighted to welcome Professor Kwame Appiah, Professor of Afro-American Studies and Philosophy at Harvard University in Cambridge, Massachusetts, as the new director (at Harvard) of the Harvard/South Africa Fellowship Programme. The Institute's bursary selection committee reluctantly took leave upon his retirement of Professor Elwyn Jenkins, who chaired the committee for a number of years with insight, expertise, and commitment.

CAPE WESTERN REGION

Ms Leslie Liddell was elected for a second term of office as regional Chairwoman, while Mr Keith Foster became Vice-Chairman, at the Cape Western regional AGM on 27th September 2000.

The guest speaker at the AGM was Ms Helen Macdonald of the Institute for Justice and Reconciliation. Her topic was 'Thoughts on building a South African nation: The challenge of values, memories and political community in a deeply divided South Africa.' The text was published in the regional topic paper series. Also published in this series, under the title '*South Africa: The complex of problems, 2001*', was Professor George Ellis's critical appraisal of the political and developmental challenges facing the country and his proposals for addressing them. In June 2001 Associate Professor Nan Yeld, acting director of the academic development programme at the University of Cape Town, spoke on the rise in the matric pass rate at the end of 2000.

The region runs four educational programmes. The first is a *Bursary Programme* aimed at young people from the poorest sections of society hoping to study at tertiary level. The pass rate in the final examinations at the end of last year was no less than 87%. This year the programme, now in its 29th year, is supporting 457 students at technikon and university. Funding for the programme comes mainly from five local trusts, including the region's own educational trust.

The Learner Empowerment Programme, which was started in 1982, provides supplementary tuition on Saturdays and during school holidays to 2 400 Grade 11 and 12 pupils from 30 township schools across the Cape Peninsula. The top pupil in each of 18 schools was registered with the programme.

The Teacher Empowerment Programme is helping with the in-service development of secondary school teachers of mathematics, physical science, biology, and English at under-achieving schools. Altogether 103 teachers from 23 different schools are participating this year. The programme has forged strong links with the Western Cape Department of Education and is being run in close consultation with departmental subject advisers and curriculum developers.

The Celebrating Diversity Programme is a 20-month pilot programme whose focus has been the exploration of themes relating to diversity and prejudice with groups of young people in the 11 - 13 age group. Fifteen schools representative of all cultural groups in the Peninsula are taking part.

The regional office also offers an information service to Institute members, the public, and the media. Over the past year, 160 queries for statistical, political, demographic, and other information have been dealt with.

OFFICE-BEARERS

I regret to record the death, in August last year, of Mr Harry Oppenheimer, one of our Honorary Life Members and South Africa's leading liberal benefactor. We greatly appreciate his support for the Institute over many years, a commitment which has been maintained by his successors at Anglo American and De Beers. I also regret to report the death of another Honorary Life Member, Dr Sheila van der Horst, who also served as President of the Institute. We were sad to note too the passing of Professor H W van der Merwe, who served on Council for many years and was also at one stage Chairman of the Cape Western region.

The Institute's Office-Bearers and Executive Committee for the period 2001 to 2003 have been elected. A new Chairman and Vice-Chairman will be chosen at the first meeting of the new committee, on 25th October.

STAFF

Susi Eusman received an award for 15 years with the Institute and Mapule Santhu one for 10 years. All our staff were very sad at the death on 16th July of John Masindane, a member of our maintenance staff. He had worked for the Institute since 1973 and was only 55 at the time of his death.

THANKS

Thanks are due to all our members for their continuing loyalty and support. We are grateful also to 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*. Our thanks are also due to all those who have given donations or made bequests to the Institute.

I am grateful to the members who serve on our various governing bodies and in particular offices, including Themba Sono, our President; Raymond Tucker, our Honorary Legal Adviser; and Brian Hawksworth, our Honorary Treasurer. Thanks are due also to all our staff. Financial constraints compelled us to reduce our staff complement a few years ago, but there has been no reduction in our productive output. Everyone, in other words, has worked harder.

We also appreciate the continued backing of the (German) Friedrich Naumann Foundation, the (American) International Republican Institute, and the (American) National Endowment for Democracy, from which the IRI obtains part of its funding for the Institute. We are further grateful for the support of the Australian Agency for International Development (AusAID) for

the Parliamentary Information Service we launched in March this year.

In particular I want to thank Professor Elwyn Jenkins, outgoing Chairman of the Institute's Executive Committee, for his wise guidance and strong support over the past six years, both in that capacity and as Chairman of the Bursary Selection Committee.

PUBLIC POLICY MATTERS

The Institute has always had a commitment to 'seek the facts and make them known'. Equally important has been its function of speaking out to promote the values of liberal democracy and economic liberalism. We have accordingly continued to punch above our weight on a number of crucial public policy issues. For this purpose, we have deployed our limited resources to the full. A perusal of our published material - in *Fast Facts*, *Frontiers*, on our website, via e-mail, and in contributions to newspapers - shows the wide but carefully selected range of issues we have dealt with. The published material has been supplemented by radio interviews and briefings to various individuals, institutions, and groups. The meticulous collection of facts in the *Survey* provides the bedrock of information on the basis on which we provide analysis and draw conclusions. Our own work has been supplemented by briefings by selected outside experts.

Public policy issues on which we have focused particular attention this past year include the following:

- **The constitutional implications of intervention by the executive in the investigation of possible malfeasance in the government's decision to buy R44bn worth of armaments.** We argued that this intervention, led by the President, damaged the authority of a vital parliamentary watchdog, the Standing Committee on Public Accounts, and thereby undermined the accountability of the executive branch of government to Parliament, and, through Parliament, to the public for what it does with money taxed from the public.
- **Use of the police to investigate possible political rivalry with the President.** The Institute argued that this was an abuse of power by the executive and also pointed out that the parliamentary portfolio committee dealing with the police had failed to censure the minister. (At the time of writing it is not clear whether the deployment of the police to investigate the alleged plot had the prior knowledge and authorisation of the President.)
- **South Africa's tacit support for government-orchestrated violence in Zimbabwe.** The Institute acknowledged that there were no easy options for South Africa with regard to the crisis in Zimbabwe. We pointed out, however, that South Africa's claimed policy of constructive engagement did not necessitate declaring the violence-ridden election in Zimbabwe last year to have been free and fair or Mr Robert Mugabe to be a legitimate and democratically elected leader. A spokesman for President Mbeki sought to respond to some of the Institute's critique, but omitted to deal with our

main contention that it was quite unnecessary to give a stamp of approval to last year's election result.

- **The importance of an independent civil society.** Commenting on a warning by Mr Mandela that civil society should not think that it was 'needed to curb government', the Institute pointed out that independence from government is what defines civil society, while the existence of civil society is one of the hallmarks distinguishing free from totalitarian societies. We argued that the undermining of public watchdogs, such as the Standing Committee on Public Accounts, places an added responsibility on civil society to remain vigilant. The number of non-governmental organisations (NGOs) willing not only to play a watchdog role but also to challenge the government on fundamental policy issues from a liberal democratic perspective is very small.
- **The damage to public confidence of withholding crime statistics.** The Institute pointed out that if the government refused to publish statistics showing increases in crime, the public would not believe published statistics showing the reverse. We questioned the reasoning given when a moratorium was imposed on the release of crime statistics in July 2000. When the moratorium was lifted a year later we expressed scepticism about government claims that the police were on top of the crime situation. We pointed out that there had been no major changes in crime trends - that certain types of crime were continuing to decline while others were continuing to increase, and that the overall rate was upwards.
- **The lower priority given by the government to the need to liberalise the labour market.** We pointed out that wage subsidies had displaced liberalisation on the government's list of remedies for rising unemployment. We further pointed out that some of the envisaged changes to labour law could mean more rather than fewer restrictions on the labour market. We also published Frans Rautenbach's briefing to the Institute urging the need for labour deregulation and calling on the ANC to mount a roadshow to sell labour deregulation to its core constituency, the unemployed. We also suggested that the introduction of minimum wages in agriculture and domestic service could undermine the capacity of these two labour-intensive sectors to offer employment.
- **The worsening skills crisis.** The Institute drew attention to the critical connection between rising net emigration of professionals and managerial people and the declining output of tertiary institutions. The overall result was that South Africa was losing more and more people out of a pool that was shrinking. We drew attention to the inability of universities and technikons to produce enough qualified people to meet either the government's targets or the economy's needs, and pointed out that a *National Plan for Higher Education* published in February 2001 was characterised by indecision and obfuscation. An article published by the

Institute raising questions about certain aspects of the improved matric results at the end of 2000 drew an angry response from the minister of education, but he failed to deal with the points raised by the Institute.

- **Problems confronting higher education.** As indicated above, this issue was taken up by Professor Elwyn Jenkins, Chairman of our Executive Committee. He argued that although dropouts cost the country R1.3bn a year, the *National Plan for Higher Education* had few new proposals or strategies for improving the quantity and quality of graduates. He also reported that some black academics were aggrieved that the *Plan* should have referred the envisaged mergers of universities and technikons to a working group dominated by ANC 'heavyweights', in which the few African academics present were marginalised. Professor Jenkins said the *Plan* did not explain how the new regional multi-campus institutions would avoid 'the nightmarish organisational structure' that the multi-campus Vista had turned into. The *Plan* conceded that private higher education had a role to play, but threatened 'appropriate policy adjustments' to avoid competition if necessary. Professor Jenkins said that despite a huge increase in the overall number of black students in recent years, the *Plan* made plain that the ministry would not hesitate to introduce racial quotas. He added that although the minister paid lip service to university autonomy, the *Plan* not only undermined it but hovered on the brink of removing it.
- **The challenge to government posed by demands for state action to drive the process of black economic empowerment.** At the time of writing, the final proposals of the Black Economic Empowerment Commission had not been published. However, the Institute published a detailed synopsis of the proposals in draft form. We pointed out that state action as comprehensive as that envisaged would strongly challenge the government's commitment to capitalist as opposed to socialist principles of economic policy.
- **The need to avoid political exploitation of race.** The Institute argued that crimes motivated by racial prejudice should carry especially severe punishment, but that politicians should avoid remarks that could damage race relations. We criticised the President for statements that could reinforce racial polarisation, but praised him when he made conciliatory statements. We warned of the possible harmful economic consequences of seeing all of South Africa's problems through a racial prism.
- **Growing focus on race.** The issue was taken up on our behalf by Dr Anthea Jeffery and Professor Lawrence Schlemmer. Dr Jeffery outlined the expanded definitions of racism - largely imported from America - that are now being systematically introduced into South Africa, notably through the Employment Equity, and Promotion of Equality and Prevention of Unfair Discrimination, Acts . Not only do the new descriptions of racism include eurocentrism (along with subliminal, unintentional, institutional, and structural racism), they also brand as racist any policy or practice that fails to produce equality of outcome. Accordingly, wherever demographic

proportionality is absent, racism is considered to be present - and actionable. Dr Jeffery explained the implications for employers, the economy, and the principles that underpin our legal system. Lawrie Schlemmer, one of our Vice-Presidents, warned that South Africa's obsession with racism was creating a 'trap of self-reinforcing tensions' and jeopardising our future. Colin Smuts accused the government of neglecting the poor of all races and blaming white racism for its failures. Our President, Professor Themba Sono, wrote that racism was not the country's main problem. (At the time of writing this report, we were awaiting the results of a major field survey of race and race relations in South Africa.)

- **Criticism of the government by people who happen to be black.** Various politicians and journalists have tried to dismiss criticism of the government (on Zimbabwe, for example) as motivated by racial prejudice. The Institute has several times drawn attention to the fact that some of the strongest criticism has come from people who happen to be black. The maintenance of a strong critical tradition among people of all races and irrespective of race is important for the strengthening of democracy. (We have at the same time noted some ironies: The *Sowetan* in July berated the *Mail & Guardian* for 'spewing venom' at the government by asking of President Mbeki on its front page 'Is this man fit to rule?' Nine months earlier the *Sowetan* had itself run the headline 'Is Mbeki fit to govern?' over an article by a prominent black commentator.)

"Mr President, please come home"

'It is most unfortunate that as our continent was placing itself in an historic and new path in Lusaka, many South Africans were focused on other matters. Blinded by addition to the negative, an historic moment passed them by.' So wrote President Thabo Mbeki in July. One of the 'other matters' on which people were focused was what he called the 'criminal misconduct' of some people who illegally occupied land at Bredell near Kempton Park.

Although the government was right to seek a court order for the eviction of the squatters, for the President to characterise them as criminals seems unduly harsh. Most of the illegal land occupants at Bredell were people driven by desperation, not criminality. They also acted peacefully. Mr Mbeki's harsh words could more appropriately have been applied to the behaviour of his counterpart in Zimbabwe.

Our President seems to believe that South Africans who focused on the squatters rather than on the transformation of the Organisation of African Unity into the African Union in Lusaka had their priorities wrong. However, the reverse is the case. This is not to suggest that the efforts Mr Mbeki has been making to revitalise Africa are not worthwhile. South Africa's relative economic strength and successful transition to constitutional democracy combine to thrust upon this country a role of leadership on the sub-continent and even beyond. If the continent sinks further we run the risk of sinking with it, so an isolationist policy is not in our interests.

The African Union claims the European Union as its model. The latter institution from the start has been designed to protect democracy as much as to promote prosperity through greater trade. The immediate challenge South Africa now faces is the formidable one of working with the United States, the United Kingdom, and others to ensure that the coming election in Zimbabwe is free and fair and to help rebuild the rule of law in, and the economy of, that country. This will give the new African Union a credibility its predecessor lacked. It will also give Thabo Mbeki a more powerful voice in demanding greater access for African exports to markets in rich countries.

While South Africa's responsibility with regard to Zimbabwe cannot be avoided, it is time to take stock and raise the question of whether all the attention paid to Africa in particular and foreign affairs in general has not perhaps been commanding excessive attention to the detriment of South Africa itself. There are major issues requiring presidential leadership back home. There are also signs of failure. The government further seems to have got its priorities wrong.

The problems run from the abdication of leadership over the AIDS crisis right down to the practical details of payouts to pensioners who travel all the way to pay points only to be told that the money has not arrived and that they must come back another time. We can budget between R300m and R400m for a world conference on the environment next year, but we can't seem to keep our streets and water supplies clean. We can spend R44bn on arms to protect us from external aggression, but we cannot provide enough money to the public prosecution service to make it more effective against the internal aggression of violent criminals. We can arrest schoolboys for smoking, but we can't keep reckless drivers and overloaded vehicles off our roads. We can spend millions on a new bridge into downtown Johannesburg, or dream of a new railway line to Pretoria, but we cannot seem to find enough money for children's homes.

Many similar examples could be cited. What is the problem? South Africa seems to be suffering not simply from badly chosen priorities but also from a preference for the grand plan over the mundane detail of administration. Some of these plans are driven by political correctness - the campaign against smoking, for instance. We also seem to believe that we can make a promise of free water, for example, and that somehow that promise alone will cause capacity and financial constraints to disappear. We are preoccupied with great visions, but we don't care about nuts and bolts.

We thus impose a comprehensive new system of local government on the country with no evident concern for its financial or other practical implications. We try to run before we have learnt to walk. The Gauteng education department thus has a backlog of classrooms, of qualified teachers, and of school laboratories, but it is promising to give every teacher and pupil an e-mail address in a few years' time. Our schools are producing fewer matriculants and our universities fewer graduates but we are exporting more professionals and importing fewer. HIV and AIDS are on the increase, along with crime and unemployment. In neither the formal nor the informal sector is

the generation of jobs keeping pace with demand for work. Between 1995 and 1999 total employment rose by 8.3% but unemployment by 78%. Despite these failings we rush into more and more promises and more and more legislation.

Of course, along with the failures there have been successes. Deliveries of school books have improved. The infant mortality rate has been dropping, as has the murder rate. Motor vehicle and automotive component exports have been growing strongly - a testimony to South Africa's ability to compete in tough global markets. The government has held fast to trade liberalisation. The budget deficit and the inflation rate have been coming down. The leadership of the National Treasury and of the South African Reserve Bank has been so successful that the men and women concerned are in danger of being poached by foreign predators. The trouble is that I have listed all these successes before, in my report last year and on other occasions. They are now in danger of being overshadowed and undermined by the failures.

There have been other successes - more housing, and more houses with electricity, taps, and telephones inside them. The process of land restitution has been speeded up. The decline in the matric pass-rate seems to have been reversed. The growth in the proportion of university and technikon students who are black is another success.

Even so, a note of caution must be sounded. Two years ago the minister of education promised to wipe out illiteracy within five years. He is now hoping to launch a campaign against it by April next year. Claims by the minister of safety and security that crime has been brought under control are not substantiated by police statistics, whose accuracy he has challenged but not refuted. On paper, claims about the number of houses electrified or supplied with water may look impressive, but there are question marks over the sustainability of some of these services. President Mbeki said when he opened Parliament in February this year that 412 000 new telephone lines had been installed in the financial year 1999/2000, but the Telkom annual report for the following financial year said 500 000 had been disconnected.

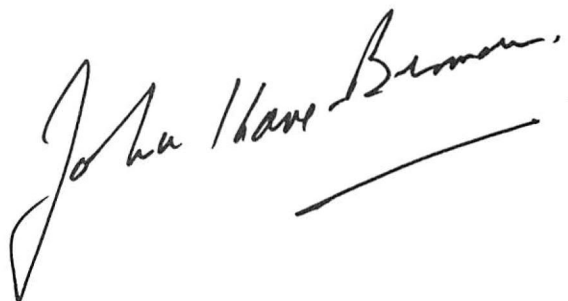
Figures published by Statistics South Africa show that there has been no increase in the proportion of households with access to municipal refuse removal services. There has been a decrease in the proportion of households with access to flush or chemical lavatories and an increase in the proportion using bushes, streams, or rivers for sanitation. Some 217 deaths from cholera (at the time of writing) since its outbreak a year ago in KwaZulu-Natal show that something has gone wrong with the provision and maintenance of water and sanitation services. The minister of water affairs and forestry has indeed described sanitation as 'a Cinderella - nothing much has been done'. He told Parliament last year: 'a government task team has not done the work'.

The Institute has done more than most people over a longer period of time to keep track of the provision of services to South Africa's people and the relationship between services and policy. We are therefore acutely aware of the enormous backlogs confronting the new government when it came to

power seven years ago, but there are enough signs of weakness now to ask whether it is not time for a moratorium on rash promises and to concentrate on consolidation, administration, and implementation. We need fewer consultants used to operating with first-world resources and more managers expected to meet high standards of performance. As for visions, the one South Africa really needs is of a beehive of efficient bureaucrats who stick to the rules of sound and honest administration and take a pride in ensuring that Mrs Tshabalala gets her pension on time.

Sound administration of course will not help with ill-conceived policies, so there may be a need for executive action or legislation to fix the policy environment. Moreover, within the broad constraints of sound fiscal and monetary policy, priorities need to be reassessed. We need less money for military equipment and conferences and more in areas that bring tangible benefits to the poor. It is unconscionable that South Africa should decide with such alacrity to spend tens of billions of rands on military equipment but show such tardiness in supplying drugs to pregnant women who are HIV-positive.

All of this necessitates not only a revision of priorities but also direction and leadership from the top. The problems of crime and poverty and unemployment and AIDS cannot be tackled by an absentee President - least of all when some of the critical portfolios are being poorly managed. Nor are these problems likely to be properly addressed by a President whose preoccupations beyond his position as party leader sometimes seem as far above the country as his new presidential aircraft will fly.

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

Johannesburg
3rd August 2001

HONORARY TREASURER'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2001

The deficit for the year amounted to R259 495 (2000 surplus R428 526).

Total income was R6 538 396 and down compared with the previous year's figure of R7 986 229, mainly because of a drop in grants and donations. These were R1 825 336 compared to R3 218 954 in the previous year.

Total expenditure was R6 797 891 (2000 R7 557 703). The drop was mainly due to creation of a leave provision of R315 000 last year, saving on personnel costs of approximately R230 000, and also postage and travel of approximately R70 000.

The Institute's financial position at the year end was sound. At that date it had net assets of R29 099 781 (2000 R25 840 801) under its control. The main reason for the increase is a rise in the value of Special Fund investments of R1 897 816 (2000 R2 263 949).

The value of the library has been brought to account at a value of R400 000, as has the inventory value of books and publications of R34 422. Buildings have been depreciated by R15 000. Furniture and equipment and motor vehicles have been capitalised and depreciated by R153 268. Previously these assets were written off as acquired. The comparative figures have been changed on a consistent basis. As a result of these changes in accounting policy the annual financial statements are fully compliant with generally accepted accounting practice for non-profit organisations and they comply with South African Statements of Generally Accepted Accounting Practice.

There is a budget deficit of R605 322 for the year ending 31st March 2002. Efforts continue to be made to raise additional funds and expenditure will be monitored closely. Bequests from estates of approximately R71 000 not anticipated in the budget have been advised subsequent to the year end.

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



Brian M Hawksworth
Honorary Treasurer
Chairman of the Finance Committee

1st August 2001

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 2001

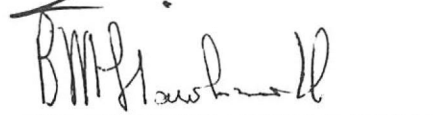
COMPANY REGISTRATION NUMBER: 1937/010068/08
NON-PROFIT REGISTRATION NUMBER: 000-709-NPO

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The annual financial statements set out on the following pages have been approved by the Board of Directors and are signed on their behalf by:


.....
DIRECTOR


.....
DIRECTOR

31st May 2001

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 53 for the year ended 31st March 2001. 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 2001, and the results of their operations, changes in equity and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa



PRICEWATERHOUSECOOPERS INC
Registered Accountants and Auditors
Chartered Accountants (SA)
Johannesburg
31st May 2001

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.

EXECUTIVE COMMITTEE

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

BOARD OF DIRECTORS

The board of directors meets when required. 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 the optimal functioning of the financial and operational control systems. The committee, consisting of three non-executive members and two executive members, meets at least 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 Institute 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 Institute. Employees are required to act with integrity in all transactions.

CODE OF ETHICS

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

REPORT OF THE DIRECTORS

The directors have approved the attached annual financial statements and submit their report for the year ended 31st March 2001.

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	P O Box 31044
Braamfontein	Braamfontein
2001 Johannesburg	2017 South Africa

SUBSIDIARY COMPANY

The name of the subsidiary is:

De Korte Street Properties (Pty) Ltd	2001	2000
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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

BALANCE SHEET
as at 31st March 2001

	Note	2001 R	GROUP 2000 R	2001 R	COMPANY 2000 R
ASSETS					
Non current assets					
Property, plant and equipment	2	1 573 206	1 715 890	588 206	732 065
Investment in subsidiary	3	-	-	898 212	898 212
Investments					
Special funds	4	23 507 639	20 175 407	23 507 639	20 175 407
Other	4	3 275 495	3 751 432	3 275 495	3 751 432
		<u>26 783 134</u>	<u>23 926 839</u>	<u>26 783 134</u>	<u>23 926 839</u>
Current assets					
Inventory	5	34 422	56 596	34 422	56 596
Debit balances on special funds	10	334 734	54 569	334 734	54 569
Current account with subsidiary		-	-	355 189	101 816
Accounts receivable	6	1 192 939	1 187 562	1 191 988	1 186 611
Cash resources		254 803	93 511	254 803	93 511
		<u>1 816 898</u>	<u>1 392 238</u>	<u>2 171 136</u>	<u>1 493 103</u>
TOTAL ASSETS		<u>30 173 238</u>	<u>27 034 967</u>	<u>30 440 688</u>	<u>27 050 219</u>
FUNDS AND LIABILITIES					
Funds and reserves					
Non-distributable reserves	7	1 237 854	1 221 679	1 221 679	1 221 679
Accumulated funds		1 694 864	1 954 359	1 670 200	1 957 674
Research reserve		2 000 000	2 000 000	2 000 000	2 000 000
Reserve funds					
- Western Cape	8	324 690	434 787	324 690	434 787
		<u>5 257 408</u>	<u>5 610 825</u>	<u>5 216 569</u>	<u>5 614 140</u>
Special funds	10	23 842 373	20 229 976	23 842 373	20 229 976
Non current liabilities					
Long term liabilities	11	14 900	14 900	14 900	14 900
Current liabilities					
Accounts payable	12	1 058 557	1 179 266	1 366 846	1 191 203
TOTAL FUNDS AND LIABILITIES		<u>30 173 238</u>	<u>27 034 967</u>	<u>30 440 688</u>	<u>27 050 219</u>

INCOME STATEMENT
for the year ended 31st March 2001

	Note	2001 R	GROUP 2000 R	2001 R	COMPANY 2000 R
INCOME					
Membership fees and subscriptions		2 102 350	2 040 238	2 102 350	2 040 238
Administration fees received		1 929 187	1 826 248	1 929 187	1 826 248
Interest received		371 532	369 666	371 532	369 666
Grants and donations		1 825 336	3 218 954	1 825 336	3 218 954
Dividends		26 655	17 516	26 655	17 516
Share and bond valuation		76 771	264 999	76 771	264 999
Publication sales		153 747	206 315	153 747	206 315
Rental received		52 818	42 293	52 818	42 293
		<u>6 538 396</u>	<u>7 986 229</u>	<u>6 538 396</u>	<u>7 986 229</u>
EXPENSES					
Auditors' remuneration - Fees for the audit	13	95 102	104 729	89 102	101 729
Depreciation		165 954	128 549	150 954	128 549
Lease expenditure	14	143 394	87 930	143 394	87 930
Research, publishing and administration expenditure		6 393 441	7 236 495	6 442 420	7 267 186
		<u>6 797 891</u>	<u>7 557 703</u>	<u>6 825 870</u>	<u>7 585 394</u>
(DEFICIT)/SURPLUS for the year		<u>(259 495)</u>	<u>428 526</u>	<u>(287 474)</u>	<u>400 835</u>

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March 2001

GROUP	Note	Non-distributable reserve R	Accumulated Funds R	Research Reserve R	Reserve Funds – Western Cape R	Total R
Balance at 1 April 1999						
As previously reported		821 681	1 269 455	2 000 000	433 879	4 525 015
Change in accounting policy	17	399 998	256 378	-	4 240	660 616
As restated		1 221 679	1 525 833	2 000 000	438 119	5 185 631
Surplus/(deficit) for the year		-	428 526	-	(3 332)	425 194
Balance at 31 March 2000		1 221 679	1 954 359	2 000 000	434 787	5 610 825
Balance at 1 April 2000						
As previously reported		821 681	1 600 866	2 000 000	430 547	4 853 094
Change in accounting policy	17	399 998	353 493	-	4 240	757 731
As restated		1 221 679	1 954 359	2 000 000	434 787	5 610 825
Revaluation of buildings		16 175	-	-	-	16 175
Deficit for the year		-	(259 495)	-	(110 097)	(369 592)
Balance at 31 March 2001		1 237 854	1 694 864	2 000 000	324 690	5 257 408
COMPANY						
Balance at 1 April 1999						
As previously reported		821 681	1 300 461	2 000 000	433 879	4 556 021
Change in accounting policy	17	399 998	256 378	-	4 240	660 616
As restated		1 221 679	1 556 839	2 000 000	438 119	5 216 637
Surplus/(deficit) for the year		-	400 835	-	(3 332)	397 503
Balance at 31 March 2000		1 221 679	1 957 674	2 000 000	434 787	5 614 140
Balance at 1 April 2000						
As previously reported		821 681	1 604 181	2 000 000	430 547	4 856 409
Change in accounting policy	17	399 998	353 493	-	4 240	757 731
As restated		1 221 679	1 957 674	2 000 000	434 787	5 614 140
Deficit for the year		-	(287 474)	-	(110 097)	(397 571)
Balance at 31 March 2001		1 221 679	1 670 200	2 000 000	324 690	5 216 569

CASH FLOW STATEMENT

for the year ended 31st March 2001

	GROUP		COMPANY	
	2001 R	2000 R	2001 R	2000 R
Cash flows from operating activities				
Operating (deficit)/profit before interest	(520 229)	58 860	(543 208)	31 169
Adjustments:				
Depreciation	170 954	128 549	150 954	128 549
Decrease in reserve funds				
– Western Cape	(107 783)	(3 332)	(107 783)	(3 332)
Decrease in research reserve	-	(4 147)	-	(4 147)
Increase in special funds	2 878 653	1 804 043	2 878 653	1 804 043
Movement in working capital				
- (increase)/decrease in accounts receivable	(5 377)	709 148	(5 377)	709 148
- (decrease)/increase in accounts payable	(120 709)	106 482	(286 726)	102 600
- increase/(decrease) in debit balances on special funds	(286 726)	54 391	175 643	54 391
Decrease/(increase) in inventory	22 174	(27 206)	22 174	(27 206)
	<u>2 030 957</u>	<u>2 826 788</u>	<u>2 284 330</u>	<u>2 795 215</u>
Interest received	371 532	369 666	371 532	369 666
	<u>2 402 489</u>	<u>3 196 454</u>	<u>2 655 862</u>	<u>3 164 881</u>
Cash flows from investing activities				
(Increase)/decrease in inter-company current account	-	-	(253 373)	31 573
Increase in investments	(2 231 788)	(3 341 017)	(2 231 788)	(3 341 017)
Additions to property, plant and equipment	(9 409)	(198 458)	(9 409)	(198 458)
	<u>(2 241 197)</u>	<u>(3 539 475)</u>	<u>(2 494 570)</u>	<u>(3 507 902)</u>
Net cash outflow from investing activities	(2 241 197)	(3 539 475)	(2 494 570)	(3 507 902)
Net cash generated for the year	161 292	(343 021)	161 292	(343 021)
Cash resources at beginning of year	93 511	436 532	93 511	436 532
Cash resources at end of year	<u>254 803</u>	<u>93 511</u>	<u>254 803</u>	<u>93 511</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31st March 2001

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared on the historical cost basis except for listed investments, which are valued at market value, and the revaluation of certain property, plant, and equipment.

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.

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 in note 10.

Property, plant and equipment

Land and library books are not depreciated. Other assets are stated at cost or valuation less accumulated depreciation. Library books are stated at valuation. Depreciation is calculated on a straight line basis to write off the cost of each asset over its estimated useful life as follows:

Buildings	-	50 years
Furniture and equipment	-	3 - 6 years
Motor vehicles	-	5 years

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables and payables.

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 stated at the lower of printing cost or net realisable value. Cost is determined on an average cost basis. Cost of research is expensed as incurred.

NOTES (continued)

2. PROPERTY, PLANT AND EQUIPMENT

Group	Land R	Buildings R	Furniture and equipment R	Motor vehicles R	Library R	Total R
Year ended 31 March 2001						
Opening net carrying amount	250 000	764 747	245 912	55 231	400 000	1 715 890
Revaluation	-	16 175	-	-	-	16 175
Additions	-	-	9 409	-	-	9 409
Depreciation	-	(15 000)	(136 408)	(16 860)	-	(168 268)
Closing net carrying amount	<u>250 000</u>	<u>765 922</u>	<u>118 913</u>	<u>38 371</u>	<u>400 000</u>	<u>1 573 206</u>
At 31 March 2001						
Cost	250 000	780 922	849 794	84 302	400 000	2 365 018
Accumulated depreciation	-	(15 000)	(730 881)	(45 931)	-	(791 812)
Closing net carrying amount	<u>250 000</u>	<u>765 922</u>	<u>118 913</u>	<u>38 371</u>	<u>400 000</u>	<u>1 573 206</u>
Year ended 31 March 2000						
Opening net carrying amount	250 000	764 747	159 143	72 091	400 000	1 645 981
Additions	-	-	198 458	-	-	198 458
Depreciation	-	-	(111 689)	(16 860)	-	(128 549)
Closing net carrying amount	<u>250 000</u>	<u>764 747</u>	<u>245 912</u>	<u>55 231</u>	<u>400 000</u>	<u>1 715 890</u>
At 31 March 2000						
Cost	250 000	764 747	840 385	84 302	400 000	2 339 434
Accumulated depreciation	-	-	(594 473)	(29 071)	-	(623 544)
Closing net carrying amount	<u>250 000</u>	<u>764 747</u>	<u>245 912</u>	<u>55 231</u>	<u>400 000</u>	<u>1 715 890</u>

Company	Land and Buildings R	Furniture and equipment R	Motor vehicles R	Library R	Total R
Year ended 31 March 2001					
Opening net carrying amount	30 922	245 912	55 231	400 000	732 065
Additions	-	9 409	-	-	9 409
Depreciation	-	(136 408)	(16 860)	-	(153 268)
Closing net carrying amount	<u>30 922</u>	<u>118 913</u>	<u>38 371</u>	<u>400 000</u>	<u>588 206</u>
At 31 March 2001					
Cost	30 922	849 794	84 302	400 000	1 365 018
Accumulated depreciation	-	(730 881)	(45 931)	-	(776 812)
Closing net carrying amount	<u>30 922</u>	<u>118 913</u>	<u>38 371</u>	<u>400 000</u>	<u>588 206</u>
Year ended 31 March 2000					
Opening net carrying amount	30 922	159 143	72 091	400 000	662 156
Additions	-	198 458	-	-	198 458
Depreciation	-	(111 689)	(16 860)	-	(128 549)
Closing net carrying amount	<u>30 922</u>	<u>245 912</u>	<u>55 231</u>	<u>400 000</u>	<u>732 065</u>
At 31 March 2000					
Cost	30 922	840 385	84 302	400 000	1 335 609
Accumulated depreciation	-	(594 473)	(29 071)	-	(623 544)
Closing net carrying amount	<u>30 922</u>	<u>245 912</u>	<u>55 231</u>	<u>400 000</u>	<u>732 065</u>

NOTES (continued)

**2. PROPERTY, PLANT AND EQUIPMENT
(continued)**

Details of land and buildings	Valuation R	2001 R	2000 R
Freehold property, stand 28701 Situating at 5 Long Street, Mowbray, Cape Town Purchased January 1975 at cost Improvement during that year		27 723 3 199	27 723 3 199
Municipal valuation	29 240	<u>30 922</u>	<u>30 922</u>
Freehold stand, lot 2794 Johannesburg township Situating at 68 de Korte Street, Braamfontein Purchased 1954 at cost Building erected 1956 Revaluation		20 500 65 198 667 981	20 500 65 198 -
Municipal valuation	705 000	<u>753 679</u>	<u>85 698</u>
Freehold stand, lot 5088 Johannesburg township Situating at 70 De Korte Street, Braamfontein Purchased 1989 at cost Improvements and alterations - 1990 Improvements and alterations - 1991 Improvements and alterations - 1997 Revaluation		375 000 440 410 47 528 35 189 (651 806)	375 000 440 410 47 528 35 189 -
Municipal valuation	560 000	<u>246 321</u>	<u>898 127</u>
	<u>1 294 240</u>	<u>1 030 922</u>	<u>1 014 747</u>

COMPANY

2001 2000
R R

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

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

NOTES (continued)

	COMPANY AND GROUP	
4. INVESTMENTS		
4.1 Special Funds		
4.1.1 Bursary Funds : Head Office		
Participation Mortgage Bonds	86 500	86 500
Fixed deposits	5 394 348	4 998 339
Listed investments (see Appendix A.1)	6 669 627	4 897 169
	<u>12 150 475</u>	<u>9 982 008</u>
Local Registered Stock		
9,5% Newcastle Town Council	9 980	9 257
11,0% Eskom N168 (face value - R1 981 177)	1 838 136	1 650 852
	<u>1 848 116</u>	<u>1 660 109</u>
Funds administered by Standard Bank Trust		
Listed investments (see Appendix A.2)	511 402	464 888
Gilts	416 357	143 138
Cash reserves	161 294	430 280
	<u>1 089 053</u>	<u>1 038 306</u>
Total equities and gilts	15 087 644	12 679 423
Cash deposits	1 783 553	2 614 496
Debtors	82 961	113 454
	<u>16 954 158</u>	<u>15 407 373</u>
Less: Creditors	(568 592)	(435 503)
Total Bursary Fund Investments : Head Office	<u>16 385 566</u>	<u>14 971 870</u>
4.1.2 Special Research Projects : Head Office		
Listed Investments (see Appendix A.3)	314 751	244 232
Cash on call	1 659 254	410 637
	<u>1 974 005</u>	<u>654 869</u>

NOTES (continued)

	2001 R	2000 R
4.1.3 Funds Administered by Regional Office		
Education Empowerment Programme		
Cash on call	42 704	142 407
Other net assets	75 303	28 315
Freda Whitehead Progress Trust Bursary Programme		
Syfrets Unit Trust Gilt Fund	29 896	28 613
Cash on call	2 167	2 193
Other net liabilities	(791)	(908)
Educational Trust Bursary Programme		
Educational Trust		
Participation Mortgage Bonds	1 009 000	1 252 481
Shares at market value	667 258	768 536
Cash on call	1 909 764	2 249 946
Other net assets	60 618	(538 797)
Gregoire Boonzaier Fund		
Syfrets Unit Trust Gilt Fund	126 956	121 508
Cash on call	6 081	6 235
Other net liabilities	(13 509)	-
Brodie Trust Fund		
Eskom Stock	347 258	332 884
Cash on call	21 700	21 954
Other net liabilities	(2 441)	-
The D G Murray Trust Fund Bursary Programme		
Other net assets	13 823	135 080
Abe Bailey Trust Bursary Programme		
Other net assets/liabilities	741 247	(6 561)
The Cape Times Bursary Fund Bursary Programme		
Other net assets	11 816	4 380
The Leslie Hill Higher Educational Trust Bursary Programme		
Other net assets	17 213	402
The National Development Agency Fund		
Other net assets	82 005	-
	<u>5 148 068</u>	<u>4 548 668</u>
TOTAL SPECIAL FUNDS INVESTED	<u>23 507 639</u>	<u>20 175 407</u>
4.2 Cash on Call and on Deposit: Other Funds		
Head Office:		
Call account	1 436 928	1 794 303
11% Eskom N168 (face value - R565 323)	524 507	471 400
Listed investments (see Appendix A.4)	1 104 847	922 125
Regional Office:		
Reserve fund	209 213	563 604
	<u>3 275 495</u>	<u>3 751 432</u>
TOTAL INVESTMENTS	<u>26 783 134</u>	<u>23 926 839</u>

NOTES (continued)

	GROUP		COMPANY	
	2001	2000	2001	2000
	R	R	R	R
5. INVENTORY				
Inventory comprises -				
Finished goods, books and publications at printed cost	<u>34 422</u>	<u>56 596</u>	<u>34 422</u>	<u>56 596</u>
 6. ACCOUNTS RECEIVABLE				
Trade and other debtors:				
Head Office	1 086 925	1 068 375	1 085 974	1 067 424
Regional	100 489	70 068	100 489	70 068
Staff debtors - Head Office	5 525	49 119	5 525	49 119
	<u>1 192 939</u>	<u>1 187 562</u>	<u>1 191 988</u>	<u>1 186 611</u>
 7. NON-DISTRIBUTABLE RESERVES				
7.1 Specific bequests, surplus on sale of investments and extraordinary donations of a non-recurring nature	231 181	231 181	231 181	231 181
7.2 Building fund	590 500	590 500	590 500	590 500
7.3 Revaluation of buildings and library	416 173	399 998	399 998	399 998
	<u>1 237 854</u>	<u>1 221 679</u>	<u>1 221 679</u>	<u>1 221 679</u>
 8. RESERVE FUNDS - WESTERN CAPE			2001	2000
			R	R
Reserve Funds				
Balance at beginning of year			203 358	378 315
Transfer to Headstart Programme:				
loan account written off			-	(175 257)
Other transfers			-	300
			<u>203 358</u>	<u>203 358</u>
Celebrating Diversity Programme			21 368	150 505
Motor Vehicle Reserve Fund			99 964	76 684
Change in accounting policy			-	4 240
			<u>324 690</u>	<u>434 787</u>

NOTES (continued)

9. SPECIAL FUNDS

	Head Office Bursary Funds R	Head Office Special Research Projects R	Regional Bursary and Special Funds R	Total 2001 R	Total 2000 R
INCOME					
Donations and grants	7 464 171	1 386 112	4 150 614	13 000 897	7 860 578
Interest	508 318	18 616	565 354	1 092 288	1 296 774
Dividends	313 455	-	48 752	362 207	147 796
	<u>8 285 944</u>	<u>1 404 728</u>	<u>4 764 720</u>	<u>14 455 392</u>	<u>9 305 148</u>
EXPENSES					
Administration fees and running costs	1 695 670	156 093	2 256 176	4 107 939	1 796 481
Audit fees	69 354	-	-	69 354	70 104
Bursaries and grants	7 585 660	-	1 750 459	9 336 119	8 181 799
	<u>9 350 684</u>	<u>156 093</u>	<u>4 006 635</u>	<u>13 513 412</u>	<u>10 048 384</u>
Surplus/(deficit) for the year	(1 064 740)	1 248 635	758 085	941 980	(743 236)
Increase in value of investments	1 969 082	70 501	(141 767)	1 897 816	2 263 949
Profit on sale of shares	619	-	-	619	114 338
Accumulated funds at beginning of the year net of deficit balances	14 971 870	654 869	4 548 668	20 175 407	17 959 243
Funds introduced during the year	508 735	-	(16 918)	491 817	581 113
	<u>16 385 566</u>	<u>1 974 005</u>	<u>5 148 068</u>	<u>23 507 639</u>	<u>20 175 407</u>

A list of the balances of the Special Funds administered by the Institute appears in Note 10 and the related investments are set out in Note 4.

NOTES (continued)

10. SPECIAL FUNDS

10.1 Bursary Funds : Head Office

	Capital R	Amounts held for bursary awards R	Total 2001 R	Total 2000 R
Bertha McKay Bursary Fund	100 201	-	100 201	109 374
Clayton Bursary Fund	508 735	14 595	523 330	-
Dorothy Glauber Bursary Fund	55 000	3 233	58 233	55 000
Energos Foundation	1 581 868	250 226	1 832 094	1 824 904
Esrael Lazarus Education Fund	118 080	15 547	133 627	121 081
First National Bank Bursary Fund	-	-	-	9 108
German Enrichment Programme	-	18 423	18 423	18 423
Gert and Irmgard Brusseau Trust	359 227	98 955	458 182	403 306
Giannopoulos Trust	359 365	80 913	440 278	384 311
Harvard/South Africa Fellowship Programme	-	-	-	52 142
Hungjao Bequest	1 089 053	4 215	1 093 268	1 059 180
Isaacson Foundation Bursary Fund	2 177 767	686 875	2 864 642	1 795 638
Kellogg Foundation Bursary Fund	-	347 897	347 897	1 225 751
Luthuli Memorial Foundation Trust Fund	107 883	-	107 883	107 883
Margaret Ballinger Welfare Fund	-	19 211	19 211	16 950
MTN Bursary Fund	-	271 016	271 016	-
Nampak Bursary Fund	-	613 213	613 213	584 868
Rand Water Bursary Scheme	-	168 965	168 965	-
Robert Shapiro Trust	3 445 316	151 786	3 597 102	2 530 263
SAIRR Education Trust	268 093	12 434	280 527	224 651
(Alumni Bursary Fund)	-	14 185	14 185	13 500
(Anglovaal Group Bursary Scheme)	-	83 859	83 859	172 214
(Clive Beck Bursary Fund)	-	-	-	431 372
(Engen Bursary Fund)	-	11 344	11 344	11 344
(Foschini Bursary Fund)	-	-	-	13 097
(John Deere Bursary Fund)	-	26 103	26 103	46 668
(3M Bursary Fund)	-	-	-	277 487
SAIRR Funds	909 996	6 429	916 425	626 181
Senior Teachers Training Trust	50 000	429	50 429	55 548
South African Scholarship Programme (US Aid)	-	181 208	181 208	428 912
Shirley Simons Bursary Fund	1 288 654	44 787	1 333 441	1 236 245
US Signatory Education Trust	33 428	1 119 832	1 153 260	1 152 472
Yvonne Rabbow Memorial Music Award	16 705	777	17 482	20 157
	<u>12 469 371</u>	<u>4 246 457</u>	<u>16 715 828</u>	<u>15 008 030</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.

The Isaacson Foundation Bursary Fund includes the ASA Educational Trust, the Haggie Bursary Scheme, the Kilchberg Bursary Fund, the Mackenzie Foundation, the Still-Gosnell Bursary Trust Fund, and the Trinity College (Cambridge) Bursary Fund.

NOTES (continued)

10.1 Bursary Funds (continued)

	Capital R	Amounts held for Bursary Awards R	Total 2001 R	Total 2000 R
Balance brought forward	12 469 371	4 246 457	16 715 828	15 008 030

10.2 Special Research Projects : Head Office

Ausaid Project			403 635	-
Business Response			-	100 000
Dick Gawith Fellowship			918 616	-
Donaldson Trust			251 837	310 637
Hecate Fund			85 166	-
Estate Late CMK Thomas			314 751	244 232
			<u>1 974 005</u>	<u>654 869</u>

10.3 Funds administered by Cape Western Region

Abe Bailey Trust Bursary Programme	-	741 247	741 247	-
Educational Empowerment Programme	-	118 007	118 007	170 722
Educational Trust Bursary Programme				
- Brodie Trust Fund	339 525	26 992	366 517	352 358
- Educational Trust	2 494 380	1 152 260	3 646 640	3 748 938
- Gregoire Boonzaier Fund	124 000	-	124 000	124 000
Freda Whitehead Progress Trust				
Bursary Programme	31 197	75	31 272	31 197
The National Development Agency Fund	-	82 005	82 005	-
The DG Murray Trust Fund	-	13 823	13 823	135 080
The Cape Times Bursary Fund				
Bursary Programme	-	11 816	11 816	4 380
The Leslie Hill Higher Educational				
Trust Bursary Programme	-	17 213	17 213	402
	<u>2 989 102</u>	<u>2 163 438</u>	<u>5 152 540</u>	<u>4 567 077</u>
			<u>23 842 373</u>	<u>20 229 976</u>

NOTES (continued)

	2001 R	2000 R
10.4 Debit balances on funds administered:		
Head Office		
- Bertha McKay Bursary Fund	11 739	-
- Clive Beck Bursary Fund	146 049	-
- Dorothy Glauber Bursary Fund	-	2 035
- Du Pont Nemours Bursary Fund	948	951
- First National Bank Bursary Fund	534	-
- Foschini Bursary Fund	120 726	-
- Harvard/South Africa Fellowship Programme	1 038	-
- Isaacson Foundation Bursary Fund	-	24 258
- Luthuli Memorial Foundation Trust Fund	4 381	1 251
- SAIRR Funds	-	7 665
- 3M Bursary Fund	44 847	-
	<u>330 262</u>	<u>36 160</u>
Cape Western Region		
- Abe Bailey Trust Bursary Programme	-	6 561
- Freda Whitehead Progress Trust	-	1 299
- Gregoire Boonzaier Fund	4 472	10 549
	<u>334 734</u>	<u>54 569</u>
TOTAL SPECIAL FUNDS	<u>23 507 639</u>	<u>20 175 407</u>

11. LONG TERM LIABILITIES

Unsecured, interest free loan which is repayable on disposal of the Cape Town property	<u>14 900</u>	<u>14 900</u>
--	---------------	---------------

	GROUP		COMPANY	
	2001 R	2000 R	2001 R	2000 R
12. ACCOUNTS PAYABLE				
Trade and other creditors:				
Head Office	880 872	935 613	1 189 161	947 550
Regional	177 685	243 653	177 685	243 653
	<u>1 058 557</u>	<u>1 179 266</u>	<u>1 366 846</u>	<u>1 191 203</u>

NOTES (continued)

	2001 R	2000 R
13. AUDITORS' REMUNERATION (GROUP)		
Fees for the audit		
Head Office Central Funds		
- Audit	72 360	65 160
- Prior year over-provision	(7 498)	-
- Other services	-	5 663
Cape Western Region Institute	24 240	23 729
Cape Western Bursary Department	-	7 177
	<u>89 102</u>	<u>101 729</u>
 De Korte Street Properties (Pty) Ltd		
- Audit	6 000	3 000
Charged to the income statement	95 102	104 729
Charged to bursary funds - Head Office	29 537	23 538
	<u>124 639</u>	<u>128 267</u>

14. OPERATING LEASES

The Institute has certain operating leases pertaining to office equipment. In terms of the leases the Institute's commitments are as follows:

Minimum lease payments:

	2001 R	2000 R
Not later than one year	147 260	143 394
Later than one year and not later than 5 years	305 170	452 429
	<u>452 430</u>	<u>595 823</u>

15. DIRECTORS' REMUNERATION

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

	2001 R	2000 R
Salaries	619 247	639 233
Fringe benefits	59 723	58 956
	<u>678 970</u>	<u>698 189</u>

16. TAXATION

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

NOTES (continued)

17. CHANGE IN ACCOUNTING POLICY

In order to comply with the requirements of Generally Accepted Accounting Practice the directors of the South African Institute of Race Relations have capitalised all property, plant and equipment and accounted for inventory on hand.

This is a change in accounting policy as property, plant and equipment other than land and buildings, the library, and inventory, were previously recorded at a nominal value. The comparative figures have been changed.

The effect of the change in accounting policy is as follows:

	GROUP		COMPANY	
	2001 R	2000 R	2001 R	2000 R
(Loss)/profit for the year	(181 033)	97 115	(166 033)	97 115
Restatement of opening balances:				
Non-distributable reserves	399 998	399 998	399 998	399 998
Accumulated funds	353 493	256 378	353 493	256 378
Reserve funds - Western Cape	4 240	4 240	4 240	4 240
TOTAL	<u>757 731</u>	<u>660 616</u>	<u>757 731</u>	<u>660 616</u>

18. FINANCIAL INSTRUMENTS

Fair Values

At the year end the carrying amounts of investments, receivables and payables were the same as their fair values. The fair value of the investments is disclosed in note 4.

Receivables and payables are disclosed in notes 6 and 12 respectively.

Credit and Investment Risk

Investments are placed with high quality institutions and invested in blue chip equities and gilts to reduce credit and investment risk.

Interest Rate Risk

The Institute is exposed to the risk of fluctuations in market interest rates. This risk is monitored closely and cash balances are invested accordingly.

SCHEDULE OF INVESTMENTS

as at 31st March 2001

	QUANTITY	2001 R	2000 R
APPENDIX A.1			
LISTED INVESTMENTS			
(note 4.1.1)			
Diamonds			
De Beers Centenary Linked Units	4 200	1 281 000	61 200
Platinum			
Anglo American Platinum Corporation Limited	4 206	1 127 208	175 044
Gold			
Anglogold Limited	200	45 200	62 560
Banks			
Standard Bank Investment Corporation Limited	7 149	210 896	166 023
Financial Services			
Coronation Holdings Limited	800	41 840	93 800
Metals and Minerals			
Palabora Mining Company Limited	1 000	44 500	30 500
Life Insurance			
Old Mutual Plc	7 000	117 950	46 350
Liberty Life Association of Africa Limited	2 259	113 077	141 188
Mining Holdings and Houses			
Anglo American Plc	3 455	1 572 716	1 044 101
Anglovaal Mining Limited	-	-	1 159 161
Billiton Plc	5 066	183 389	156 033
Investment Trusts			
Genbel South Africa Limited	2 496	37 680	52 200
Property			
Liberty International Plc	1 053	64 022	47 122
Property Unit Trusts			
Allan Gray Property Trust	70 000	169 400	128 520
Sycom Property Fund	17 000	136 000	99 200
Services			
The Bidvest Group Limited	6 292	279 365	-
Food			
Anglovaal Industries Limited	38 000	311 600	474 648
Anglovaal Industries 5% Convertible Debentures	-	-	49 352
Illovo Sugar Limited	5 000	23 000	27 500
Tiger Brands Limited	1 774	93 135	20 632
Packaging and Printing			
Nampak Limited	1 000	10 800	15 200
Diversified Industrial			
Rembrandt Group Limited	1 000	47 000	58 000
Richemont Securities Ag	3 000	528 000	492 000
Retail			
New Clicks Holdings Limited	500	4 335	4 327
Pick 'n Pay Stores Limited	16 402	196 824	151 468
Beverages			
South African Breweries Plc	580	30 690	41 040
		<u>6 669 627</u>	<u>4 897 169</u>

SCHEDULE (continued)

	Quantity	2001 R	2000 R
APPENDIX A.2			
FUNDS ADMINISTERED BY STANDARD BANK TRUST			
- LISTED INVESTMENTS			
(note 4.1.1)			
Mining Holdings and Houses			
Anglo American Plc	300	136 560	88 200
Banks			
ABSA Group Limited	-	-	24 100
Standard Bank Investment Corporation Limited	1 173	34 603	30 448
Investment Trusts			
Johnnies Industrial Corporation Limited	-	-	50 500
Property			
Liberty International Plc	1 155	70 224	51 975
Property Unit Trusts			
Sycom Property Fund	3 000	23 640	-
Property Loan Stock			
Hyprop Investments Limited	2 200	22 220	-
Diversified Industrial			
Rembrandt Group Limited	800	37 600	29 760
Richemont Securities Ag	500	86 500	80 200
Information Technology			
Dimension Data Holdings Plc	1 425	46 312	85 785
Telecommunications			
Johnnic Holdings Limited	500	28 500	-
Venfin Limited	800	13 640	-
Food			
Illovo Sugar Limited	-	-	1 373
Tiger Brands Limited	221	11 603	8 167
Packaging and Printing			
Nampak Limited	-	-	730
Services			
Molope Group Limited	-	-	7 650
		<u>511 402</u>	<u>464 888</u>

SCHEDULE (continued)

	Quantity	2001 R	2000 R
APPENDIX A.3			
SPECIAL RESEARCH PROJECTS:			
- HEAD OFFICE			
(note 4.1.2)			
Mining Holdings and Houses			
Anglo American Plc	383	174 341	115 743
Platinum			
Gencor Limited	333	8 425	3 163
Paper			
Sappi Limited	250	15 750	-
Diversified Industrial			
Rembrandt Group Limited	166	7 802	9 628
Richemont Securities Ag	166	29 216	27 224
Chemicals, Oils, and Plastics			
Sasol Limited	242	15 948	11 117
Banks			
BOE Corporation Limited	-	-	3 346
BOE Limited	-	-	3 408
Standard Bank Investment Corporation Limited	206	6 077	5 427
Property			
Liberty International Plc	-	-	1 969
Beverages			
South African Breweries Plc	-	-	7 300
Food			
Tiger Brands Limited	166	8 715	10 076
Sundry			
Rand Mines Limited	9	168	168
Rand Selection Trust		3 000	3 000
Unit Trusts		45 309	42 663
		<u>314 751</u>	<u>244 232</u>

SCHEDULE (continued)

	Quantity	2001 R	2000 R
APPENDIX A.4			
CASH ON CALL AND DEPOSIT			
- OTHER FUNDS			
(note 4.2)			
Platinum			
Gencor Limited	550	12 925	-
Diamonds			
De Beers Centenary Linked Units	250	76 250	30 792
Mining Holdings and Houses			
Anglo American Plc	408	185 720	123 298
Anglovaal Mining Limited	-	-	15 369
Billiton Plc	1 995	72 219	61 446
Banks			
Firststrand Limited	7 593	56 188	59 985
Investec Group Limited	75	14 775	-
Nedcor Limited	468	63 742	61 538
Standard Bank Investment Corporation Limited	527	15 546	14 229
Financial Services			
Coronation Holdings Limited	316	16 526	-
Information Technology			
Comparex Holdings Limited	378	3 780	-
Dimension Data Holdings Plc	1 213	39 422	-
Life Insurance			
Liberty Holdings Limited	148	25 693	25 071
Education and Staffing			
Educor Limited	620	725	-
Retail			
Pick 'n Pay Stores Limited	2 775	13 875	-
Profurn Limited	2 534	3 852	-
Property			
Liberty International Plc	113	6 870	5 057
Diversified Industrial			
Barlow Limited	-	-	14 419
Rembrandt Group Limited	900	42 300	52 200
Richemont Securities Ag	1 040	183 040	170 560
Services			
The Bidvest Group Limited	500	22 200	-
Beverages			
South African Breweries Plc	756	39 690	37 800
Chemicals, Oils, and Plastics			
Sasol Limited	1 029	67 811	33 823
Sasol Limited 8,5% Debentures	50	3 295	2 013
Food			
Anglovaal Industries Limited	-	-	8 303
Illovo Sugar Limited	-	-	1 815
Tiger Brands Limited	664	34 860	45 152
Media			
Johnnic Communications Limited	1 092	97 053	150 120
Packaging and Printing			
Nampak Limited	601	6 490	9 135
		<u>1 104 847</u>	<u>922 125</u>



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