



# South African Institute of Race Relations

73rd Annual Report - 1st April 2002 to 31st March 2003



I did it !

SOUTH AFRICAN INSTITUTE  
OF RACE RELATIONS (INC)

73<sup>rd</sup> ANNUAL REPORT

1<sup>st</sup> APRIL 2002 TO 31<sup>st</sup> MARCH 2003

**LEADERSHIP WITH FACTS**

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I DID IT! Sibusiso Vilane arrives back at base camp after conquering  
Mount Everest on behalf of southern Africa.

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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.*

[see page 53]

# HIGHLIGHTS

- Year-end surplus of R70 308 against R1.5 million last year.
- Income runs at R8.2 million and expenditure at R8.1 million.
- Fifty-fourth edition of annual *South Africa Survey* published, highlighting key short-, medium-, and long-term macro-economic and socio-economic trends, with new international comparisons, 604 pages in all.
- Data excerpted from the *Survey* turned into a *National Audit Report* slideshow and presented to various audiences.
- Thirteen editions of *Fast Facts* printed as monthly supplement to the annual *Survey*, bringing the total number of issues published to 147 since the first one appeared in February 1991.
- Increased demand among members for customised information from our *Member Information Service* on a very wide range of subjects.
- Our special *Parliamentary Information Service* continues for its second year of operation.
- Carl Gershman, president of the Washington-based National Endowment for Democracy, delivers the 39<sup>th</sup> Alfred and Winifred Hoernlé Memorial Lecture.
- Fourteen other briefings and lectures organised for members in Cape Town and Johannesburg, on topics including AIDS, land reform, the mining charter, the economy, privatisation for the poor, free trade negotiations with the US, and lawsuits against companies that did business in South Africa between 1948 and 1994.
- Students on Institute bursaries run by Head Office achieve a 90% pass rate at the end of 2002 and 143 students graduate, bringing the total since 1980 to 2 705 and total bursary expenditure to more than R161 million. Over the same period, the Harvard/South Africa Fellowship Programme has sponsored 132 students at Harvard.
- Head Office awards 878 bursaries for the 2003 academic year.
- New bursary programmes are established on behalf of the Eva Dickhuth-Baumann Education Fund and the Goba Moahloli Keeve Steyn Education Empowerment Trust.
- Cape Western students obtain an 89% pass rate in 2002, supporting some 505 tertiary students.
- Preparations are made for the educational programmes run by our Cape Western regional committee to be handed over to a new independent Section 21 company.
- Public policy issues given special focus over the past year include AIDS, education, social policy, unemployment, empowerment, race, arms purchases, crime, terrorism, privatisation, green rights, Zimbabwe, the New Partnership for Africa's Development (Nepad), and American lawsuits against multinational corporations that did business in South Africa during the apartheid era.



# CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING ON 29th SEPTEMBER 2003

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 31<sup>st</sup> March 2003, this narrative report is up to date to the middle of August.

## *INTRODUCTION*

Founded in May 1929, the Institute turns 75 this year. Throughout its history the organisation has striven essentially to do two things: one is to 'seek the facts and make them known,' as it was put many years ago. The other has been to promote the values of liberal democracy as an alternative to the system of statutory racial discrimination known to the world as 'apartheid.' At the time of our foundation the worst of apartheid – under post-war National Party rule – was yet to come. The same was true of communism – the polar opposite of liberal democracy. In our 75<sup>th</sup> year we can look back with pride on the work the Institute did to expose the effects of apartheid and to chronicle its rise and fall. Our annual *Survey*, supplemented by hundreds of pamphlets, booklets, and longer studies, is a unique historical record of the apartheid system – indeed the only one in existence anywhere. The Institute can also look back with pride on the consistency with which it has put forward its values – and can celebrate the fact that they now underlie the political systems of a far greater proportion of the world than has ever previously been the case.

South Africa's new constitution lays the foundation of a liberal democratic system but also authorises more state intervention in the private domain than classical liberals would welcome. Nor does our constitution guarantee this country's success as a free and prosperous society that has finally put racial discrimination and racial tension behind it. So the Institute needs now to re-state, and re-dedicate itself to, the values it has always upheld, while at the same time sharpening the tools of vigilance on which we have relied for so long. The period ahead will thus see the Institute define and propagate the virtues of liberal democracy with renewed determination and vigour.

## *FINANCE, MEMBERSHIP, AND GOVERNANCE*

The Institute recorded a surplus of R70 308, against R1,56 million last year. The main reason for the poorer performance was an unrealised loss on investment revaluation of R966 212, compared with an unrealised surplus of R552 322 last year. This is an adverse turnaround of R1 518 538. The single largest source of income, grants and donations, was marginally higher at R2,73m than last year, while membership fees and subscriptions at R2,56m were 14% higher. Income from bequests, some R80 000, was only a tenth of last year's figure. On the expenditure side the single largest item, personnel,

at R4,74m, was slightly below last year's figure. The 14% increase in membership income is encouraging, but we need to do better. As reflected in the report of our directors, a Remuneration Committee consisting of three non-executive members was established in November last year.

## *RESEARCH, PUBLICATIONS, AND INFORMATION*

The Institute provides a comprehensive and integrated information service to its members making use of the printed and spoken word as well as electronic technology. The annual *South Africa Survey* is published on CD-rom as well as in book form while *Fast Facts* is available both in print and on the Institute's website. This published material is supplemented by our Hofmeyr Library's Member Information Service, which caters for members' requirements on a customised basis. We also communicate the findings of our research by presentations to various audiences.

### *South Africa Survey*

The 2002/2003 *South Africa Survey*, the 54<sup>th</sup> to be published, was being printed as this *Annual Report* was being written. As a result of major production problems, notably with both hardware and software, publication was delayed by several months, for which I apologise.

The delay in sending the *Survey* to the printers did, however, enable us to incorporate more up-to-date information than has often been the case in the past. Our normal practice of delivering the *Survey* to the printer before the end of the calendar year always prevented our including the main macro-economic data for that full calendar year, as this information does not become available until the finance minister's budget speech towards the end of February the following year and the March *Quarterly Bulletin* of the *South African Reserve Bank*, usually published in April. We have thus had to make do in the past with data for only the first nine months or so of the relevant year. There are great advantages in including the full calendar year in the *Survey* and we will from now on set deadlines that enable us to include more of this information. Delays in production this year also enabled us to include the corrected inflation figures released by Statistics South Africa in May 2003. That said, I apologise to members once again for the lateness of this year's *Survey*.

As foreshadowed in last year's *Annual Report*, we decided to omit the four narrative chapters and to use the space thus made available for more tables and graphs and for more international comparisons. We have accordingly included 376 tables (against 274 last year) and 280 graphs and charts (against 92 last year). We have also included 43 international comparisons (34 tables and 9 graphs). Last year's statistical section ran to 270 pages, whereas this year's runs to nearly 500. Our international comparisons include human development indices, economic growth rates, foreign direct investment as proportions of GDP, youth illiteracy rates, education enrolment rates, the incidence of tuberculosis, and child immunisation rates, as well as tables showing arable land as a proportion of land area in various countries, annual fresh water withdrawal rates, the availability of sanitation, and the use of commercial energy per head. The *Survey* thus enables South Africans to measure their own performance against those of other countries.

These comparative tables, of course, are but a fraction of the tables in the *Survey*. Most contain South African data, broken down wherever possible by race, sex, age, geographical location (urban or rural), and province. Limpopo has thus been growing faster than other provinces, while the economy of the Free State Goldfields has shrunk, not grown. Measured in annual income per head, Pretoria is the richest city in the country, while Pietermaritzburg has the largest proportion of its population living in poverty. The fastest growing urban area is Richards Bay. The *Survey* provides not only a snapshot in time but is also both backward and forward looking: for example, we give migration trends from 1940 onwards but forecasts of birth-rates up to 2021.

The fact that the list of detailed contents runs to 25 pages is a further indication of the vast scope of the *Survey* - with information on everything from trends in religious adherence from 1980 onwards (Islam up 69%, Judaism down 46%, and the Zion Christian Church up 403%), to internet access data (South Africa is almost on a par with Mexico), to a breakdown of defence force personnel by race and rank, to what voters think about the government's handling of Zimbabwe.

Wherever possible, information published in tables is also presented graphically to make it as easy for the reader to grasp as possible. For example, one table shows the structure of gross domestic product in every year from 1951 to 2002, while two pie charts present an instant comparison between 1951 and 2002 (primary sector down from 29% to 12%, secondary sector virtually unchanged at almost a quarter, and tertiary sector up from 48% to 65%).

Where information cannot be presented by tables or in graphs, we include it in short narrative paragraphs. Each chapter begins with a single page of key points and ends with a *Looking Ahead* section which includes forecasts, legislation in the pipeline, promises, threats, and predictions, thus:

- The ANC wants to cut unemployment to half in 12 years,
- The Department of Labour says affirmative action is here to stay,
- Top executive pay will rise by between 9% and 12% this year,
- The minister of education wants to prosecute officials who allow school education to continue under trees,
- The number of AIDS sufferers will rise to 1.2m by 2007,
- The government intends to redistribute 30% of agricultural land to emerging black commercial farmers by 2015,
- The minister of finance says the country cannot afford a basic income grant,
- Vehicle exports will rise by 22% this year, and
- The contribution of tourism to GDP will rise from 3% last year to more than 5% within a decade.

Our slideshow based on the *Survey* - under the title *National Audit Report* - was presented to a variety of different audiences, among them all the ambassadors of European Union countries, two visiting delegations from the US, officials on Capitol Hill in Washington DC, and, of course, some of our member companies. Since the *National Audit Report* (originally entitled *State*

of the *Nation Report*) was launched in October 2001, it has been presented on 34 occasions. These presentations are updated continually as new information becomes available. The latest version will include data which will only be published in full in the *2003/2004 Survey*, already in preparation.

For the third year running, copies of the new *Survey* will be supplied with the compliments of the Australian Agency for International Development (AusAID) to all parliamentarians.

### *Fast Facts*

Thirteen issues of *Fast Facts* were printed. This publication, which dates back to February 1991, is now well into its second decade. It was designed from the start to be read quickly by busy people, which has proved to be a successful formula. The four regular pages of *Fast Stats* at the back remain essentially unchanged, except that we publish a half-page labour trends monitor each month. This enables us to keep watch on broad developments in employment broken down by sector, as well as on unemployment. Other regular features include a detailed budget breakdown, the annual matriculation results, and the Chief Executive's annual political forecast. *Fast Facts* this past year also paid particular attention to labour and racial legislation, and black economic empowerment. Apart from several analytical articles on the latter, *Fast Facts* carried an article by the Chief Executive setting out the case for a liberal approach to black economic empowerment. The January 2003 issue contained an examination of the Promotion of Equality and Prevention of Unfair discrimination Act of 2000 and its implications for business. We also published, for the first time, a breakdown from 1945 - 2002 of immigration trends among professional, managerial, and administrative people. One issue contained a detailed analysis of educational data from 1994 onwards.

Covering AIDS presents problems given the vast amount of data that one has to sift through to find the essential information. We published a table of high and low estimates of various HIV and AIDS indicators both worldwide and for South Africa. Our coverage of AIDS included an article on how AngloGold was handling it, a summary of a paper setting out the costs of providing anti-retrovirals to all who need them, and a report on a study showing forecasts of HIV/AIDS infections in the 'next wave' of countries – Nigeria, Ethiopia, Russia, India, and China.

### *Member Information Service*

The Institute's Hofmeyr Library is a resource not only for our own research operation but also for our members. Our library gathers a vast amount of information which we never publish, either because it is too specific to be of general interest or because we face constraints of both cost and space. But this information is available on request to members and providing it to them has become one of the most important functions of the library. Nor is the information sought from us confined to subjects on which we might normally be expected to keep data. We try never to say 'we don't know'; if we do not have the information requested we will find it. We also try to provide it within 24 hours, if not on the same day. Judging by reports I receive from our marketing consultants, after they have made courtesy calls on our members, this service is highly regarded.

## *Parliamentary Information Service*

Our second contract with the Australian Agency for International Development (AusAID) to provide information on demand to parliamentarians of all parties expired during the year under review and at the time of writing had not been renewed. This service had three components: provision of the annual *South Africa Survey* to all parliamentarians (which will happen as soon as the new Survey comes out), presentation to parliamentarians of our *National Audit Report* (which was done in October), and making our information service available to parliamentarians. Members of parliament were supplied with information on such diverse subjects as sleep deprivation among shift workers in South Africa and Australia; President Clinton's Middle East peace plan; the pros and cons of genetic modification; child pornography in various countries; deregulation of the postal industry; the incidence of leprosy in South Africa; and the concept of the weak state, along with dozens of other topics.

## **BRIEFINGS AND LECTURES**

The highlight of the year was the 39<sup>th</sup> Alfred and Winifred Hoernlé Memorial Lecture, by Mr Carl Gershman, president of the Washington-based National Endowment for Democracy (NED).

In this lecture, attended by more than a hundred people and entitled *Aiding Democracy Around the World: the Challenges after September 11*, Mr Gershman described the strategies the NED has evolved to foster democratic progress across the world – in authoritarian and semi-authoritarian countries, as well as in emerging and vulnerable democracies 'where backsliding is an ever-present possibility'. With regard to Africa, Mr Gershman said the purveyors of gloom underrated the gains that had been made. Although there were numerous instances of electoral fraud, continued strongman rule, widespread corruption, and intensified ethnic, sectarian, and communal violence, Mr Gershman said one should take heart from powerful counter-trends, 'including increasingly competitive multiparty elections, crusading journalists, increasingly assertive judicial bodies, livelier parliaments, and more vibrant civil societies'. He said there were signs of a rebirth of genuine African liberalism, and in this he commended the work of the Institute: 'Alfred and Winifred Hoernlé helped shape and guide the South African Institute of Race Relations in the decades before the modern struggle for black liberation placed the issue of apartheid on the agenda of the entire international community. For more than 70 years the Institute has never wavered from its central mission, which is the defence of liberal values.'

Among the year's briefings were the last three in a series of six on AIDS. These were sponsored by Johnson & Johnson and co-hosted with the Institute of Directors in Southern Africa (IOD), and presented to large audiences of business leaders, professionals, non-governmental organisations, diplomats, journalists, politicians, and volunteers working with AIDS sufferers. The series drew attention not only to the seriousness of the epidemic, but also to lessons learnt from programmes designed to cope with it. The most significant lesson came from research into Uganda's highly charged awareness programme led by President Museveni: abstinence and fidelity are key to reducing the spread of HIV infection. This strongly influenced the architects of the



AngloGold programme, comprehensive accounts of which were given at the last briefing in the series. Also in the series was a briefing on the DaimlerChrysler AIDS programme, and a second briefing on the Ugandan experience, given at lunch-time for the benefit of staff and others who were unable to attend the previous year's breakfast briefing.

In an additional briefing on AIDS, held in Cape Town, Professor Ed Rybicki described the human immunodeficiency virus (HIV) and explained how it caused AIDS. In language that laymen could understand, Professor Rybicki exposed all of the fallacies and misconceptions that circulate on HIV and AIDS, such as that the HIV virus has never been isolated, or that there is no way of explaining the origins of HIV in humans, or that a healthy diet can prevent AIDS.

A full list of the briefings held (in Johannesburg unless otherwise indicated) is as follows:

- Mr John Kane-Berman on *The State of the Nation* (Durban)
- Mr Derek Hanekom MP on *Land reform and restitution: high roads and low ones*.
- Mr John Kane-Berman on *The National Audit Report* (Cape Town.)
- Dr Rand Stoneburner, director of the Health and Population Evaluation Unit at Cambridge University, and Dr Daniel Low-Beer, leader of research programmes on HIV in the United Kingdom, Africa, and Asia, on *Whether Uganda's AIDS policies could work in South Africa*.
- Ms Phumzile Mlambo-Ngcuka, minister of minerals and energy, on *A new dispensation in the mining industry: Juggling equity, empowerment, investment, and growth*.
- Mr Gabriel Davel, chief executive officer of the Micro Finance Regulatory Council, on *Myths and misunderstandings about microlending*.
- Mr Michael Folan, Group Human Resources Manager, on *DaimlerChrysler's HIV/AIDS programme*.
- Mr Howard Preece, associate editor of *Finance Week*, on *A long hard look at the economy*.
- Professor Tony Hawkins, former director of the Graduate School of Management at the University of Zimbabwe, on *Endgame scenarios in Zimbabwe*.
- Mr Bobby Godsell, chief executive officer of AngloGold, and Dr Petra Kruger, manager of HIV/AIDS at AngloGold, on *Facing the challenges of HIV/AIDS: AngloGold's response to the epidemic*.
- Professor Ed Rybicki, professor of microbiology at the University of Cape Town, on *The plague that doesn't exist: HIV/AIDS and the interplay between science and pseudoscience, politics, and the media* (Cape Town).
- Mr Colin Douglas, communications manager at McKinsey and Company, on *Privatisation for the poor: how cheap and profitable private services can better public ones*.
- Mr Cameron R Hume, US Ambassador, on *The free trade negotiations*



*between the US and the Southern African Customs Union and the benefits that free trade brings to developing countries.*

- Mr John Kane-Berman on *Lawsuits against companies that did business in South Africa between 1948 and 1994.*

Attendances ranged from 33 to 174 people (without staff).

## **NATIONAL BURSARIES**

The national bursary programme of the Institute 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 15 000 applications each year. The applications are manually screened, then processed by a computer, which analyses the applicants' examination results. Applicants who pass this 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 90%. Our pass rate since 1990 has never dropped below 82% and has several times topped 90%. Altogether 143 students graduated last year. In the past 21 years the Institute has awarded bursaries, most of them to black students, to the value of R161 million. Since 1980, no fewer than 2 705 students have graduated through our programme in the following fields: science and engineering 759, education 351, arts 317, law 200, business and commerce 653, medicine, health sciences, and dentistry 425.

Apart from these students, 132 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 33, management development 29, education 24, law 16, visiting scholars 11, public health 10, public administration 6, architecture 2, and theology 1.

The number of bursaries awarded for the 2003 academic year is 878, which is 116 fewer than in 2002. The decrease arises mainly because our agreements with the United States Agency for International Development (USAID), our largest donor, are drawing to an end. It is appropriate to acknowledge the major contribution USAID has made to the Institute's bursary programme since 1987. Contracts to the value of \$28.5m have been entered into over the years, during which time 2 113 students have graduated from the programme. Our USAID bursaries are funded by American taxpayers and while we record our thanks to them we hope also to be able to persuade USAID to continue supporting our bursary programme.

Two new educational funds were established during the year: the Eva Dickhuth-Baumann Education Fund, and the Goba Moahloli Keeve Steyn Education Empowerment Trust.

## CAPE WESTERN REGION

Mrs Thelma Harding was elected as regional chairwoman.

Apart from those mentioned above, the following briefings were held in Cape Town, and attended by between 25 and 110 people:

- Ms Helen Zille, a former MEC for education, on *Vandalism at schools and its effect on education*,
- Ms Melissa Steyn, director of the Institute for Intercultural and Diversity Studies at UCT, on *White identity in post 1994 South Africa*,
- Mr Andrew Kenny, research officer at the Energy Research Institute at the University of Cape Town, (UCT), on *South Africa's proposed pebble bed reactor*, and
- Dr Zimitri Erasmus, senior lecturer in Sociology at UCT, on *Coloured by history, shaped by place: new perspectives on coloured identities in Cape Town*.

The bursary programme, run by the Western Cape regional office since 1972, supported 505 tertiary students in 2002. Bursars were drawn from the poorest communities in the province; more than a third were living in the informal settlements surrounding Cape Town. The overall pass rate in the 2002 final examinations was 89%.

At the time of writing this report, arrangements had been virtually finalised to house the Cape Western's education activities under a new Section 21 company, in accordance with the Institute's long-standing policy of enabling such projects to become independent. We wish the new company every success with the vital work it has taken over from the Institute.

## OFFICIAL BUSINESS

In January 2003 Mr Benjamin (Benjie) Donaldson, chairman of the Donaldson Trust, was elected as an honorary life member, in recognition of the support that the Donaldson Trust gives the Institute. Mr Solly Tucker, chairman of The York Timber Organisation Limited (Yorkcor), previously a co-opted member of the Executive Committee, has now been elected.

It is with deep regret that I report the death, in April, of a past president of the

Institute, Mr W D (Bill) Wilson, after a long illness. Mr Wilson, a former deputy chairman of the Anglo American Corporation made an important mark in southern Africa in various fields, notably education. He was a staunch supporter of the Institute and frequently wrote to the Chief Executive expressing his conviction that the organisation was now more important than ever before.

I deeply regret also to report the death in London in August after a short illness of Mrs Sue Gordon, one of our honorary life members. Mrs Gordon served the Institute in many ways over many years. She was secretary of the Southern Transvaal Region, ran the Domestic Workers and Employers' Project, and much more recently worked as a corporate consultant in our marketing department until the age of 78.

## STAFF

During the period under review, Edna Nhlapo, our Buying Manager, received an award for 30 years of service and Mildred Monyane and Prisca Nkungu of the Library received awards for 20 years and 15 years respectively. The two other 20 year awardees were Dennis Venter, Bursary Director, and Obed Zuma, a member of our maintenance staff.

## 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* and sponsor some of our briefings. 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 outgoing President; Raymond Tucker, our Honorary Legal Adviser; and Brian Hawksworth, our Honorary Treasurer. Thanks are due also to all our staff.

We also appreciate the continued backing of the (German) Friedrich Naumann Foundation, the (American) International Republican Institute (IRI), 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*.

## PUBLIC POLICY MATTERS

During the year under review, the Institute continued to address various crucial public policy issues relevant to South Africa's success as a free, prosperous, and colour-blind society. Our purpose was to provide useful analysis, widen public debate, exercise vigilance, and help find solutions to problems confronting the country. A perusal of our published material - in *Fast Facts*, on our website, and in contributions to newspapers - shows the range of issues dealt with. The published material was 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 of which we provide analysis and draw conclusions. Our own work was supplemented by briefings by selected outside experts. Public policy issues on which we focused particular attention this past year include the following:

- **AIDS.** The Institute arranged four briefings for its members on AIDS. Two of them provided platforms for companies (AngloGold and Daimler-Chrysler) to explain how they were dealing with the problem, our purpose being to spread useful, practical information more widely to enable employers to learn from one another's experiences. We again hosted a briefing on how Uganda had reduced the rate of HIV infection. Our Cape Western regional committee arranged a lecture on AIDS aimed at explaining some of the medical and scientific issues to a lay audience. We also dealt with various aspects of AIDS in *Fast Facts* and in newspaper articles, and in particular called for the government's handling of the crisis to be made into an election issue next year. Our argument was that opposition parties and institutions in civil society should use the opportunities of democracy to engineer a change in policy. At that stage the government was still entertaining dissident theories. At the time of writing, widespread 'jubilation' was reported as having greeted the government's announcement in August that it had asked the Department of Health 'urgently to finalise an implementation plan' for the provision of anti-retrovirals. The plan was expected to be ready by the end of September, the government said. In April 2002, when an 'about-turn' on AIDS was reported in that the government had promised to complete a 'universal roll-out plan' for Nevirapine as soon as possible, the Institute expressed scepticism which turned out to be justified. By the time this *Annual Report* appears, it will be clearer whether the current jubilation is merited. Let us hope so.
- **Education.** Over the years the Institute has published extensively on all aspects of South African education. *Fast Facts* in November carried a detailed analysis of developments since 1994. The study concluded after examining all levels of the education system, from pre-primary to tertiary, that more and more money was being spent on fewer and fewer students. We also proposed a voucher system. Under such a system, the government would continue paying for schooling out of tax revenues but stop actually providing it. This would be done instead by autonomous governing bodies of local businessmen and women, professionals, parents, and others. These bodies, rather than the state, would appoint the school principal, hire the teachers and build the classrooms, libraries, laboratories, playing fields, and other facilities. Schools would have to compete for voucher-bearing pupils, which would force up the standards of education provided. The state would be confined to setting exams, awarding matric certificates, and financing and administering the voucher system. This would help meet the rapidly growing demand, among Africans in particular, for private schooling, for it would bring this within reach of far more families that can afford it at the moment. Studies in the United States have shown that vouchers are particularly favoured by black families in the inner cities, who see them as a means of enabling their children to escape from poor government schools to decent private ones.

At current levels of government spending on schooling in South Africa, vouchers would be worth an average of about R4 200 a pupil a year. Given the likelihood that a decentralised, privately run, and consumer-controlled system would be more efficient than the state in meeting the educational challenges facing South Africa, we would get better education for the same amount of taxpayers' money.

- **Social Policy.** I reported last year that pressure was building up for the government to introduce a 'basic income grant' to supplement South Africa's social security system. Subsequently the government rejected the idea as 'unaffordable economic populism', and the president has recently repeated this. The Institute supported the government's rejection of the proposal. We said that for government to undertake a huge and open-ended fiscal project of this nature would be a huge risk at the best of times. It would also be irresponsible, given that no one had any real idea of the demands that HIV/AIDS would make upon the fiscus for years to come. For similar reasons we rejected the Democratic Alliance's somewhat more limited proposals for a basic income grant. The Institute reiterated its view that the only real answer to poverty was employment. The government, we said, had a moral responsibility to confront poverty but the way to do it was via determined rather than haphazard implementation of its Growth, Employment, and Redistribution (GEAR) strategy. Transfer payments to the poor, we said, might make more sense in a country with low unemployment, but not in one with unemployment running at levels as high as in South Africa.
- **Unemployment.** Since 1994 unemployment has risen from 20% to 30% on the strict definition, while our labour market has become more and more regulated. Although the president some years ago stressed the need to liberalise labour law, he now appears to have given up on this issue. The Institute, however, cannot. Ever since the Labour Relations Act was passed in 1995 we have drawn attention to the damage it does to the jobless. The principles upon which the Act is based are not new: they date back to the Industrial Conciliation Act of 1924. The most important material change since then was in 1979, when African workers were given the same statutory collective bargaining rights as had all along been enjoyed by white, coloured, and Indian workers. Our labour machinery entrenches the privileged positions of organised labour on the one hand, and organised business on the other – and does so at the expense of the unorganised and unemployed. The December *Fast Facts* carried an analysis of long-awaited amendments to our labour law which concluded that new restrictions outweighed liberalisation. This protectionist labour system was inappropriate when we had so many millions out of work, we said. We urged liberals to speak up for the unemployed and apply more pressure to the government to liberalise the labour market.

A 'Growth and Development Summit' conference was held in June between government, business, and labour – the 'social partners,' as they describe themselves. We pointed out that the real victims of excessive labour regulation – the jobless – had no say at such conferences. Though the Economist Intelligence Unit had identified our labour regulation system as a major deterrent to foreign investment in South Africa, this issue was not discussed at the conference because the social partners



had agreed beforehand that it should not be on the agenda. One of the major deterrents to growth, development, and job creation was thus ignored. We criticised the minister of labour for prescribing minimum wages in agriculture and domestic service and pointed out that this had already caused job losses. *Fast Facts* also published a breakdown of unemployment by race, sex, location and age. It showed, among other things, that 20% of all unemployment was accounted for by young African women (between the ages of 15 and 34) in urban areas.

- **Empowerment.** Over this past year we have paid more and more attention to black economic empowerment. We hosted the minister of minerals and energy, Ms Phumzile Mlambo-Ngcuka, at a well-attended breakfast briefing on empowerment in the mining industry. At the briefing a Chamber of Mines representative suggested that the chamber was satisfied that the government had met its concerns about the proposed 'mining charter'. His remarks were afterwards greeted with some surprise by some of the mining company representatives present. The Institute subsequently pointed out that the charter had attempted to spread the benefits of empowerment beyond boardrooms to all workers in the mining industry. This was because it now gave empowerment 'points' for such things as literacy training, learnerships, community development, and the conversion of hostels to family units. *Fast Facts* later also carried an analysis of the government's Strategy for Broad-Based Black Economic Empowerment. Under the headline 'A milder blueprint for black economic empowerment' this observed that the government's proposals seemed less prescriptive than those put forward two years earlier by the Black Economic Empowerment Commission. However, they still failed to grapple with the critical problems of poverty and unemployment. We warned also that current empowerment policies paid too little attention to entrepreneurship. We drew attention to these issues again in our response to the Brenthurst Initiative launched in August to replace prescriptive empowerment requirements with tax cuts for companies carrying out successful racial transformation. We commented also that the proposals might help pull the country on to a higher growth path, but that pressure for comprehensive economic liberalisation should never let up.

As an alternative to the government's approach to empowerment, we published 'The Case for a Liberal Strategy' in *Fast Facts* in September. This argued for a radically different approach which was both colour blind and based on liberal rather than interventionist principles. This analysis was republished as a booklet by the Friedrich Naumann Foundation, a German political foundation which is one of the Institute's major partner organisations. It was later reprinted also by *Incorporate*, the journal of the Corporate Lawyers Association of South Africa.

- **Race.** The Institute has led the field in the past four (or is it five) years in publishing analyses of important racial legislation enacted by the post-1994 government, notably the Employment Equity Act of 1998 (the Equity Act) and the Promotion of Equality and Prevention of Unfair Discrimination Act of 2000 (the Equality Act). The latter was eventually brought into operation on 16<sup>th</sup> June 2003 by proclamation in the *Government Gazette*. The implications could be profound, for the Equality Act is not only far-reaching in its own right but also trumps all law other than the Constitution



and the Equity Act. The underlying principle of the Equality Act is to promote equality of outcomes, which is a socialist objective, rather than equality of opportunity, which is a liberal one. A particularly controversial chapter of the Act, dealing with the promotion of equality, has yet to be made operative. However, the statute's broad prohibition of unfair discrimination, either intended or inadvertent, is now in force. Any aggrieved individual can thus approach specialist 'equality courts' for relief and so too can the Human Rights Commission, the Commission for Gender Equality, or any other person acting in the public interest. Class actions are also possible. In January, the Institute had warned in *Fast Facts* that draft regulations being prepared by the justice ministry might preclude cross-examination of witnesses before the equality courts. However, this vital aspect of due process was retained in the regulations gazetted in June.

In last year's report to you I welcomed the fact that President Mbeki had not recently exploited race for political reasons. I appear to have spoken too soon. In May this year he described critics of the government's arms acquisition decisions (see below) as racists seeking to 'entrench the stereotype of a corrupt African government.' We pointed out that his own interference with investigations into the probity of the arms purchases was more likely to entrench such a stereotype than anything that critics might say. We also noted that this was not the first time Mr Mbeki had played the race card against critics of the arms purchases. We further pointed out that he had used this tactic in two other spheres where his government had notably failed – Zimbabwe and HIV/AIDS. Three years previously he had suggested that critics of his conciliatory approach towards President Robert Mugabe were motivated by racial prejudice. Mr Mbeki had also put a racial gloss upon AIDS. In a lecture at the University of Fort Hare in October 2001, he had implied that those demanding antiretrovirals had a view of Africans as 'germ carriers and human beings of a lower order that cannot subject its passions to reason'. Africans were further viewed as 'depraved and diseased people' who had to be saved from 'perishing from self-inflicted disease'.

- **Arms Purchases.** At the time of writing this report there was speculation in the press about the political future of the deputy president, Mr Jacob Zuma, following allegations against him in connection with some of the arms purchases decided upon by the cabinet in 1999. Mr Zuma is under investigation by the National Prosecuting Authority's Directorate of Special Operations (the 'Scorpions'). The extensive publicity surrounding the investigation into so senior a figure should not be allowed to obscure the enormous damage that was done by the president himself to the effectiveness and authority of the Standing Committee on Public Accounts (Scopa) at the end of 2000 and early in 2001 when his party used its parliamentary majority to emasculate this, the most important of all parliamentary watchdogs, as Scopa sought to launch an investigation into the arms purchases. To make matters worse, the speaker of parliament, Dr Frene Ginwala, failed to defend the committee against the executive. Nor did the subsequent investigation into the arms purchases by a joint investigating team comprising the auditor-general, the public prosecutor, and the national director of public prosecutions conduct as thorough an

investigation as it should have. The Institute also observed that the press had been much less zealous in pursuing possible irregularities in the arms purchases than it had been in uncovering the secret government funding of The Citizen newspaper (part of the 'Information Scandal') in the late 1970s. More recently the press has dug deeper into the issue but it remains to be seen how far investigations will finally go. Whatever may eventually emerge about the arms contracts, parliamentary scrutiny of the executive was dealt a blow from which it has not recovered. We still do not know why the president felt it necessary to intervene personally to undermine Scopa.

- **Crime.** The government continues to withhold quarterly crime statistics, despite having announced two years ago that the moratorium on the release of further such statistics had been lifted. Previously the statistics were published quarterly by the police without political intervention and analysed each time in *Fast Facts*, enabling the Institute to highlight important trends. On several occasions when our analysis revealed decreases in certain crime rates it was quoted by the president and some of his ministers. The government now publishes figures on an annual basis only, but from time to time ministers and officials make claims about decreases in crime using partial information culled from the wider statistics which are denied to the public. The Institute has continued to highlight this violation of the public's constitutional right to be given this information. Crime is part of a much wider problem of lawlessness which includes corruption within the police force and elsewhere in the public service, the prevalence of reckless driving that results in appallingly high road accidents and fatalities, and economic crime in the private sector. About a year ago an assistant police commissioner, Johan Burger, said of the police's crime prevention strategy, 'It has failed and as such we do not have a crime prevention strategy.' This was a startling remark from so senior an officer. In June this year, in response to a number of 'necklace' executions in communities apparently desperate about crime, a Gauteng provincial police official said there was no justification for people to take the law into their own hands and that 'Mob justice will not stop crime'. That may be right, but the real question is whether the police can stop crime.
- **Terrorism.** The Institute condemned a number of acts of terrorism in Soweto and Bronkhorstspuit towards the end of 2002. White rightists were blamed for the attacks, in which one person was killed. The Institute pointed out that all South Africans now had the vote along with democratic rights and freedoms. There were no grounds on which the planting of bombs on railways or in mosques and temples or anywhere else could be justified. Earlier this year, we pointed to the dangers of adopting too wide a definition of a 'terrorist' act in anti-terrorism legislation being prepared for enactment. We warned that continued vigilance was needed to prevent too broad a definition slipping through. I am glad to report that after much public criticism, the definition is to be reformulated.
- **Privatisation.** In September last year, as the Congress of South African Trade Unions (Cosatu) was threatening to organise a strike against the government's privatisation plans, we argued that the showdown was to be welcomed because the government could not repeatedly be held to ransom by trade unions that threatened mass action. Cosatu was wrong

to believe that its membership of the 'tripartite alliance' with the ANC and the South African Communist Party entitled it to a veto over policy. We said that the government's privatisation policy was well within the bounds of the Constitution and that in such situations 'even a lawful weapon such as a general strike should be used sparingly.'

- **Green Rights.** At the time of the World Summit on Sustainable Development held in South Africa in August last year, a symposium of more than 120 chief justices and their deputies from around the world was held to discuss environmental law. The South African chief justice, Judge Arthur Chaskalson, said that judges had reached a 'deep consensus' that environmental rights were an essential part of human rights. The Institute warned against incorporating 'green rights' into all the world's constitutions and into international law, which was the logical implication of the consensus to which Judge Chaskalson referred. Poor countries, we said, 'may find green rights too costly. Their governments may wish to pursue high growth policies even if this means putting environmental protection lower on the agenda'. The judges had stated that environmental rights were a tool towards 'better living conditions for all'. This might be the aim, but it would not necessarily be the outcome. Enforcement of green rights might reduce growth, cause rising unemployment, and worsen living conditions for many.
- **Zimbabwe.** Our members have repeatedly expressed concern over the government's handling of Zimbabwe. This past year we hosted yet another well-attended briefing on Zimbabwe, this time by Professor Tony Hawkins, a widely respected commentator on that country. The Council of the Institute, at its annual general meeting last year, noted 'with utmost concern the South African government's consistent failure to speak out publicly against Mr Robert Mugabe's destruction of the rule of law, of democracy, and of his country's economy.' Council called on Mr Mbeki 'to speak out unequivocally for South Africa in the name of the values upon which our own democracy is built.' The Institute had earlier said continued support for Mr Mugabe within the ANC raised questions about the depth of the ANC's commitment to democracy in South Africa. At the time of writing the South African government had still not distanced itself from various earlier endorsements of the Mubage government's lawless behaviour. In early August, hopes were once again rising that Mr Mugabe might step down. This is not the first time such hopes have been expressed. Previously they have proved over-optimistic.
- **New Partnership for Africa's Development (Nepad).** The Institute welcomed the New Partnership for Africa's Development (Nepad) as a bold attempt to turn over a new leaf for a continent with a history of political and economic failure. Nepad is an attempt by President Thabo Mbeki to have Africa adopt core principles of liberal democracy and good governance. However, in failing to condemn violations of these principles in Zimbabwe, the African Union – successor to the Organisation of African Unity – had damaged Nepad's credibility, we warned. We also argued that Mr Mbeki might have bitten off more than he could chew in taking the weight of the continent upon his shoulders.
- **American Lawsuits.** In several newspaper articles and in a speech delivered to members in Johannesburg and to the Swiss South African

Association in Zurich, the Institute expressed opposition to the lawsuits being brought in American courts on behalf of various South Africans against multi-national corporations that did business in South Africa during the apartheid era. Companies are accused of involvement in activities that include extra-judicial killings, torture, genocide, and crimes against humanity. There were, we argued, four reasons to oppose the lawsuits. First, American courts should not have jurisdiction over what had happened in South Africa. We supported the South African government's view that the lawsuits undermined this country's sovereignty. Secondly, and again in line with the government's view, we said that the lawsuits could undermine South Africa's ability to attract the investment needed to generate economic growth. Thirdly, we argued that some of the charges were preposterous. To suggest that genocide had been practised in South Africa was to insult the memory of people put to death in their millions by genocidal regimes. 'However terrible a system apartheid was, it was not the same as Nazism. Apartheid was quite bad enough in its own right, as it were, and its cruelties and inhumanity do not require exaggeration,' we said.

In the fourth place, nine years after the advent of democracy, it was time for lawsuits and prosecutions about the past to be abandoned. This might be difficult for many people to stomach given the travesties in the amnesty process to date, the extent to which killers had been freed via the Truth and Reconciliation Commission and executive processes, and the likelihood that those most to blame for acts of political violence, terror, and murder would never be brought to book. Moreover, for litigation to single out business when it was in fact politicians who were responsible for the 25 000 deaths in political violence from 1984 to 1994 was one-sided, we argued. The Institute also pointed out that companies that remained in South Africa during the apartheid era had the blessing of most black South Africans as revealed in the late 1980s in numerous opinion surveys.

### *Conclusion*

By the time my next *Annual Report* to our members appears, the tenth anniversary of the advent of democracy in South Africa will have passed and the third general election based on universal adult suffrage may also have been held. (In terms of the Constitution it must be held no later than the beginning of September 2004.) How does the 'new' South Africa compare with the 'old'? In one sense, there is no comparison: a political system in which all adults have the franchise and constitutionally guaranteed human rights is infinitely better than one in which three quarters of the population were denied the parliamentary franchise, discriminated against in a thousand different ways, and subjected to daily humiliation and abuse. That system has gone, never to return.

Political and human rights aside, are the majority of South Africans better off than they were? This is a much more difficult question to answer. While the material position of a minority has undoubtedly improved substantially (to the extent that Africans now constitute almost half the middle class, whites accounting for a third), the rise in unemployment suggests that poverty is a bigger problem now than it was ten years ago. There have been quite substantial increases in the proportions of households with

running water in them, which are able to obtain energy by pressing a switch, and which have phones in them. On the other hand, there has been no increase in the proportion of the population covered by private medical insurance, while it is by no means certain that the quality of public health services or state schooling is better than it was. And then there is AIDS.

Huge backlogs were inherited from the previous era, confronting the incoming government in 1994 with immense challenges. It manages the economy better than its predecessor did, while the rise in unemployment is partly the result of the greater efficiency of production necessitated by South Africa's embrace of trade liberalisation in a much more globalised world. But there is also reason to believe that the government's own policy choices have sometimes made a bad situation worse. While the president frequently speaks out against poverty, he and his government fail to make a connection between its main cause – unemployment – and their own racial and labour policies. Rampant crime, dangerous roads, malfunctioning local authorities, underperforming provincial departments, and other problems testify to a weak state whose government is always ready to take on new powers and shoulder new responsibilities while failing in two of its most basic tasks: providing for the physical safety of its citizens and enabling as many of them as possible to work for a living.

Thus, although South Africa is an infinitely better place than it was, this unfortunately does not necessarily mean that most of its people are better off materially.



Johannesburg  
23<sup>rd</sup> August 2003



# HONORARY TREASURER'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2003

The surplus for the year amounted to R70 308 (2002 surplus R1 562 692).

Total income was R8 178 251 compared with the previous year's figure of R8 561 212. The significant variances in income were increases in administration fees received of R334 327, increases in membership fees and subscriptions of R310 706, and a decrease in bequests of R657 326. There was also a significant decrease in the unrealised value of investments of R1 518 538.

Expenditure was well controlled, increasing only R143 207 over the previous year. This excludes the unrealised loss on investment revaluation reflected in the aforementioned decrease in the unrealised value of investments.

The Institute's financial position at the year-end was sound. At that date it had net assets of R32 991 395 (2002 R36 723 310) under its control. The main reasons for the decrease were the transfer of Cape Western region funds of R5 719 748 to them, and an unrealised deficit on revaluation of investments of R3 601 414, offset against surpluses of Special Funds of R5 899 872.

It is anticipated that the market value of the investments will increase significantly in the current year.

There is a large budget deficit of R819 316 for the year ending 31<sup>st</sup> March 2004. The income and expenditure and cash flow will be monitored closely. If the budget deficit is not decreased significantly mid-way through the year it will be revisited.

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

28<sup>th</sup> July 2003



**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 31<sup>st</sup> March 2003

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

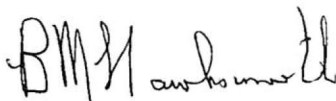
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The annual financial statements set out on the following pages have been approved by the Board of Directors and are signed on their behalf by:



DIRECTOR



DIRECTOR

5<sup>th</sup> June 2003

# 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 35 to 52 for the year ended 31<sup>st</sup> March 2003. 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

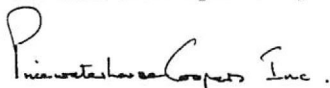
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- 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 31<sup>st</sup> March 2003, and the results of their operations 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  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
Johannesburg  
5<sup>th</sup> June 2003

# 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 of 1994 on corporate governance and the subsequent King II Report as they apply to the Institute. The directors consider the Institute to be a going concern.

## *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. The necessary authority has been delegated by the Board of Directors to the Executive Committee.

## *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 re-appointment is not automatic. Membership of the Board is set out on page 35 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.

## *REMUNERATION COMMITTEE*

A Remuneration Committee was established on 15 November 2002. The Committee is responsible for determining remuneration packages of top management. The Committee will consist of not less than three members appointed by the Executive Committee, all of them non-executive.

## *COMPANY SECRETARY*

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

## *FINANCIAL CONTROL*

The Institute maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are 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 31<sup>st</sup> March 2003.

## *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. Certain projects administered by the Cape Western Region of the Institute were due to be taken over by a separate company registered under Section 21 of the Companies Act with retroactive effect from 1<sup>st</sup> January 2003.

## *DIRECTORS AND SECRETARY*

The following acted as directors:

T J Sono	- President of the Institute
C E W Simkins	- 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 *

\* Executive directors

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

<u>Business</u>	<u>Postal</u>
68 De Korte Street	P O Box 31044
Braamfontein	Braamfontein
2002 Johannesburg	2017 South Africa

## *SUBSIDIARY COMPANY*

The name of the subsidiary is:

De Korte Street Properties (Pty) Ltd	2003	2002
--------------------------------------	------	------

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	R964 224	R973 284

**BALANCE SHEET**  
as at 31<sup>st</sup> March 2003

	Note	2003 R	GROUP 2002 R	2003 R	COMPANY 2002 R
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant, and equipment	2	1 677 309	1 677 493	722 309	707 493
Investment in subsidiary	3			898 212	898 212
		<u>1 677 309</u>	<u>1 677 493</u>	<u>1 620 521</u>	<u>1 605 705</u>
<b>Investments</b>					
Special funds	4	25 436 686	29 059 664	25 436 686	29 059 664
Other	4	4 850 662	4 895 128	4 850 662	4 895 128
		<u>30 287 348</u>	<u>33 954 792</u>	<u>30 287 348</u>	<u>33 954 792</u>
<b>Current assets</b>					
Inventory	5	2 053	16 856	2 053	16 856
Debit balances on special funds		-	301 905	-	301 905
Current account with subsidiary				13 606	22 666
Accounts receivable	6	961 727	697 380	960 776	693 692
Cash resources		62 958	74 884	62 958	74 884
		<u>1 026 738</u>	<u>1 091 025</u>	<u>1 039 393</u>	<u>1 110 003</u>
<b>TOTAL ASSETS</b>		<u><u>32 991 395</u></u>	<u><u>36 723 310</u></u>	<u><u>32 947 262</u></u>	<u><u>36 670 500</u></u>
<b>FUNDS AND LIABILITIES</b>					
<b>Funds and reserves</b>					
Non-distributable reserves	7	1 233 304	1 233 304	1 217 129	1 217 129
Accumulated funds		3 327 864	3 257 556	3 315 160	3 224 221
Research reserve		2 000 000	2 000 000	2 000 000	2 000 000
Reserve funds					
- Western Cape	8	203 057	344 494	203 057	344 494
		<u>6 764 225</u>	<u>6 835 354</u>	<u>6 735 346</u>	<u>6 785 844</u>
Special funds	9/10	25 436 686	29 059 664	25 436 686	29 059 664
<b>Non current liabilities</b>					
Long term liabilities	11	14 900	14 900	14 900	14 900
<b>Current liabilities</b>					
Accounts payable	12	775 584	813 392	760 330	810 092
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>32 991 395</u></u>	<u><u>36 723 310</u></u>	<u><u>32 947 262</u></u>	<u><u>36 670 500</u></u>

## INCOME STATEMENT

for the year ended 31<sup>st</sup> March 2003

		GROUP		COMPANY	
	Note	2003 R	2002 R	2003 R	2002 R
<b>INCOME</b>					
Administration fees received		2 059 236	1 724 909	2 109 236	1 756 909
Bequests		79 836	737 162	79 836	737 162
Dividends		90 072	45 676	90 072	45 676
Grants and donations		2 734 606	2 713 782	2 734 606	2 713 782
Interest received		439 875	358 487	439 875	358 487
Membership fees and subscriptions		2 560 066	2 249 360	2 560 066	2 249 360
Profit on sales of shares		35 715	-	35 715	-
Publication sales		121 888	121 278	121 888	121 278
Rental received		56 957	58 236	56 957	58 236
Unrealised surplus on investment revaluation		-	552 322	-	552 322
		<u>8 178 251</u>	<u>8 561 212</u>	<u>8 228 251</u>	<u>8 593 212</u>
<b>EXPENSES</b>					
Auditors' remuneration					
- Fees for the audit	13	116 148	98 229	112 224	94 929
Depreciation		102 145	142 540	87 145	127 540
Lease expenditure		150 213	147 260	150 213	147 260
Overheads and administration		777 192	552 783	825 485	611 754
Personnel		4 742 583	4 813 971	4 742 583	4 813 971
Postage		112 752	166 822	112 752	166 822
Printing		174 590	262 312	174 590	262 312
Rent and utilities		371 713	332 245	371 713	332 245
Telecommunications		363 119	271 080	363 119	271 080
Travel		231 272	211 278	231 272	211 278
Unrealised loss on investment revaluation		966 216	-	966 216	-
		<u>8 107 943</u>	<u>6 998 520</u>	<u>8 137 312</u>	<u>7 039 191</u>
<b>SURPLUS FOR THE YEAR</b>		<u><u>70 308</u></u>	<u><u>1 562 692</u></u>	<u><u>90 939</u></u>	<u><u>1 554 021</u></u>



## *STATEMENT OF CHANGES IN EQUITY*

for the year ended 31<sup>st</sup> March 2003

<u>GROUP</u>	Non- distributable reserve R	Accumulated funds R	Research reserve R	Reserve funds – Western Cape R	<u>Total</u> R
Balance at 1 <sup>st</sup> April 2001	1 237 854	1 694 864	2 000 000	324 690	5 257 408
(Deficit)/surplus for the year	(4 550)	1 562 692	-	19 804	1 577 946
Balance at 31 <sup>st</sup> March 2002	<u>1 233 304</u>	<u>3 257 556</u>	<u>2 000 000</u>	<u>344 494</u>	<u>6 835 354</u>
Balance at 1 <sup>st</sup> April 2002	1 233 304	3 257 556	2 000 000	344 494	6 835 354
Movement for the year	-	70 308	-	(141 437)	(71 129)
Balance at 31 <sup>st</sup> March 2003	<u>1 233 304</u>	<u>3 327 864</u>	<u>2 000 000</u>	<u>203 057</u>	<u>6 764 225</u>
<u>COMPANY</u>					
Balance at 1 <sup>st</sup> April 2001	1 221 679	1 670 200	2 000 000	324 690	5 216 569
(Deficit)/surplus for the year	(4 550)	1 554 021	-	19 804	1 569 275
Balance at 31 <sup>st</sup> March 2002	<u>1 217 129</u>	<u>3 224 221</u>	<u>2 000 000</u>	<u>344 494</u>	<u>6 785 844</u>
Balance at 1 <sup>st</sup> April 2002	1 217 129	3 224 221	2 000 000	344 494	6 785 844
Movement for the year	-	90 939	-	(141 437)	(50 498)
Balance at 31 <sup>st</sup> March 2003	<u>1 217 129</u>	<u>3 315 160</u>	<u>2 000 000</u>	<u>203 057</u>	<u>6 735 346</u>

## CASH FLOW STATEMENT

for the year ended 31<sup>st</sup> March 2003

	GROUP		COMPANY	
	2003 R	2002 R	2003 R	2002 R
<b>Cash flows from operating activities</b>				
Operating (deficit)/surplus before interest	(369 567)	1 204 205	(348 936)	1 195 534
Adjustments:				
Depreciation	102 145	142 540	87 145	127 540
(Decrease)/increase in reserve funds – Western Cape	(141 437)	15 254	(141 437)	15 254
Unrealised loss/(surplus) on valuation of investment	966 216	(552 322)	966 216	(552 322)
(Decrease)/increase in special funds	(3 622 978)	5 217 291	(3 622 978)	5 217 291
Movement in working capital				
- (increase)/decrease in accounts receivable	(264 347)	536 217	(267 084)	538 954
- decrease in accounts payable	(37 808)	(543 619)	(49 762)	(556 754)
- decrease in debit balances on special funds	301 905	32 829	301 905	32 829
- decrease in inventory	14 803	17 566	14 803	17 566
	<u>(3 051 068)</u>	<u>6 069 961</u>	<u>(3 060 128)</u>	<u>6 035 892</u>
Interest received	<u>439 875</u>	<u>358 487</u>	<u>439 875</u>	<u>358 487</u>
Net cash (outflow)/inflow from operating activities	<u>(2 611 193)</u>	<u>6 428 448</u>	<u>(2 620 253)</u>	<u>6 394 379</u>
<b>Cash flows from investing activities</b>				
Decrease in inter-company current account	-	-	9 060	34 069
Decrease/(increase) in investments	2 701 228	(6 361 540)	2 701 228	(6 361 540)
Proceeds on disposal of property, plant, and equipment	-	24 302	-	24 302
Additions to property, plant, and equipment	<u>(101 961)</u>	<u>(271 129)</u>	<u>(101 961)</u>	<u>(271 129)</u>
Net cash inflow/(outflow) from investing activities	<u>2 599 267</u>	<u>(6 608 367)</u>	<u>2 608 327</u>	<u>(6 574 298)</u>
Net cash utilised for the year	(11 926)	(179 919)	(11 926)	(179 919)
Cash resources at beginning of year	<u>74 884</u>	<u>254 803</u>	<u>74 884</u>	<u>254 803</u>
Cash resources at end of year	<u><u>62 958</u></u>	<u><u>74 884</u></u>	<u><u>62 958</u></u>	<u><u>74 884</u></u>

## *NOTES TO THE ANNUAL FINANCIAL STATEMENTS*

for the year ended 31<sup>st</sup> March 2003

### 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 results of the Western Cape region to the date of separation on 1 January 2003. 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 to 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. The archives housed at the University of the Witwatersrand are carried at no cost. 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

<u>Group</u>	<u>Land</u> R	<u>Buildings</u> R	<u>Furniture and equipment</u> R	<u>Motor vehicles</u> R	<u>Library</u> R	<u>Total</u> R
<b>Year ended 31<sup>st</sup> March 2003</b>						
Opening net carrying amount	250 000	750 922	69 557	205 914	401 100	1 677 493
Additions	-	-	99 761	-	2 200	101 961
Depreciation	-	(15 000)	(43 791)	(43 354)	-	(102 145)
Closing net carrying amount	<u>250 000</u>	<u>735 922</u>	<u>125 527</u>	<u>162 560</u>	<u>403 300</u>	<u>1 677 309</u>
<b>At 31<sup>st</sup> March 2003</b>						
Cost	250 000	780 922	1 002 831	247 054	403 300	2 684 107
Accumulated depreciation	-	(45 000)	(877 304)	(84 494)	-	(1 006 798)
Closing net carrying amount	<u>250 000</u>	<u>735 922</u>	<u>125 527</u>	<u>162 560</u>	<u>403 300</u>	<u>1 677 309</u>
<b>Year ended 31<sup>st</sup> March 2002</b>						
Opening net carrying amount	250 000	765 922	118 913	38 371	400 000	1 573 206
Additions	-	-	53 276	216 753	1 100	271 129
Disposals	-	-	-	(24 302)	-	(24 302)
Depreciation	-	(15 000)	(102 632)	(24 908)	-	(142 540)
Closing net carrying amount	<u>250 000</u>	<u>750 922</u>	<u>69 557</u>	<u>205 914</u>	<u>401 100</u>	<u>1 677 493</u>
<b>At 31<sup>st</sup> March 2002</b>						
Cost	250 000	780 922	903 070	247 054	401 100	2 582 146
Accumulated depreciation	-	(30 000)	(833 513)	(41 140)	-	(904 653)
Closing net carrying amount	<u>250 000</u>	<u>750 922</u>	<u>69 557</u>	<u>205 914</u>	<u>401 100</u>	<u>1 677 493</u>

<u>Company</u>	<u>Land and Buildings</u> R	<u>Furniture and equipment</u> R	<u>Motor vehicles</u> R	<u>Library</u> R	<u>Total</u> R
<b>Year ended 31<sup>st</sup> March 2003</b>					
Opening net carrying amount	30 922	69 557	205 914	401 100	707 493
Additions	-	99 761	-	2 200	101 961
Depreciation	-	(43 791)	(43 354)	-	(87 145)
Closing net carrying amount	<u>30 922</u>	<u>125 527</u>	<u>162 560</u>	<u>403 300</u>	<u>722 309</u>
<b>At 31<sup>st</sup> March 2003</b>					
Cost	30 922	1 002 831	247 054	403 300	1 684 107
Accumulated depreciation	-	(877 304)	(84 494)	-	(961 798)
Closing net carrying amount	<u>30 922</u>	<u>125 527</u>	<u>162 560</u>	<u>403 300</u>	<u>722 309</u>
<b>Year ended 31<sup>st</sup> March 2002</b>					
Opening net carrying amount	30 922	118 913	38 371	400 000	588 206
Additions	-	53 276	216 753	1 100	271 129
Disposals	-	-	(24 302)	-	(24 302)
Depreciation	-	(102 632)	(24 908)	-	(127 540)
Closing net carrying amount	<u>30 922</u>	<u>69 557</u>	<u>205 914</u>	<u>401 100</u>	<u>707 493</u>
<b>At 31<sup>st</sup> March 2002</b>					
Cost	30 922	903 070	247 054	401 100	1 582 146
Accumulated depreciation	-	(833 513)	(41 140)	-	(874 653)
Closing net carrying amount	<u>30 922</u>	<u>69 557</u>	<u>205 914</u>	<u>401 100</u>	<u>707 493</u>

NOTES (continued)

PROPERTY, PLANT, AND EQUIPMENT  
(continued)

Details of land and buildings	Valuation R	2003 R	2002 R
Freehold property, stand 28701 situated at 5 Long Street, Mowbray, Cape Town Purchased January 1975 at cost Improvements during that year		27 723 3 199	27 723 3 199
Municipal valuation (2002: R326 100)	340 000	<u>30 922</u>	<u>30 922</u>
Freehold stand, lot 2794 Johannesburg township situated at 68 de Korte Street, Braamfontein Purchased 1954 at cost Building erected 1956 Revaluation		20 500 65 198 667 981	20 500 65 198 667 981
Municipal valuation (2002: R705 000)	560 000	<u>753 679</u>	<u>753 679</u>
Freehold stand, lot 5088 Johannesburg township situated 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 (651 806)
Municipal valuation (2002: R560 000)	450 000	<u>246 321</u>	<u>246 321</u>
	<u>1 350 000</u>	<u>1 030 922</u>	<u>1 030 922</u>

3. INVESTMENT IN WHOLLY OWNED  
SUBSIDIARY COMPANY

	COMPANY	
	2003 R	2002 R
Shares at cost	6	6
Loan to subsidiary	898 206	898 206
	<u>898 212</u>	<u>898 212</u>

NOTES (continued)

		COMPANY AND GROUP	
		2003	2002
		R	R
4.	<u>INVESTMENTS</u>		
4.1	Special Funds		
4.1.1	Bursary Funds : Head Office	21 185 420	20 781 397
4.1.2	Special Research Projects : Head Office	4 251 266	2 558 519
4.1.3	Education Funds : Western Cape	-	5 719 748
		<u>25 436 686</u>	<u>29 059 664</u>
4.2	Other Funds	4 850 662	4 895 128
	TOTAL INVESTMENTS (refer to note 18 for details)	<u>30 287 348</u>	<u>33 954 792</u>
		GROUP	COMPANY
		2003	2002
		R	R
5.	<u>INVENTORY</u>		
	Inventory comprises -		
	Finished goods, books, and		
	publications at printed cost	<u>2 053</u>	<u>16 856</u>
		<u>2 053</u>	<u>16 856</u>
6.	<u>ACCOUNTS RECEIVABLE</u>		
	Trade and other debtors:		
	Head Office	922 013	675 518
	Western Cape	25 183	12 117
	Staff debtors	14 531	9 745
		<u>961 727</u>	<u>697 380</u>
		<u>961 727</u>	<u>693 692</u>
7.	<u>NON-DISTRIBUTABLE RESERVES</u>		
7.1	Specific bequests, surplus on sale of investments, and extraordinary donations of a non-recurring nature	226 627	226 627
		226 627	226 627
7.2	Building fund	590 500	590 500
		590 500	590 500
7.3	Revaluation of buildings and library	416 173	399 998
		<u>1 233 300</u>	<u>1 217 125</u>
		<u>1 217 125</u>	<u>1 217 125</u>
		2003	2002
		R	R
8.	<u>RESERVE FUNDS - WESTERN CAPE</u>		
	Reserve Fund	203 057	203 358
	Celebrating Diversity Programme	-	16 164
	Motor Vehicle Reserve Fund	-	124 972
		<u>203 057</u>	<u>344 494</u>
		<u>203 057</u>	<u>344 494</u>



NOTES (continued)

9. SPECIAL FUNDS : INCOME STATEMENT

	Head Office Bursary Funds R	Head Office Special Research Projects R	Western Cape education and special funds R	<u>Total</u> 2003 R	<u>Total</u> 2002 R
<b>INCOME</b>					
Donations and grants	18 043 608	3 124 329	-	21 167 937	13 379 368
Interest	771 419	232 661	-	1 004 080	1 094 107
Dividends	315 613	-	-	315 613	328 080
	<u>19 130 640</u>	<u>3 356 990</u>	<u>-</u>	<u>22 487 630</u>	<u>14 801 555</u>
<b>EXPENSES</b>					
Administration fees and running costs	2 354 346	1 479 348	-	3 833 694	5 132 515
Audit fees	125 741	-	-	125 741	144 006
Bursaries and grants	12 628 323	-	-	12 628 323	8 850 085
	<u>15 108 410</u>	<u>1 479 348</u>	<u>-</u>	<u>16 587 758</u>	<u>14 126 606</u>
<b>SURPLUS FOR THE YEAR</b>					
Unrealised (deficit)/surplus on revaluation of investments	(3 416 519)	(184 895)	-	(3 601 414)	4 417 104
Loss on sale of shares	-	-	-	-	(14 374)
Accumulated funds at beginning of the year net of deficit balances	20 579 709	2 558 519	5 619 531	28 757 759	23 507 639
Western Cape funds transferred to separate entity	-	-	(5 619 531)	(5 619 531)	-
Funds introduced during the year	-	-	-	-	172 441
<b>NET ACCUMULATED FUNDS</b>	<u>21 185 420</u>	<u>4 251 266</u>	<u>-</u>	<u>25 436 686</u>	<u>28 757 759</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 notes 18 - 21.

*NOTES (continued)*

10. SPECIAL FUNDS : BALANCES

10.1 Bursary Funds : Head Office

	Capital R	Amounts held for bursary awards R	Total 2003 R	Total 2002 R
Amcham Bursary Fund	171 513	1 059 133	1 230 646	1 233 397
Bertha McKay Bursary Fund	100 201	4 797	104 998	100 201
Clayton Bursary Fund	508 735	95 127	603 862	564 900
Dorothy Glauber Bursary Fund	55 000	589	55 589	55 000
Energos Foundation	1 604 021	26 608	1 630 629	1 914 662
Esrael Lazarus Education Fund	127 462	17 145	144 607	131 430
German Enrichment Programme	-	18 423	18 423	18 423
Gert and Irmgard Brusseau Trust	388 248	125 403	513 651	529 227
Giannopoulos Trust	379 151	101 748	480 899	428 147
Harvard/South Africa Fellowship Programme	-	33 454	33 454	58 425
Hungjao Bequest	1 074 991	90 342	1 165 333	1 205 914
Isaacson Foundation Bursary Fund	2 111 375	994 274	3 105 649	3 953 795
Kellogg Foundation Bursary Fund	-	-	-	45 352
Luthuli Memorial Foundation Trust Fund	107 883	37 535	145 418	107 883
Margaret Ballinger Welfare Fund	-	7 389	7 389	-
MTN Bursary Fund	-	387 868	387 868	141 869
Nampak Bursary Fund	-	383 016	383 016	535 111
Robert Shapiro Trust	3 573 063	329 517	3 902 580	5 247 493
SAIRR Education Trust	388 093	55 111	443 204	350 079
(Alumni Bursary Fund)	-	32 550	32 550	21 755
(Anglovaal Group Bursary Scheme)	-	185 244	185 244	112 367
(Engen Bursary Fund)	-	11 344	11 344	11 344
(Foschini Bursary Fund)	-	2 833	2 833	-
(John Deere Bursary Fund)	-	45 818	45 818	-
(SA Eagle Bursary Fund)	-	66 474	66 474	-
SAIRR Funds	920 755	35 845	956 600	1 478 036
Senior Teachers Training Trust	50 000	3 419	53 419	50 000
Sentrachem Bursary Fund	-	185 839	185 839	-
South African Scholarship Programme (US Aid)	-	3 788 669	3 788 669	969 711
Shirley Simons Bursary Fund	1 313 812	151 949	1 465 761	1 480 327
Tikkun Jewish Community Scholarship Fund	-	16 815	16 815	50 255
Yvonne Rabbow Memorial Music Award	16 705	134	16 839	17 669
	<u>12 891 000</u>	<u>8 294 412</u>	<u>21 185 420</u>	<u>20 812 772</u>

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, the Trinity College (Cambridge) Bursary Fund, and the Rand Merchant Bank Fund.

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.

*NOTES (continued)*

	Capital R	Amounts held for Bursary Awards R	<u>Total</u> 2003 R	<u>Total</u> 2002 R
Balance brought forward	12 891 008	8 294 412	21 185 420	20 812 772
<b>10.2 Special Research Projects : Head Office</b>				
AusAid Project			69 031	674 723
Dick Gawith Fellowship			1 073 011	1 257 905
Donaldson Trust			-	103 002
Field Study			-	283 642
Johnson and Johnson Briefing Fund			12 908	85 612
			<u>1 154 950</u>	<u>2 404 884</u>
<b>10.3 Other Special Funds : Head Office</b>				
Hecate Fund			32 804	153 635
Johnson and Johnson BTC Fund			3 063 512	-
			<u>4 251 266</u>	<u>2 558 519</u>
<b>10.4 Education Funds : Western Cape</b>				
Educational Empowerment Programme			-	843 611
Educational Trust Bursary Programme				
- Brodie Trust Fund			-	445 357
- Educational Trust			-	3 997 328
- Gregoire Boonzaier Fund			-	134 579
Freda Whitehead Progress Trust Bursary Programme			-	34 332
The DG Murray Trust Fund			-	213 259
The Cape Times Bursary Fund Bursary Programme			-	10 770
The Leslie Hill Higher Educational Trust Bursary Programme			-	9 137
			<u>-</u>	<u>5 688 373</u>
			<u>25 436 686</u>	<u>29 059 664</u>

*.NOTES (continued)*

	2003 R	2002 R
Totals brought forward	<u>25 436 686</u>	<u>29 059 664</u>
10.5 Debit balances on funds administered:		
Head Office		
- Bertha McKay Bursary Fund	-	5 724
- Clive Beck Bursary Fund	-	11 896
- Dorothy Glauber Bursary Fund	-	176
- Du Pont Nemours Bursary Fund	-	951
- First National Bank Bursary Fund	-	1 492
- Foschini Bursary Fund	-	25 032
- John Deere Bursary Fund	-	1 140
- Luthuli Memorial Foundation Trust Fund	-	14 786
- Margaret Ballinger Welfare Fund	-	13 795
- Rand Water Bursary Scheme	-	584
- Senior Teachers Training Trust	-	4 746
- 3M Bursary Fund	-	152 741
	<u>-</u>	<u>233 063</u>
Western Cape		
- Abe Bailey Trust Bursary Programme	-	68 842
	<u>-</u>	<u>301 905</u>
<b>TOTAL SPECIAL FUNDS</b>	<u><u>25 436 686</u></u>	<u><u>28 757 759</u></u>

The Western Cape region bursary funds were transferred to a separate entity as at 31<sup>st</sup> December 2002. The legal transfer of the investments will only take place once all the conditions of the resolution passed by the Council of the South African Institute of Race Relations on 24<sup>th</sup> August 2002 have been complied with.

	GROUP		COMPANY	
	2003 R	2002 R	2003 R	2002 R
11. <u>LONG TERM LIABILITIES</u>				
Unsecured, interest free loan which is repayable on disposal of the Cape Town property	<u>14 900</u>	<u>14 900</u>	<u>14 900</u>	<u>14 900</u>
12. <u>ACCOUNTS PAYABLE</u>				
Trade and other creditors:				
Head Office	676 859	654 055	661 605	650 755
Western Cape	<u>98 725</u>	<u>159 337</u>	<u>98 725</u>	<u>159 337</u>
	<u><u>775 584</u></u>	<u><u>813 392</u></u>	<u><u>760 330</u></u>	<u><u>810 092</u></u>

*NOTES (continued)*

	2003 R	2002 R
<b>13. <u>AUDITORS' REMUNERATION (GROUP)</u></b>		
Head Office Central Funds	84 360	67 425
Western Cape	<u>27 864</u>	<u>27 504</u>
	112 224	94 929
De Korte Street Properties (Pty) Ltd	<u>3 924</u>	<u>3 300</u>
	116 148	98 229
Charged to the income statement	29 980	32 000
Charged to Bursary Funds : Head Office	<u>146 128</u>	<u>130 229</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:**

Not later than one year	171 276	167 794
Later than one year and not later than five years	<u>130 006</u>	<u>296 124</u>
	<u>301 282</u>	<u>463 918</u>

**15. DIRECTORS' REMUNERATION**

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

Salaries	725 223	622 467
Fringe benefits	<u>74 895</u>	<u>58 661</u>
	<u>800 118</u>	<u>681 128</u>

The directors' emoluments are payable to executive directors only. Non-executive directors are not paid for their services.

**16. TAXATION**

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

**17. 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.

NOTES (continued)

	COMPANY AND GROUP	
	2003	2002
	R	R
<b>18. INVESTMENTS</b>		
<b>18.1 SPECIAL FUNDS</b>		
<b>18.1.1 <u>Bursary Funds : Head Office</u></b>		
Participation Mortgage Bonds	11 500	11 500
Unit Trusts	1 535 221	1 778 072
Fixed deposits	648 218	647 173
Listed investments (Note 19)	6 656 790	10 017 744
	<u>8 851 729</u>	<u>12 454 489</u>
Local Registered Stock		
9,5% Newcastle Town Council	-	10 167
11,0% Eskom N168	1 996 828	1 777 908
	<u>1 996 828</u>	<u>1 788 075</u>
Funds administered by Standard Bank Trust		
Listed investments (Note 20)	410 608	557 664
Gilts	442 124	399 155
Cash reserves	222 259	242 657
	<u>1 074 991</u>	<u>1 199 476</u>
<b>Total equities and other investments</b>	<b>11 923 548</b>	<b>15 442 040</b>
Cash deposits	9 975 448	5 584 670
Debtors	122 650	5 424
	<u>22 021 646</u>	<u>21 032 134</u>
Less: Creditors	(836 226)	(250 737)
	<u>21 185 420</u>	<u>20 781 397</u>
<b>18.1.2 <u>Special Research Projects : Head Office</u></b>		
Cash on call	4 251 266	2 558 519
	<u>4 251 266</u>	<u>2 558 519</u>
<b>18.1.3 <u>Education Funds : Western Cape</u></b>		
Participation Mortgage Bonds	-	1 009 000
Unit Trusts	-	358 066
Equities	-	756 133
Cash deposits	-	3 283 847
Fixed assets	-	62 853
Debtors	-	323 283
	<u>-</u>	<u>5 793 182</u>
Less: Creditors	-	(73 434)
	<u>-</u>	<u>5 719 748</u>
<b>Total Special Funds Invested</b>	<b>25 436 686</b>	<b>29 059 664</b>
<b>18.2 OTHER FUNDS</b>		
<b>18.2.1 <u>Head Office:</u></b>		
Call Account	1 809 271	1 488 777
11% Eskom N168	569 789	523 031
Listed investments (Note 21)	2 170 492	2 554 914



*NOTES (continued)*

	COMPANY AND GROUP	
	2003	2002
	R	R
18.2.2 <u>Western Cape:</u>		
Reserve fund	228 999	328 406
Call account	72 111	-
Total Other Funds Invested	4 850 662	4 895 128
<b>TOTAL INVESTMENTS</b>	<b>30 287 348</b>	<b>33 954 792</b>

The Western Cape region bursary funds were transferred to a separate entity as at 31<sup>st</sup> December 2002. The legal transfer of the investments will only take place once all the conditions of the resolution passed by the Council of the South African Institute of Race Relations on 24<sup>th</sup> August 2002 have been complied with.

19. <u>LISTED INVESTMENTS OF HEAD OFFICE BURSARY FUNDS</u>	2003		2002	
	QTY	R	QTY	R
<b>Platinum</b>				
Anglo American Platinum Corporation Limited	4 206	967 380	4 206	2 090 382
<b>Gold</b>				
Anglogold Limited	-	-	200	114 400
<b>Banks</b>				
Standard Bank Investment Corporation Limited	7 149	193 738	7 149	209 466
<b>Financial Services</b>				
Coronation Holdings Limited	-	-	800	45 600
<b>Chemicals, Oils, and Plastics</b>				
Sasol Limited	2 285	199 024	-	-
<b>Life Insurance</b>				
Old Mutual Plc	10 000	98 800	10 000	161 500
Liberty Group Limited	2 259	104 998	2 259	121 986
<b>Mining Holdings and Houses</b>				
Anglo American Plc	21 489	2 476 607	21 489	4 048 527
Billiton Plc	5 391	220 222	5 066	325 744
<b>Investment Trusts</b>				
Genbel South Africa Limited	-	-	2 496	33 446
<b>Property</b>				
Liberty International Plc	4 600	331 200	4 600	422 280
<b>Property Unit Trusts</b>				
Allan Gray Property Trust	70 000	195 300	70 000	143 500
Sycom Property Fund	17 000	159 800	17 000	130 050
Redefine Income Fund	80 000	230 400	80 000	172 000
<b>Services</b>				
The Bidvest Group Limited	6 338	256 372	6 338	264 928
<b>Food</b>				
Anglovaal Industries Limited	32 870	426 981	32 870	430 597
Astral Foods Limited	-	-	278	3 058
Illovo Sugar Limited	-	-	5 000	41 250
Tiger Brands Limited	3 000	173 550	3 000	189 000

*Continued next page*

*NOTES (continued)*

	2003		2002	
	QTY	R	QTY	R
<b>Packaging and Printing</b>				
Nampak Limited	1 000	11 400	1 000	11 500
<b>Diversified Industrial</b>				
Rembrandt Group Limited	1 000	52 990	1 000	63 000
Richemont Securities Ag	30 000	328 500	30 000	783 000
<b>Retail</b>				
New Clicks Holdings Limited	71	614	500	3 274
Pick 'n Pay Stores Limited	16 402	198 464	16 402	158 279
<b>Beverages</b>				
South African Breweries Plc	580	30 450	580	30 450
<b>Telecommunications</b>				
Venfin Limited	-	-	1 000	20 527
		<u>6 656 790</u>		<u>10 017 744</u>

20. LISTED INVESTMENTS OF HEAD OFFICE BURSARY FUNDS ADMINISTERED BY STANDARD BANK TRUST

<b>Mining Holdings and Houses</b>				
Anglo American Plc	1 000	115 250	1 000	188 400
<b>Banks</b>				
ABSA Group Limited	1 000	29 800	1 000	25 300
Standard Bank Investment Corporation Limited	1 197	32 439	1 197	35 072
<b>Property</b>				
Liberty International Plc	1 155	83 160	1 155	106 029
<b>Property Unit Trusts</b>				
Sycom Property Fund	3 000	28 200	3 000	22 950
<b>Property Loan Stock</b>				
Hyprop Investments Limited	2 200	25 960	2 200	22 660
<b>Diversified Industrial</b>				
Rembrandt Group Limited	800	42 392	800	50 400
Richemont Securities Ag	2 500	27 375	2 500	65 250
<b>Information Technology</b>				
Dimension Data Holdings Plc	-	-	1 425	13 253
<b>Food</b>				
Tiger Brands Limited	450	26 032	450	28 350
		<u>410 608</u>		<u>557 664</u>

21. LISTED INVESTMENTS OF OTHER FUNDS

<b>Platinum</b>				
Anglo American Platinum Corporation Limited	250	57 500	-	-
Impala Platinum Limited	400	160 600	200	120 600
<b>Mining Holdings and Houses</b>				
Anglo American Plc	5 394	621 659	5 394	1 016 230
Billiton Plc	3 854	157 436	3 621	232 830

*Continued next page*

*NOTES (continued)*

	2003		2002	
	QTY	R	QTY	R
<b>Banks</b>				
Investec Limited	160	12 304	-	-
Investec Plc	274	21 098	-	-
Investec Group Limited	-	-	75	9 750
Nedcor Limited	600	53 880	468	53 820
Rand Merchant Bank Holdings Limited	-	-	5 116	49 625
Standard Bank Investment Corporation Limited	1 933	52 384	733	21 477
<b>Financial Services</b>				
Coronation Holdings Limited	-	-	316	18 012
<b>Information Technology</b>				
Dimension Data Holdings Plc	-	-	1 213	11 281
<b>Insurance</b>				
Alexander Forbes Limited	3 045	32 155	3 045	39 890
<b>Life Insurance</b>				
Liberty Holdings Limited	-	-	148	22 170
<b>Retail</b>				
Massmart Holdings Limited	6 000	105 000	-	-
Pick 'n Pay Stores Limited	10 000	50 000	2 775	11 239
Profurn Limited	-	-	2 534	253
<b>Property</b>				
Liberty International Plc	350	25 200	214	19 645
<b>Diversified Industrial</b>				
Barloworld Limited	2 000	100 000	-	-
Rembrandt Group Limited	1 800	95 382	1 066	67 158
Richemont Securities Ag	12 060	132 057	12 060	314 766
<b>Services</b>				
The Bidvest Group Limited	2 500	101 125	503	21 025
<b>Chemicals, Oils, and Plastics</b>				
Sasol Limited	2 570	223 847	2 385	300 510
<b>Food</b>				
Tiger Brands Limited	830	48 016	830	52 290
<b>Media</b>				
Johnnic Communications Limited	-	-	838	10 349
<b>Paper</b>				
Sappi Limited	250	24 000	250	37 000
<b>Telecommunications</b>				
M Cell Limited	4 462	52 339	4 462	59 345
Venfin Limited	-	-	1 066	19 081
<b>Sundry</b>				
Unit Trusts		44 510		46 568
		<u>2 170 492</u>		<u>2 554 914</u>

## REMEMBRANCE PAGE

Isobel Gandar, Jeannette Davidoff,  
Sarah Ethel London, Maida Whyte,  
H J Katzin, G M Linscott-David,  
Joseph Entin, Philip Shaw Bell,  
C M K Thomas, Marjorie Pethick,  
Philip Wickham Matthews, Patrick R B Lewis,  
Philip Ellis Medalie, Gwlym Cleaton-Jones,  
Robert Selby Taylor, Ebrahim Essopjee,  
Zelma London, Alfred Ernest Glover,  
M S London, Y M E de Charmoy,  
Isobel Jessie Green, James Mason Ballantine,  
Helen Margaret Martin, Marjorie Langley Macintosh,  
William Claude Walmsley, Clifford Mervyn Tubb,  
John Clayton, E S L Taaffe,  
George Craig McKenzie Brown, Hetty Thelma Schwartz,  
Norah Kirby Ingham, Natalie Doreen Denis-Lester,  
Kathleen Mary Bonnett, Duchesne Grice,  
Catherina Hendrina Altman, Philip Stanley Stohr,  
Richard Lake Gawith, Marjorie Shingler,  
Hanna Jaff,  
Adele Naude, Hansi Pollak,,  
May Hillhouse, Rene Marquard de Villiers,  
B F Furnival, J M Grieve,  
Anne Crasnow, Ellen Susan Kooy,  
C M Murray, Norah Gilchrist Henshilwood,  
Sir Alfred Beit, Robert Selby Taylor,  
Oscar Wollheim, Philippa Grace Evans,  
Margaret Grant Roberts, Wilfred Dowson,  
Jack Penn, Beatrice Lilian Honikman,  
Dorothy Medland Reyersbach,  
Kathleen Berkovitz, Nancy Graham Dick,  
Margaret Lydia Lindsay, Sylvia Gordon Toens,  
Marjorie Nell Stokes, Olive Mary Gordon de Jong,  
Frank Bradlow, Sheila Van der Horst.

This page gratefully remembers those who remembered  
the Institute in their wills.

# Leadership with Facts



South African Institute of Race Relations