South African Institute of Race Relations

79th Annual Report

1st January 2008 to 31st December 2008

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS

79th ANNUAL REPORT

1st JANUARY TO 31st DECEMBER 2008

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Our front cover, using a photograph from the *Sunday Times* (photographer James Oatway), depicts the chief justice, Judge Pius Nkonzo Langa, administering the oath of office to President Jacob Zuma during his inauguration at the Union Buildings in Pretoria on 9th May 2009. The back cover features Mrs Helen Suzman taken in 1990 in her study at home. The photograph is from Gallo Images (South Photographs).

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From time to time the Institute has received bequests from its members and others who support its work. The most recent and largest of these was R3 353 000 worth of shares in 2007 from Mr Harry James Barker, a prominent Johannesburg attorney who had been a member for many years. Such bequests are critically important in enabling us to carry out our core functions of research, public vigilance, and policy analysis.

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

HIGHLIGHTS

- The Institute turns 80 on 9th May 2009.
- A new Board is elected for a two-year term.
- A five-pronged strategy is adopted to address the Institute's deficits. In 2008 we ran an operating deficit of R1 438 533, while our loss on investments of R2 561 032 left us with an overall deficit of R3 999 565.
- Thanks mainly to the global economic crisis, assets under the control of the Institute decrease in value from R48 279 380 at the end of 2007 to R39 282 349 at the end of 2008.
- With the backing of the Royal Danish Embassy the Parliamentary Information Service is extended for a further three years.
- The Provincial Information Service completes the first of its second three years, with sponsorship from Irish Aid.
- The Institute launches a new project entitled 'Capacity Building of Local Government in Combating Poverty' funded by the European Union via the Friedrich Naumann Foundation for Liberty.
- Another new project, the 'Media Alert Service', funded by the Open Society Foundation for South Africa, is also launched.
- The Free Society Project, sponsored by the (German) Friedrich Naumann Foundation for Liberty and the International Republican Institute in the US, continues for its 15th year.
- The Ten Pillars of Democracy project, sponsored by the Belgian Embassy for three years, holds a two-day conference at the end of May to test its preliminary findings.
- Our annual *South African Mirror* presentation of key demographic, economic, social, and political data excerpted from the annual *South Africa Survey* and monthly *Fast Facts* or retrieved from our files is given to Institute members, parliamentarians, provincial and local government, political groups, and business delegations.
- A *Monthly Data Analysis for Corporate Subscribers* is launched as an electronic newsletter exclusive to our corporate members.
- A book entitled *People's War: New Light on the Struggle for South Africa* is finalised for publication by Jonathan Ball later this year.
- Fifteen briefings on a variety of topics and six *South African Mirror* presentations are hosted for Institute members. Nineteen briefings are given to members and other audiences by Institute staff.
- The Institute's bursary programme is downsized and streamlined.
- Students on Institute bursaries who supplied their marks achieve a 96% pass rate at the end of 2008 and 58 students graduate, bringing the total since 1980 to 3 585 and total bursary expenditure since then to R210 million.
- The Institute awards 99 bursaries for the 2009 academic year.
- The Institute sells its properties in Braamfontein and moves into rented accommodation in the centre of Johannesburg.

CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING ON MONDAY 13th JULY 2009

Mr President, Members of the Institute, I have pleasure in presenting this report to you. While the attached financial statements cover the financial year ended 31st December 2008, this narrative report is up to date to the end of May 2009.

BIRTHDAY

The Institute turned 80 on 9th May 2009. We were too busy to arrange a celebration. But it is now nearly 20 years since Mr F W de Klerk announced the demise of apartheid on 2nd February 1990, so members may wish to consider our role in bringing that about.

'Seek the facts and make them known' has been the Institute's watchword since its foundation 80 years ago. A staff member once mocked this as 'Forward to freedom with facts and figures.' But did the Institute's approach, favouring research over activism, help to destroy white minority rule? Obviously many factors contributed to the end of apartheid. We have written about them elsewhere. One, particularly relevant to the role of the Institute, was the erosion of the self-confidence of the National Party (NP). This was true also of other members of the ruling elite – civil servants, media, civil society, business, academia, Broederbond, and church. They knew that the apartheid policy had come to a dead end. The Press and others played a part in bringing them to this conclusion. But the Institute's contribution was probably as great as anyone's. Year in and year out, we uncovered the facts and told the NP the truth about their policies. In the end their confidence could no longer withstand the truth. Much of our research was used by others to mobilise international opinion against apartheid, and bounced back to hit the NP from another angle.

The recent tragic history of Zimbabwe reminds us that a ruthless government determined to stay in power can usually do so. Down the years many a communist, African, or other dictator has been able to crush resistance. South Africa and the former Soviet Union are both examples of change wrought as much by reform from the top as by other pressures. Neither Mr de Klerk nor Mr Mikhail Gorbachev intended the reforms they initiated – almost at the same time – to lead to the demise of their own parties. Of course, reform from the top was itself a response to other pressures, including in South Africa's case revolutionary pressure from below. The role of the African National Congress (ANC) and the South African Communist Party (SACP) in fomenting revolution and then seizing the initiative from Mr de Klerk is the focus of a study by the Institute to be published later this year by Jonathan Ball. But Mr de Klerk's decision to lift the ban on the ANC on 2nd February 1990 and release Mr Nelson Mandela a week later arose out of realisation that apartheid was a cul-de-sac. It took decades for this realisation to sink in. But the Institute kept faith and stayed the course.

HELEN SUZMAN

Members will all have learnt of the death of Mrs Helen Suzman on 1st January 2009 in her 92nd year. At the time of her death Mrs Suzman, a one-time President of the Institute, was still a Vice President. The Chief Executive presided over a public memorial celebration held in the Wits Great Hall on 1st March. A tribute in the February issue of *Fast Facts* recalled that Mrs Suzman had begun her long fight against apartheid at the Institute, when the Institute commissioned her to help prepare its submission to the Native Laws Commission set up under Mr Justice Fagan in 1946 to examine the pass and other laws affecting Africans. Her work on the submission (with Professor Ellison Kahn) had alerted her to the destructive effects of these laws. The tribute observed: 'She spent the next half-century helping to make sure everyone else's eyes were opened. Internationally recognised for her heroic fight against apartheid, she was once described as the greatest parliamentarian in the world. She used her position brilliantly. Meticulous in her research, she always spoke with authority as well as conviction. She used forensic skill to force ministers to tell the truth about apartheid in reluctant answers to her never-ending questions. Her finest hour lasted 13 years from 1961 to 1974 when she was the sole liberal MP in a chamber of often hostile and bigoted men where the views of the official opposition were often indistinguishable from those of the government.' The tribute, written by the Institute's Chief Executive, also noted: 'Sadly, in her last years she became more and more disillusioned with the way this country is heading. On more than one occasion she said to me, "John, our democracy is dying".'

FINANCE AND GOVERNANCE

The attached accounts cover the financial year ended 31st December 2008. Our operating deficit was R1 438 533. Loss on investments amounted to R2 561 032, leaving us with an overall deficit of R3 999 565. A large part of the deficit was accounted for by an unrealised loss on the Institute's share portfolio, which was worth R7 018 311 on 31st December (against R11 695 975 at the beginning of the year). The operating deficit is cause for serious concern and is being addressed in five ways.

The first of these is further cost cutting, including selling our two buildings in Braamfontein and moving to rented accommodation in the centre of Johannesburg, which should save us about R300 000 a year in accommodation costs (see below). The second is offering additional services to corporate members in order both to retain them and to encourage others to upgrade to that category. The third is additional fund-raising from our individual members, which at the time of writing had yielded R338 000, about half of which was received before the end of the year. The fourth is a renewed drive for additional funding from new sources, which has long been an uphill battle but bore fruit in May this year when we signed a one-year contract with the Open Society Foundation for South Africa to launch a media alert service (see below). We also signed a three-year contract for a new local government project (see below), funded by the European Union via the Friedrich Naumann Foundation for Liberty. The fifth new step is a drive for support from about 800 companies in the private sector. We have observed that private sector funding is increasingly directed at 'brick-and-mortar' and tangible welfare projects to the detriment of support for research and policy work carried out by the Institute and other think-tanks. 'Brick-and-mortar' projects are important in their own right and they are of course much less politically contentious than policy work, which is no doubt why many companies prefer to support them. But we believe that this approach is short-sighted as the success or failure of South Africa as a liberal democracy will mainly depend on getting policy right.

A new Board of Directors was in the process of being elected at the time this report was being written.

RESEARCH, PUBLICATIONS, AND INFORMATION

This is the Institute's core business. The annual *South Africa Survey* and its monthly supplement, *Fast Facts*, are the main vehicles for our factual information. Some of the Institute's research also finds its way into the media. Information is also supplied on demand to members, parliamentarians, and provincial legislators. With the launch of a new local government project at the beginning of the year (see below), all three levels of government now receive sponsored copies of the *Survey* and *Fast Facts*. Early in 2008 the Institute launched a new website. The website not only enables us to make the *Survey* and *Fast Facts* available on-line, but also provides a vehicle for information and opinion that appears only on-line and not in printed format.

South Africa Survey

The 2007/2008 *South Africa Survey* was available electronically on our website from the beginning of November last year, and the hard copy was launched that same month. The book ran to some 700 pages. Each chapter was also made available on-line to members as an individual file. The 2008/2009 *Survey* is currently in production. As each chapter is completed we will post it on the website for our members, so that the entire publication will be available on-line quite some time before the printed version is launched. This year's nine chapters are demographics, the economy, business, employment, education, health and welfare, living conditions and communications, crime and security, and politics and governance.

Fast Facts

Twelve issues of *Fast Facts* (July 2008 to June 2009) were published. As always, each issue provided up-to-date macro-economic, business, and social indicators in our regular five-page *Fast Stats* section. *Fast Facts* also included its regular updates of crime statistics since 1994, housing trends since 1996, new labour market data, the budget and fiscal trends from 2005 to 2012, and election trends since 1994. A new feature was comparative tax data at national, provincial, and local level from 1994 to 2008. *Fast Facts* also devoted an issue each to key demographic, social, and economic data on South Africa; similar indicators for each province; and a wide range of statistical data for all metropolitan and district municipalities. Feature articles included an examination of the manifestos of the four main parties published just before the election in April, as well as profiles of the top six political leaders of the ANC and the Congress of the People (Cope). *Fast Facts* further contained analytical articles dealing with public policy issues and risks facing the country (see further below).

Since the end of 2008 a special version of *Fast Facts* has been produced for local authorities in terms of a new joint project of the European Union, the Friedrich Naumann Foundation for Liberty, and the Institute (see further below). Six issues of *Fast Facts for Local Government* have been produced. These contained national data from the regular *Fast Facts* as well as new data on local government and articles focused in particular on the role of local government in combating poverty.

Monthly Data Analysis for Corporate Subscribers

This new monthly analysis of statistical data in *Fast Facts* was launched in March 2009. It is supplied exclusively by e-mail to our corporate members. The analysis is based on the five *Fast Stats* pages at the back of *Fast Facts*, supplemented by data which we do not have space for in *Fast Facts*, and further supplemented by relevant international data. Forecasts are included where available. The objective is to give corporates a succinct analysis of all the key macro- and micro-economic statistics on South Africa each month.

Member Information Service

The Institute's library is an unrivalled resource made up of both physical and intellectual capital. The physical material embraces both archives dating back over the decades and current files updated on a daily basis, so that there is little happening in South Africa about which information does not find its way into the appropriate file. Far from being simply a mechanical exercise, classification for filing involves separating the wheat from the chaff, which means we are constantly analysing the data the Institute gathers from a wide variety of sources. Corporate and company members who make use of the library as part of their membership entitlement thus draw not only on what is in the files but on the knowledge about all aspects of South Africa that goes into compiling them. The move to new premises unfortunately meant that we had to discard a large amount of material for which we no longer had space.

Website

The Institute's new website is a key component of all public relations and media campaigns undertaken by the Institute. It showcases Institute research outputs, outreach projects, media commentary, press statements, and events. One of several new features on the site is a weekly newsletter, *SAIRR Today*, which is posted every Friday. The newsletter discusses various current affairs topics and is authored mainly by the deputy CEO but also by research staff. A few editions have been reprinted in full in newspapers.

Parliamentary Information Service

The Royal Danish Embassy agreed to a further three years of funding for the service. It provides all members of Parliament (MPs) with access to the Institute's library. In addition, they are supplied with a free copy of the *Survey*, and a free *Fast Facts* each month, as well as a monthly newsletter. They also receive invitations to the Institute's annual *South African Mirror* presentation at a venue close to Parliament. We provide this service because it is vital to strengthen Parliament as an institution, without which democracy cannot work.

Provincial Information Service

In June 2009 the project completed the first of its second three years, sponsored again by Irish Aid. Essentially, it entails providing members of all nine provincial legislatures with the same services as parliamentarians receive, but with a provincial emphasis. Members of provincial legislatures (MPLs) all receive the *Survey* and *Fast Facts* as well as access to our library. Last year we made presentations of key provincial data to provincial legislators, research staff, departmental officials, and local councillors in all nine provinces. The purpose of this project is to strengthen democratic government at provincial level by supplying MPLs with data that they can use in formulating policy and engaging in debates at provincial level. The project has a web-link on the Institute's website.

Capacity Building of Local Government in Combating Poverty

This project is funded by the European Union via the Friedrich Naumann Foundation for Liberty. It was formally launched on 30th January. Six issues of *Fast Facts for Local Government (F3LG)* have been published. As already noted, these contained national data from the regular *Fast Facts* as well as new data on local government and articles focused on the role of local government in combating poverty (also see under *Fast Facts* above). The six major metropolitan authorities (Ekurhuleni, Johannesburg, Tshwane, eThekwini, Nelson Mandela Bay, and Cape Town) receive not only *F3LG* but also the *Survey*. Two other authorities (Capricorn in Limpopo and Motheo in the Free State) get the same service. This means that altogether 2 000 local councillors and officials benefit from this project. The project also has its own website aimed at local government. We are attempting to find funding to make the *Survey* and *Fast Facts* available to all the other local authorities in the country. Another component of the project is to hold workshops with all eight of the participating local authorities. These 'Major Urban Poverty Challenges Identification' (MUPCI) workshops are designed for elected councillors and officials as well as development organisations to identify the major poverty challenges facing their constituents. Their feedback will be collated with poverty data collected by the Institute's research department to present an accurate picture of the state of poverty in the eight municipalities. Two workshops have so far been held, for the Tshwane and Cape Town metropolitan authorities.

Media Alert Service

This is a new project, funded by the Open Society Foundation for South Africa. Any member of the media, publication, television, or radio station, or media organisation may become a member. Since its inception in January 2009 the project has attracted around 200 newspapers, television stations, radio stations, news organisations, and individual journalists as subscribers. The mailing list is used to distribute all Institute publications by e-mail including *Fast Facts*, chapters from the *South Africa Survey*, briefing papers, press statements, and newsletters. Journalists are also invited to attend all Institute briefings and events free of charge. The project aims to empower journalists with independent information to improve the quality of reporting on South Africa and thereby help entrench free and critical media in South Africa.

South African Mirror

For the last eight years (since October 2001) the Institute has been compiling an annual presentation of key demographic, economic, social, and political data excerpted from the *Survey* and *Fast Facts* or retrieved from our files. Entitled *South African Mirror*, this is presented to our members at evening briefings, but is also available to them in-house. To date some 76 *Mirror* presentations have been given. Most of the presentations use national data but the versions for provincial and local government also include data enabling comparisons to be made among the nine provinces and also among the various local authorities in the country.

Free Society Project

This project originates in the idea that the best alternative to apartheid is not another form of social and racial engineering but a free, open, and democratic society based on the principles of constitutional and economic liberalism. The project is sponsored by the (German) Friedrich Naumann Foundation for Liberty and the International Republican Institute in the United States, whose funding is in turn derived from the National Endowment for Democracy in the US. *Fast Facts* is used as a vehicle for publication of relevant opinion and information, as are the print and electronic media and the Institute's website.

Ten Pillars of Democracy

In terms of a three-year sponsorship agreement with the Belgian Embassy, the Institute launched a monitor of South Africa's performance as a democracy. A report on each pillar was presented to a small two-day workshop of staff and Council members in September 2008. Updated reports were then presented to a larger two-day conference at the War Museum in Johannesburg at the end of May. The reports were made available to outside experts in advance of the conference. During the conference, each pillar was introduced by an Institute speaker, after which two outsiders were asked to respond to the Institute's analysis. Thereafter, other participants were invited to provide further comment. We will draw on the insights from the conference in finalising the report for publication. Participants on each occasion were invited at the end of the report on each pillar to assign a rating between zero for 'dreadful' and ten for 'excellent'. The scores were as follows:

	September 2008	***May 2009***
• rule of law	5.6	5.3
• individual rights	4.1	6.4
• democratic governance	4.2	5.5
• effective governance	3.6	3.3
• scope for entrepreneurship	4.6	4.3
• liberation of the poor	4.3	4.8
• economic growth	4.4	5.2
• racial goodwill	5.6	4.6
• civil society and media	5.4	6.8
• citizenship	3.5	5.4

Assessing Parliament

The President and the Chief Executive of the Institute, plus a member of our governing Council, Dr Frederik Van Zyl Slabbert, served on an independent panel appointed by the Speaker of the National Assembly and the Chairperson of the National Council of Provinces to assess Parliament's performance as an institution and suggest improvements. The panel's report was published earlier this year. Although I agreed with the great majority of the recommendations, I thought some of the proposals were anodyne and declined to sign the report unless my reservations could be attached. But my efforts to table a two-page minority report and have it included in the document handed over to the presiding officers were rejected by the panel, one of whose members said a minority report would be 'against the spirit of the collective'.

Maurice Webb

The Institute received a grant from the Maurice Webb Trust, which is based at the University of KwaZulu-Natal, to conduct research into 'Trends in race and ethnic relations in South Africa since 1994: Institutional re-racialisation of the society or a passing phase in transformation?' At the time of writing we had conducted eleven of the required interviews and written up chapters dealing with crime, sport, race relations in general, and inter-racial violence.

People's War: New Light on the Struggle for South Africa

We have signed a contract with a leading local publishing house, Jonathan Ball, to publish this book later this year.

Risk Analysis Unit

At the time of writing we were discussing plans to establish a Risk Analysis Unit at the Institute and find ways of financing it. The unit will draw on our research in enabling us to identify and give early warning of risks.

BRIEFINGS AND LECTURES

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

- *The Future of South Africa: How the intellectuals have failed Africa* (James Myburgh)
- *Whose land is it? – Yours or the state's?* (Leon Louw, Patrick Craven, Thembeka Ngcukaitobi, Andile Mngxitama)
- *Political scenarios for South Africa* (Patrick Laurence)
- *The World and South Africa in the 2010s: The latest scenarios* (Clem Sunter)
- *South African democracy in a Zuma era: A fading footnote in history?* (Sheila Meintjes)
- *The state of South Africa's judiciary* (Carole Lewis)
- *Launch of the 60th edition of the South Africa Survey* (Peter Ewang, Charles Simkins, Steven Friedman, Brahm Fleisch, Graeme Bloch, and Lawrence Schlemmer)
- *Capacity Building of Local Government in Combating Poverty Project launch* (Nthami Kgafela)
- *Rising Tide – how freedom with responsibility uplifts everyone* (Jack Bloom)
- *Fit to drink?* (Kobus van Zyl, Mike Muller, Anthony Turton, Chris Herold, Victor Munnik, Junior Potloane, with Denis Beckett as facilitator)

- *Pre-election briefing* (Mosiuoa Lekota)
- *Affirmative Action – is it working?* (Jonathan Jansen, Dirk Hermann, Jimmy Manyi, and David Bullard)
- *Pre-election briefing* (Helen Zille)
- *Pre-election briefing* (Jacob Zuma)
- *Fifteen Years of Freedom and Democracy in South Africa* (Apart from Institute staff the speakers were: Tony Leon, Aubrey Matshiqi, Rex van Schalkwyk, Leon Louw, Antony Altbeker, Cathi Albertyn, Jimmy Manyi, Ferial Haffajee, Raymond Louw, Eddie Webster, Azar Jammine, and Bobby Godsell)

Some of the above briefings were held in conjunction with *The Weekender*, some in conjunction with Constitutional Hill, and some were sponsored by the Friedrich Naumann Foundation for Liberty. The last one was sponsored by the Royal Belgian Embassy.

Briefings to members and other audiences by Institute staff:

- Cape Town Metropolitan Authority
- Tshwane Metropolitan Authority
- Investec Board
- Japanese Embassy
- Wachovia Securities
- Merrill Lynch
- Johnson & Johnson
- European Commission
- J P Morgan Securities
- St John’s College
- Standard Bank
- Democratic Alliance
- Department of Local Government
- African People’s Convention
- Alliance of Free Democrats
- Colgate-Palmolive
- Retail Motor Industry
- Retail Motor Industry Board
- Investec staff

BURSARIES

Altogether 58 students graduated last year. In the past 27 years the Institute has awarded bursaries, most of them to black students, worth R210 million. Since 1980, no fewer than 3 585 students have graduated through our bursary programme in the following fields: science and engineering 1 074, business and commerce 967, medicine, health sciences and dentistry 546, education 406, arts 366, and law 226.

Because of its success over a long period of time, the bursary programme was becoming too large for the Institute to continue managing efficiently. The special requirements of some of our donors were also becoming rather onerous while their priorities did not always match those of the Institute. We therefore decided last year to downsize and streamline the programme. Nine bursary projects were handed over to other agencies that run such projects. Every effort was made to ensure a smooth transition from the end of 2008 to the beginning of 2009 so that neither donors nor students were prejudiced. In this we succeeded. We retained only a handful of corporate sponsors, principally those whose objectives and policies fit most closely with those of the Institute. In addition, of course, we retained bursary funds that we have received over the years in terms of donations and bequests.

In 2008, there were 558 students on tertiary bursaries through the Institute's various schemes. Altogether 407 (73%) of these students were on the programmes that were shed during streamlining process. Some 151 (27%) were on the programmes that we continue to administer. The overall pass rate of these students was 96%. In architecture, arts, built environment, commerce, education, and law all our students passed with 100%. The lowest pass rate was 86% in engineering.

The number of bursaries awarded for the 2009 academic year is 99, which is 459 fewer than in 2008. Of this total 16 are new bursaries and 82 bursaries of students which were renewed following their satisfactory performance last year. The names of the various bursary trusts administered by the Institute, as well as the names of our corporate clients and of the sponsors of our bursary programme, appear as part of the notes to our financial statements later on in this report.

ACCOMMODATION

Since 1956 the Institute has occupied its own building, Auden House, in Braamfontein. An adjoining building was purchased to house the Bursary Department and the Chief Executive's office in 1989. Upkeep was becoming more and more expensive and in the middle of 2008 the Board decided to sell both buildings. The price obtained was R4 050 000. After investigating close on 30 options for new premises we settled on rented accommodation on the ninth floor of Renaissance Centre in Gandhi Square in the old Johannesburg central business district and moved there just before the end of the year. As noted above, we expect to save about R300 000 a year in accommodation costs. This arises partly from a smaller maintenance staff and not having constantly to be saddled with the costs of repairing older buildings. Part of the saving arises from the income generated from having invested the sale proceeds. Including members of the Bursary Department (see above) we retrenched altogether eight staff (from 37 in 2008 down to 29 in 2009). We have had to discard about a third of our library archives, back copies of publications, older bursary records, and other older files.

STAFF

During the period under review, Prisca Nkosi (Office Manager) celebrated 25 years of service, as did the Chief Executive. Japhet Mhlongo (Office Orderly and Driver) celebrated 20 years. Sarah Zwane (Production Secretary) will celebrate her 30 years of service in September this year.

THANKS

Thanks are due to our members for their continuing loyalty and support. We are grateful also to the various sponsors of our special projects, mentioned in the note on each project above, and to the donors to our bursary programme. Our thanks are also due to all those who have given donations or made bequests to the Institute. Major donors to the *Survey* are listed in the printed work. I am grateful to the members who serve on our various governing bodies and in particular offices, including Sipho Seepe, our outgoing President; Charles Simkins, our Chairman; Peter Horwitz, our Vice Chairman; Brian Hawksworth, our Honorary Treasurer; Derek Bostock, our Honorary Legal Adviser; and Tom Wixley, Chairman of our Remuneration Committee. Thanks are due also to staff for their dedication and professionalism.

Special thanks are due to the Oppenheimer Memorial Trust for an additional grant to mark the 50th anniversary of the Trust, as well as to the Anglo American Chairman's Fund, our other major core supporter. We should also like to thank Mr Peter Joubert and Mrs Phoebe Brown for most generous personal donations. Thanks are further due to Messrs Ivor Tucker, George Laurence, Julian Ogilvie Thompson, Andre Roux, and Louis Shill. The S G Menell Charitable Trust has become a new Institute donor, and to them we are also grateful, as we are to the Loewenstein Trust.

PUBLIC POLICY ISSUES

Introduction. The Institute feeds factual information about, and analysis of, policy issues into the public arena via its own publications, briefings to various audiences, our website, and the public media. Issues given additional attention over the past year by way of comment include:

- **Health care.** We warned that the minister of health, Dr Manto Tshabalala-Msimang, was proposing to take steps, among them price controls, that could endanger the country's top-rate and internationally-competitive private health-care system. Yet she had presided over a dramatic decline in public health care. While HIV/AIDS had compounded the challenges facing public heath care, these had been exacerbated by mismanagement.

- **Education.** The Institute again drew attention to the problems continuing to plague public education. The picture is not totally bleak: secondary enrolment has increased substantially, while access to schooling has been achieved as much for girls as for boys. The country has excellent private (or 'independent' schools), and about a fifth of the 30 000 public (government) schools work well, some of them extremely well. More and more people are acquiring higher and higher levels of education: for example, the proportion of persons over 20 with grade 12 has risen from 28% to almost a third. But we pointed out that there was still a high drop-out rate from both schools and universities, while question marks hung over the quality of matric certificates and degrees. We thus noted that to obtain a pass in the matric exams, marks as low as 30% and 40% would suffice. We also drew attention to international comparative studies again showing South Africa's educational performance to be poorer than those of many other developing countries. We challenged the Department of Education to release a full racial breakdown of the 2008 matric results. These, we said, were bound to show that 'white, coloured, and Indian children receive a far higher standard of education in public schools than African children do'. The Institute also criticised the South African Democratic Teachers Union (Sadtu) for calling teachers out of school to demonstrate in favour of Mr Jacob Zuma during one of his court appearances.

The Institute further observed: 'Nowhere have the effects of poor policy choices by the government been as far-reaching as in education. Notably:

* The abandonment of the apprenticeship system and the imposition of the costly and largely ineffective sector education and training authorities (Setas) have exacerbated the skill shortage the country inherited from the apartheid system;
* "Outcomes based education" has prejudiced schoolchildren because teachers were never properly prepared to teach it;
* The packaging-out of white teachers has aggravated the shortage of qualified teachers;
* The closure of scores of teacher training colleges – a decision attacked last year by Mr Zuma – has made that situation worse;
* The removal of disciplinary powers from school principals has helped to render many schools unsafe;
* The introduction of no-fee schools has caused a flight from such schools and undermined their viability; and
* The enforced merger of various tertiary institutions has created so many problems that the academic standards and educational output of some of these institutions have been jeopardised.'

We pointed out that the outgoing education minister, Ms Naledi Pandor, had admitted to the 'unintended consequences' of what she once suggested might turn out to be 'careless experimentation' in the education system. Exactly. The new higher education minister, Mr Blade Nzimande, had suggested undoing some of the costly and predictably difficult tertiary mergers.

- **Employment.** The Institute is one of the very few organisations to have been consistently critical of South Africa's illiberal labour market policies. One of the biggest failures of President Thabo Mbeki's government was to avoid implementing reforms to remove the many disincentives to the hiring of workers and reduce the powers of bargaining councils. These joint employer-employee bodies collude to reduce competition in the labour market, to the disadvantage of the unemployed and of small business. No cow in South Africa is more sacred than these institutions. But unless their power is curbed there is little chance that South Africa will be able to make serious inroads into levels of unemployment that were very high even before the global economic crisis hit this country. In a *Fast Facts* editorial in December 2008 we noted that 'the greater labour market flexibility' previously seen by the Government as part of the answer to unemployment was 'off the agenda'. This conclusion was based in part on a reading of a 'discussion document' entitled *Towards an Anti-Poverty Strategy for South Africa* issued by the Government in October. We noted that the strategy (see below) seemed to rely far more on social spending and public works programmes than on enabling unskilled people to enter the labour market.

  The November issue of *Fast Facts* carried a detailed analysis of the new *Quarterly Labour Force Survey* published by Statistics South Africa (Stats

SA). Among the points we highlighted, two are worth repeating here. Firstly, the jobless included 144 000 people with high-level expertise, including professionals, managers, and technicians. Another 143 000 people who had previously worked as plant and machine operators were also unemployed. Given South Africa's chronic shortage of skills these figures, arising from data collated before the collapse of economic growth, are on the face of it surprising. We suggested that there could be a number of reasons: the labour market did not work properly, perhaps because of lack of information; some of the skilled jobless were the wrong colour for affirmative action policies; or the expertise they possessed was out of date.

The other point to which we drew attention was the change in the definition and classification of 'discouraged' workers. These were people who were out of work and available for work, but who had made no effort to find work. In the old labour force surveys they had been counted as unemployed on the so-called 'expanded' definition, but the new quarterly survey classified them as 'not economically active' rather than unemployed. This reduced the number of unemployed. The new *Survey* also defined them more narrowly. The net result was that whereas 'discouraged' workers had numbered more than 3.82 million in 2005, there were now supposedly only 1.07 million of them. Counting them as unemployed had yielded a peak unemployment rate of 42% in 2003 on the old 'expanded' definition, whereas the new official unemployment rate (which ignores them) is 23.5%.

We noted in another article that Ricardo Hausmann of Harvard, chairman of an international panel on growth convened by the Government, had written that if South Africa had a rate of employment similar to those of countries in Latin America, Eastern Europe, and East Asia at similar levels of development, more than six million more South Africans would be working. 'They would be predominantly African, women, young, and with no post-matric education.' Mr Hausmann had proposed an expansion of the tradeable sector of the economy, which would mean more low-skilled jobs and 'exporting for jobs'.

- **Poverty.** During the year the Institute launched a project to help local authorities combat poverty (see above). In last year's *Annual Report* we noted that the Government, despite repeated promises, had still not come up with an official poverty line. This is still the case. Using the $1 a day poverty line, the 2007/2008 *South Africa Survey* showed that poverty in this country had risen from 4,3 % (1.8 million people) in 1996 to 6.1% (2.8 million) in 2002, after which it had declined to 2.0% (943 000) in 2007. We discussed poverty in the December 2008 issue of *Fast Facts*, which drew substantially on the 'discussion document' referred to above and on a report called *Towards a Fifteen-year Review* issued by the Presidency. (The *Fast Facts* article was based on a paper delivered by the Chief Executive to a conference on poverty hosted by the European Commission to South Africa in Pretoria.)

  The Government recognises that the single most important factor in the decline in poverty has been the expansion of social security, especially the increase in the number of recipients of child support grants from 34 000 in 1999 to 7.8 million in 2007. But it also acknowledges that building dependency on the State is unhealthy and that reducing unemployment is the 'key and most sustainable anti-poverty measure'. The government documents also identify South Africa's key labour market challenge: the need to create economic opportunities that 'match the current pool of the unemployed'. These of course are largely people with much lower levels of skill than the major growth sectors of the economy require. The documents contain lists of all sorts of things to be done to combat poverty – investment in human capital, access to assets, social cohesion, good governance, etc – but they do not address the issue of how to remove barriers to labour market entry, presumably because this is politically contentious. There is reference to expanding public employment programmes, but the only reference to the role of the private sector is a suggestion that there be an investigation into 'the potential of subsidies to encourage private employers to expand employment, especially for new workers'.

An issue of *Fast Facts* compiled for local authorities noted that in South Africa's highly centralised political system, most of the policies affecting poverty levels were decided by the central government. Local government could nevertheless play a role in combating poverty by providing efficient municipal services.

- **Stability.** The Institute noted in *SAIRR Today*, our weekly on-line newsletter, that the global recession would reduce South Africa's own economic growth rate, with the result that the Government would have to reconsider some of its goals of halving poverty and unemployment. Inequality and underdevelopment would last longer. *Fast Facts* reported that living standards as measured by average GDP per head had increased in recent years: 1.9% growth in 2008 following 3.8% in 2007. We need now to recognise that real GDP per head will shrink this year as the economy shrinks. Nor should we be blind to the attendant risk of social instability as people who have become used to rising living standards experience the opposite. Trade unions will make much of this, even as some of their demands and actions have a dampening effect on the country's growth potential and the ability of the jobless to find work.

- **Social spending.** Fifteen years ago, as the ANC was preparing to assume power, the Institute warned that South Africans would expect to receive Swedish levels of social security but that this would have to be financed out of GDP no greater than that of Poland. As noted above, the massive expansion of social security payments has had a material impact in reducing income poverty levels. We have previously pointed out that the money saved by the Government's lower budget deficit and interest bills has been diverted to social security. In the words of *SAIRR Today*, 'Past social spending did not take place despite the prudent financial management of the government, but because of it'. More 'no-fee schools', free basic water and electricity, and free housing are among the other things provided by the State.

  The Institute pointed out in *Business Day* shortly before the April 2009 election that Messrs Kgalema Motlanthe, Thabo Mbeki, Trevor Manuel, and Jacob Zuma had all warned against South Africa's becoming a welfare state, but that this was happening regardless. We noted that the social security system was not simply the Government's main anti-poverty weapon but that it had been 'built into the nature of the State' via the entrenchment of socio-economic rights in the Constitution. We suggested that 'the continued prevalence of squalor, cholera-infested water, dreadful education, and poor public healthcare suggests that the entrenchment of socio-economic rights in the Constitution was somewhere between naïve and fraudulent.' South Africa had become 'a dependency society in which a less and less capable state is expected to provide more and more'. We added: 'The so-called "rights-based approach to development" might be politically correct, but it is misguided. It threatens to take the Judiciary into realms where it does not belong, for development is a function of economic growth, sound policy, and effective government, not of litigation or jurisprudence. It also risks misleading people into believing they can use the courts to extract from the State things that in truth are the result of work and enterprise.'

The Institute also warned in *Fast Facts* that the days of tax overruns were over, and that personal income taxes would have to start rising again to finance the Government's budget deficit and growing welfare commitments. This, we said in our new monthly electronic newsletter to corporate members, was not a problem confronting only South Africa. Countries in the developed world also had 'major social security commitments whose cost is being merrily passed on by today's taxpayers to their children and grandchildren'.

- **Living conditions.** The September 2008 issue of *Fast Facts* contained a detailed analysis of housing and home-ownership trends since 1999. It showed that the proportion of households living in houses or brick structures on separate stands had risen from 48% to 59% and the number from 4.3 million to 7.4 million. But the number of households living in informal dwellings had also grown, from 1.45 million to 1.8 million. We pointed out in a news release, however, that informal structures in backyards in formal townships were growing more rapidly than those in informal settlements, or, as they are sometimes called, shack settlements. This, we suggested, was because backyard structures were less vulnerable to both crime and the fires which all too frequently sweep through informal settlements. Also, perhaps, tenants of backyard dwellings could more readily gain access to water and electricity (connected to the main formal house) than those in informal settlements. We further suggested that tenants of backyard dwellings might consider themselves less vulnerable to eviction and the destruction of their properties by the Government in pursuit of its (still ill-defined and likely to be ill-starred) plans to eradicate informal settlements by 2014. As at the end of 2007 there were 1.2 million households living in this type of informal settlement (and 590 000 in backyard shacks in formal townships).

  The Institute also noted that Africans now owned almost two thirds of the formal houses in South Africa. Given that denial of home-ownership was a central feature of the apartheid system, this, we said, was remarkable. The fact that the State had handed over many houses for nothing, the contribution to housing by the banking sector, the abolition of residential segregation, the rise of the black middle class, and the de-racialisation of the housing market had all contributed to the growth of African home-ownership. We noted also that most African houses were fully paid off. This should help render South African home-owners less vulnerable to the bursting of the housing bubble than those in many other countries, even though many of them are deeply in debt.

- **Crime.** Quarterly publication of official crime statistics was stopped in 2000. In fact, no crime statistics have been published since my last report to members, notwithstanding promises in December 2007 by the then minister of safety and security that they would in future be published every six months. This means they are now at least six months overdue. The ministry of safety and security said releasing the data before the election in April 2009 would cause opposition parties to accuse the ANC of politicking, because the figures would show a decrease in crime. The figures would accordingly not be released until September 2009. The Institute commented that later figures might indeed show that certain types of crime had continued on a downward trend, but added that to withhold the statistics was to treat the public with contempt – although there seems to be little public objection to this.

  We welcomed the fact that Mr Zuma had acknowledged public anxiety about crime, which neither Mr Mandela nor Mr Mbeki had always done. 'Everywhere I went the issue of crime was raised,' Mr Zuma had said. 'When the people talk to me I can see the fear in their eyes and hear the desperation in their voices.' Unfortunately, however, he then also stooped to populist rhetoric: 'We cannot allow criminals to live among us on the basis of technicalities. We must consider the issue of the rights of criminals.' Ministerial exhortations to the police to 'shoot to kill' are made from time to time, as are suggestions from ministers that 'criminals have too many rights'. The former are dangerous in that they encourage even more lawlessness among the police than they display already. The latter obscure the fact that most criminals, for a variety of reasons, never get to trial – not because they have 'too many rights' but because of deficiencies all the way through the criminal justice system. One of these, the Institute observed, was that the Government had long since downgraded and mismanaged the detective service, so that, as one senior judge said, 'now there is an extreme paucity of competent detective work in the police'. The outgoing deputy minister of safety and security had said that probably 50% of scenes of violent crimes were never visited by a specialist crime scene investigator. Another long-standing problem was the shortage of prosecutors. Yet another had been getting rid of (mainly white) skills in pursuit of affirmative action policies.

  Apart from the fact that crime statistics are no longer regularly published, one of the problems in measuring the performance of the criminal justice system is that official statistics on prosecutions and convictions are difficult to interpret. Subject to this caveat, the Institute noted that the success rate in cases set down for trial had dropped from 29.6% in 2003/04 to 24.6% in 2007/08. We also noted the following:

  * the daily prison population rose from 118 000 to 163 000 between 1996 and 2007;
  * the prison population thus grew by 38%; and
  * the proportion of prisoners serving sentences longer than five years rose from 8.6% to 66%.

On the face of it we are catching more criminals and jailing them for longer. The latter part of this sentence is self-evidently true, but not necessarily the former. It appears in fact that the increase in the prison population arises less from the incarceration of more convicted criminals than from other factors, including longer prison sentences enjoined by Parliament and the greater difficulty, also thanks to Parliament, that awaiting-trial accused face in obtaining bail. One consequence of the latter factor is that while the number of sentenced people in prison rose by 34% between 1995 and 2007, the number of awaiting-trial people in prison rose by 80%. The number of people in prison awaiting trial for longer than three months grew by no less than 480%.

An article in *Fast Facts* suggested various practical steps to be taken to combat crime more effectively, among them:

* publication of better and more regular data to enable specific problems to be better identified and progress or failure to be more accurately measured;
* reinstatement of the anti-corruption unit of the police (which was closed in 2002);
* enforcement of military-style discipline;
* strengthening of the Independent Complaints Directorate so that the police could no longer ignore it;
* replacement of race-based with capability-based promotions and appointments;
* rebuilding of the detective services division;
* strengthening of forensic services;
* strengthening of prosecution services;
* disciplining of judges who delay handing down decisions;
* ensuring better judicial appointments;
* finding alternatives to prison for first-time minor offenders;
* eradication of corruption in the prison system;
* making it easier for young men to enter the labour market; and
* establishing youth brigades for young men.

This list of practical steps was aimed at all four of the major components of the criminal justice system, namely police, prosecutors, courts, and prisons. In addition, we argued, it was necessary to change the culture of the country's political leadership to set an example of probity. Quite a challenge! At the same time, steps were needed to address the 'supply side', that is, to reduce the supply of young men into crime. This includes paying attention to the family, which is probably the most important vehicle for the transmission of values from one generation to the next (see below).

- **Family life.** In last year's report the Institute noted the high incidence of teenage pregnancies in South Africa, along with the possibility that child support grants might have the unintended consequence of encouraging such pregnancies. We also noted that 43% of all urban parents were single parents, while the numbers of orphans and of child-headed households were rising. In the April 2009 issue of *Fast Facts* we reported that among Africans, 70% of women between the ages of 20 and 24 who have given birth have never married, against 64% among coloured mothers, 19% among white ones, and 12% among Indians. We also reported that the proportion of all children below the age of 15 years who grew up in homes without fathers (who were dead or absent) had risen from 44% to 57% between 1993 and 2002. In the latter year, 62% of African children were growing up in homes without fathers against 45% among coloured people, and 13% among Indians and whites.

- **Race relations.** The Institute was an early opponent of South Africa's affirmative action legislation, the Employment Equity Act of 1998. We have consistently argued that the only real form of affirmative action is education. Last year, in a tongue-in-cheek leader in *Fast Facts* headlined 'The Race for Disadvantage', we congratulated Chinese South Africans for having successfully exploited the Act and so got themselves 'reinvented as black'. They had done this by persuading the High Court to declare them 'designated persons' under the Act despite the protestations of the minister of labour. We noted that white women had earlier also succeeded in exploiting the Act to enable themselves to be viewed as previously disadvantaged and so entitled to benefit from affirmative action policies. More recently, also in a *Fast Facts* leader, we congratulated the new premier of the Western Cape, Ms Helen Zille, for having put merit before race or sex in the appointment of her executive council. Ms Zille has been excoriated, but we said, 'Government at all levels in South Africa is in such a mess that the country cannot afford to make executive appointments except on merit.' Ms Zille was to be particularly commended for 'applying the liberal principle of individual merit at a time when so few people are willing to question political correctness in the form of racial and gender quotas'.

  Shortly after the election in April 2009, *SAIRR Today* recalled that two high ANC officials, Messrs Mathews Phosa and Kgalema Motlanthe, had said that affirmative action and black economic empowerment policy needed to be re-worked and refined. Referring to higher education, and quoting statistics to be published later this year in the 2008/2009 *South Africa Survey*, we pointed out that there were not enough African graduates to transform the country's professions to make them racially 'representative'. Thus in 2007, for example, only 44% of degrees conferred by universities went to Africans. Although whites constituted only about 10% of the population, they earned 40% of degrees. (The remainder went to Indian and coloured students.) To ensure 'representivity', we said, 'the root cause of the paucity of African graduates in particular must be tackled, which is the poor basic education that many children receive'.

- **The Judiciary.** South Africa's courts have been subjected to intensified vilification and threats over the past year, mostly from the ANC and mostly as a result of rulings against Mr Zuma. The Institute criticised the attacks on the courts on numerous occasions in our own publications and in the public communications media. Threats against the Judiciary are harsher in tone than previously, but not new. Some years ago the Institute was in the forefront of a very small number of organisations protesting publicly against a series of five draft bills that would have undermined the Bench and its independence in various ways. These were withdrawn in 2006 after President Mbeki had been compelled by the protests to promise that his government had no intention of undermining the independence of the courts. Although judges made it clear to the Government that they opposed the draft legislation, most were reluctant to speak out in public for fear of becoming embroiled in political controversy. Several senior judges privately commended the Institute for its forthright critical analysis of the bills in question. Despite their withdrawal by Mr Mbeki, the ANC at its conference in Polokwane at the end of 2007 decided that they should be re-introduced. Two, dealing with the training of judges and complaints against them, have since been enacted, in a less objectionable form than was previously envisaged. The big question now is whether the most objectionable of the bills, which would undermine the status of the Supreme Court of Appeal and also give the Government greater powers over the Judiciary in general, will re-surface in Parliament.

In addition to criticising the repeated and sometimes menacing attacks on the courts last year and earlier this year, the Institute published a summary of the various hearings in the High Court, the Supreme Court of Appeal, and the Constitutional Court involving Mr Zuma. We noted his warnings that the Constitutional Court was 'not God' and that it should be brought within 'a democratic setting'. We also recalled that the ANC in 1998 had made plain its intention to obtain control over all levers of state power, including the Judiciary. We further pointed out that Mr Zuma would have the opportunity to appoint four judges to the Constitutional Court this year, among them a new chief justice.

- **Jacob Zuma.** The Institute stated in September 2008 that Mr Zuma should renounce any claim to the presidency of the country until he had been acquitted of all charges against him. When the charges were withdrawn this year, shortly before the election in April, we commented that the reasons given by the National Prosecuting Authority for its decision were flimsy and made that body look 'both cowardly and ridiculous'.

- **Politics.** The Institute noted that corruption under the ANC had become pervasive. The same point was made by numerous others. One way of countering corruption in the ANC, we suggested, was for public figures and business to withdraw their support from the party. But reform of the electoral system was also necessary, as this would strengthen the accountability of parliamentarians to voting constituencies rather than to a corrupt party headquarters. The immense power of party headquarters also meant that the South African political system had become 'Sovietised' in that Parliament and the Cabinet were both accountable to party headquarters in Luthuli House rather than to the electorate. Referring to the launch in late 2008 of the Congress of the People (Cope), a breakaway from the ANC, the Institute welcomed in particular its advocacy of reform of our electoral system. Cope was right to propose introducing proper constituencies while retaining the advantages of proportional representation. This was essentially what had been recommended by the Independent Panel Assessment of Parliament (see above).

  The Institute also noted that explicit reference to the 'national democratic revolution' (NDR), the ANC's long-standing strategic objective, was missing from the organisation's 2009 election manifesto. Some people pooh-poohed the NDR on the grounds that 'revolutionaries could not stage revolutions against themselves', but we argued that the NDR nevertheless represented three risks: 'The first is further widening of party power over the State. The second is extension of the ANC's racial agenda. The third is more and more interference with private enterprise. That this will be incremental rather than of the big-bang variety does not make it any less dangerous, only more insidious.'

- **Government.** Though a number of different groups praised President Jacob Zuma's first Cabinet, the Institute said it was 'poorly structured and conceived'. Writing in *SAIRR Today*, we said there were too many portfolios tasked with economic policy, which would probably result in paralysis. 'Considering the challenges faced by the new Government, it is unfortunate that they have employed such a cumbersome structure'. We also commented that the job of assessing the performance of the Cabinet should be done by Parliament and not by a new 'ministry of performance and assessment'.

- **The State.** In an article in *Fast Facts* in August last year the Institute posed the question, 'Will Jacob Zuma be able to fix the failing State?' The article listed many of the by now well-known failures of Government at national, provincial, and local level, some of which have been referred to above. The article suggested that Mr Zuma was a leader in name only, but noted that any change of direction in areas where the country was failing would require challenging the ANC, 'focused as it now is on patronage, party control, and self-enrichment'. We suggested (too optimistically as it turns out) that 'infrastructural spending may stave off recession' but that 'the next three to five years are likely to be retrogressive from a political point of view'. Let us hope that the latter remark turns out to have been too pessimistic.

  The article predicted that a Zuma presidency 'will see a strengthening of the influence of the party vis-a-vis the State in accordance with standard Marxist-Leninist principles,' though this 'will not necessarily lead to a shift to the Left in fiscal and monetary policy'. It further predicted that the 'steady shift towards a more interventionist state' would continue.

  The issue of *Fast Facts* prepared in May for publication in June 2009 reiterated that Mr Zuma's new government would continue with harmful interventionist policies, especially given the appointment of two prominent *dirigistes* to the Cabinet to run economic affairs and trade and industry. The private sector was likely to be subject to more regulation and bureaucracy – 'and the attendant arbitrariness, corruption, and delay'. The article went on to question the very notions of central planning, a developmental state, and industrial policy, so favoured by the ANC and, evidently, the new Government. We reiterated that the role of the State should be much more limited – the provision of essential public infrastructure, the promotion of decent public education and health care, and the creation of a policy environment that 'fosters risk-taking and investment by the private sector'.

  Citing various examples, *Fast Facts* went on to warn of the unintended consequences of poor legislation and policy choices. To minimise these risks it proposed the adoption by the new Parliament of the proposals of the Independent Panel, especially the proposal that all proposed legislation should be accompanied by a proper prior assessment of its likely impact.

CONCLUSION

The Institute was one of the very few early public critics of the post-apartheid government's interventionist policies. We have certainly been the most outspoken and consistent of such critics. And our warnings of the risks of overreach by the executive branch of government have been vindicated. We consistently argued that government should perform its core functions well rather than a thousand different things badly. The more limited government was, we contended, the more likely it was to be effective. Our call for limited government was stigmatised as a disguised call for weak government. In fact it has turned out that over-extension is one of the factors helping to make government in South Africa weak. On that we have been proved right. As reported above, the participants in our Ten Pillars conference at the end of May gave the pillar 'effective government' the lowest of all ratings out of 10, an average of 3.3. If the Institute got anything wrong in its early warnings against an interventionist state, it was to underestimate the extent of corruption and incompetence that have become defining characteristics of the ANC at all three levels of government and across so many departments and functions of government.

Some people would argue that now is not the best time to reiterate the call for limited government. In South Africa, even the normally sceptical former finance minister, Mr Trevor Manuel, has spoken of the need for more regulation. He echoes a view expressed much more widely by various commentators and officials both here and abroad. But however powerful a case there may be for better regulation of banks – though not those in South Africa – there is no case for wider economic regulation. Liberalisation of trade, globalisation, privatisation, freeing up of labour and other markets, and wider deregulation are part of the mix that has fostered growth on such a scale that millions have been lifted out of poverty, notably in Asia. Africa has not benefited to the same extent, but the growth of democracy, the restoration of the rule of law, and economic liberalisation have helped to push up economic growth rates on this tragic continent as governments have jettisoned the socialist policies that came as part of the anti-colonialist ideological package.

It is impossible at this stage for anyone to forecast how long the global economic recession will last, how deep it will be, or how many people will sink bank into the poverty from which they have only recently begun to emerge. At this stage there are only tentative signs that fiscal and monetary stimuli are working. The 'green shoots' may yet wither. We may yet see a return to the beggar-my-neighbour protectionism that prolonged the Great Depression and helped to precipitate the Second World War.

South Africa's fate is bound up with those of others – China, America, Europe, the World. Our ability to influence decisions and events is limited. But there is much we can do to fix our own environment to stimulate private investment. The package includes low taxes, protection of property rights, effective government, decent physical infrastructure, good public education and health care, liberal immigration laws, the rule of law, low crime, policy predictability, and regulation only where absolutely essential

Johannesburg
11th June 2009

HONORARY TREASURER'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2008

The deficit for the year amounted to R3 999 565, compared to a surplus of R3 994 030 for the previous year ended 31st December 2007.

Operating income was R9 131 328 compared to the previous year's figure of R10 557 879. The significant variances in income were an increase in membership fees of R459 135, an increase in grants and donations of R1 120 960, and a negative variance of R3 154 198 in bequests (this was due to a once-off bequest received). There was an unrealised loss of R3 261 300 on investments compared to a surplus of R1 820 636 in the previous year.

Expenditure increased from R8 879 172 for the previous year to R10 569 861 for the twelve months ended December 2008. This was largely attributable to an increase in personnel cost of R1 320 398 for additional research personnel, and an increase in general overheads and administration cost of R370 291.

The unrealised loss on bursary fund investments was R7 330 294 (2008: surplus of R3 454 317).

The sale of the property in the subsidiary De Korte Street Properties was concluded in the new financial year and the balance of the selling price of R4 050 000 was received in February 2009.

The Institute's financial position at the year end was sound. At that date it had total assets of R39 282 349 under its control, compared to R48 279 380 at December 2007. We anticipate in due time an increase in the value of the Institute's portfolio.

Cash resources increased by R399 552 for the year ended December 2008.

Brian M Hawksworth
Honorary Treasurer
Chairman of the Finance Committee

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31st December 2008

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

CONTENTS

The annual financial statements set out on pages 39 to 53 have been approved by the Board of Directors.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Institute as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The directors have reviewed the Institute's cash flow forecast for the year to 31st December 2009 and, in the light of this review and the current financial position, they are satisfied that the Institute has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditors and their report is presented on page 36.

The annual financial statements set out on pages 39–53, which have been prepared on the going concern basis, were approved by the Board and signed on its behalf by:

J S Kane-Berman　　　　B M Hawksworth

10th June 2009

CORPORATE GOVERNANCE

The South African Institute of Race Relations remains committed to the principles of transparency, 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.

BOARD OF DIRECTORS

The Board meets quarterly. 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 37 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 five non-executive members, meets at least twice annually.

REMUNERATION COMMITTEE

A Remuneration Committee was established on 15th November 2002. The Committee is responsible for determining the remuneration packages of executive management. The Committee consists of no fewer than three members appointed by the Board, 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 the Board procedures are followed.

FINANCIAL CONTROL

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

CODE OF ETHICS

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

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report 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, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31st December 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statements of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 39 to 53.

Directors' Responsibility for the Financial Statements

The Institute's directors are responsible for the preparation and fair presentation of these annual financial statements, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute and the group as of 31st December 2008, and of their financial performance and their 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 of South Africa, 1973.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Saboor
Registered Auditor
Johannesburg
10th June 2009

REPORT OF THE DIRECTORS

The directors submit their report for the year ended 31st December 2008.

REVIEW OF THE INSTITUTE'S BUSINESS AND OPERATIONS

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

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

GOING CONCERN

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

DIRECTORS

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

P S Seepe	—	President
H B Giliomee	—	Vice President
L Schlemmer	—	Vice President
M M A Shezi	—	Vice President
H Suzman D B E	—	Vice President (Deceased 1st January 2009)
C E W Simkins	—	Chairman of the Board of Directors
P J Horwitz	—	Vice Chairman of the Board of Directors
B M Hawksworth	—	Honorary Treasurer
D S L Bostock	—	Honorary Legal Adviser
T Coggin		
R D Crawford		
J A Hudson		
J D Jansen		
C J McCaul		
I Mkhabela		
D K Rose		
J W Wentzel		
T A Wixley		
T S Gugushe		
P G Joubert		
N S Kgopong		
M S Mosikili		
J S Kane-Berman	—	Chief Executive*

* Executive director

SECRETARY

R le Roux served as secretary of the company for the period ended 31st December 2008. Her addresses are:

Business address	**Postal address**
16–20 New Street South	Private Bag X13
Gandhi Square	Marshalltown
Renaissance Centre	Johannesburg
2001 Johannesburg	2107 South Africa

INTEREST IN SUBSIDIARIES

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

POST BALANCE SHEET EVENTS

Investments to the value of R1 121 989 were disposed of subsequent to year end for bursary funding in the new financial year.

The sale of the property in De Korte Street which was classified in these financial statements as non-current assets held for sale was concluded in the new financial year and the balance of the selling price of R4 050 000 was received in February 2009. The Institute on behalf of its subsidiary De Korte Street Properties is seeking legal advice as to whether the company will be liable for Capital Gains Tax.

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

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act.

BALANCE SHEET

as at 31st December 2008

	Notes	GROUP 2008 R	GROUP 2007 R	INSTITUTE 2008 R	INSTITUTE 2007 R
ASSETS					
Non current Assets					
Property, plant and equipment	2	810 769	1 646 902	810 769	763 152
Investment in subsidiary	4			437 865	864 890
		810 769	1 646 902	1 248 634	1 628 042
Investments					
Special Funds					
— Bursary	13	23 614 880	30 899 374	23 614 877	30 899 374
— Institute	13	2 161 316	1 905 173	2 161 316	1 905 173
— Other	13	3 063 082	1 065 862	3 063 082	1 065 862
		28 839 278	33 870 409	28 839 275	33 870 409
Other Institute investments	13	7 018 311	11 729 091	7 018 311	11 729 091
		35 857 589	45 599 500	35 857 586	45 599 500
Current Assets					
Non current assets held for sale	3	868 750	–		
Accounts receivable	5	1 445 313	1 032 978	1 444 362	1 032 027
Cash resources		299 928	–	299 928	–
		2 613 991	1 032 978	1 744 290	1 032 027
TOTAL ASSETS		**39 282 349**	**48 279 380**	**38 850 510**	**48 259 569**
FUNDS AND LIABILITIES					
Funds and reserves					
Accumulated funds		8 929 681	12 929 246	8 929 681	12 929 246
		8 929 681	12 929 246	8 929 681	12 929 246
Special funds					
— Bursary	11/12	23 614 880	30 899 374	23 614 877	30 899 374
— Institute	11/12	2 161 316	1 905 173	2 161 316	1 905 173
— Other	11/12	3 063 082	1 065 862	3 063 082	1 065 862
		28 839 278	33 870 409	28 839 275	33 870 409
Current liabilities					
Accounts payable	6	1 513 390	1 440 131	1 081 555	1 420 320
Bank overdraft		–	39 594	–	39 594
		1 513 390	1 479 725	1 081 555	1 459 914
TOTAL FUNDS AND LIABILITIES		**39 282 349**	**48 279 380**	**38 850 511**	**48 259 569**

INCOME STATEMENT

for the year ended 31st December 2008

	Notes	GROUP		INSTITUTE	
		2008	**2007**	**2008**	**2007**
INCOME		**R**	**R**	**R**	**R**
Administration fees received		1 842 691	1 663 606	1 935 195	1 743 610
Bequests		218 802	3 373 000	218 802	3 373 000
Grants and donations		4 640 613	3 519 653	4 640 613	3 519 653
Membership fees and subscriptions		2 428 269	1 969 134	2 428 269	1 969 134
Publication sales		953	32 486	953	32 486
		9 131 328	**10 557 879**	**9 223 832**	**10 637 883**
EXPENSES					
Auditors' remuneration	7	205 850	152 120	200 850	150 000
Depreciation	2	213 413	181 174	198 413	166 174
Impairment of loan to subsidiary				20 413	101 866
Lease expenditure		110 216	114 999	110 216	114 999
Loss on sale of fixed asset		29 990	–	29 990	–
Overheads and administration		1 034 662	705 667	1 000 878	596 447
Personnel		7 745 676	6 425 278	7 623 428	6 287 041
Postage		179 634	157 805	179 634	157 805
Printing		317 793	344 445	317 793	344 445
Rent and utilities		213 529	198 013	461 652	440 728
Telecommunications		290 273	409 654	290 273	409 654
Travel		228 825	190 017	228 825	190 017
		10 569 861	**8 879 172**	**10 662 365**	**8 959 176**
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR		**(1 438 533)**	**1 678 707**	**(1 438 533)**	**1 678 707**
INCOME FROM INVESTMENTS					
Dividends		322 174	383 344	322 174	383 344
Interest received		378 094	111 343	378 094	111 343
(Deficit)/surplus on investments		(3 261 300)	1 820 636	(3 261 300)	1 820 636
		(2 561 032)	**2 315 323**	**(2 561 032)**	**2 315 323**
(DEFICIT)/SURPLUS FOR THE YEAR		**(3 999 565)**	**3 994 030**	**(3 999 565)**	**3 994 030**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2008

GROUP	***Accumulated funds R***
Balance at 1st January 2007	8 935 216
Surplus for the year	3 994 030
Balance at 31st December 2007	**12 929 246**
Balance at 1st of January 2008	12 929 246
Deficit for the year	(3 999 565)
Balance at 31st of December 2008	**8 929 681**
INSTITUTE	
Balance at 1st January 2007	8 935 216
Surplus for the year	3 994 030
Balance at 31st December 2007	**12 929 246**
Balance at 1st of January 2008	12 929 246
Deficit for the year	(3 999 565)
Balance at 31st of December 2008	**8 929 681**

CASH FLOW STATEMENT

for the year ended 31st December 2008

	GROUP		***INSTITUTE***	
Cash flows from operating activities	***2008 R***	***2007 R***	***2008 R***	***2007 R***
Operating (deficit)/surplus for the year	(3 999 565)	3 994 030	(3 999 565)	3 994 030
Adjustments: Depreciation	213 413	181 174	198 413	166 174
Interest received	(378 094)	(111 343)	(378 094)	(111 343)
Impairment of loan to subsidiary	–	–	20 413	101 866
Deficit/(surplus) on investments	3 261 300	(1 820 636)	3 261 300	(1 820 636)
Bequests received	–	(3 373 000)	–	(3 373 000)
Deficit on disposal of fixed assets	29 990	–	29 990	–
Movement in working capital				
— increase in accounts receivable	(412 335)	(469 640)	(412 335)	(469 640)
— increase/(decrease) in accounts payable	73 259	587 604	(338 767)	582 165
Sub total	(1 212 032)	(1 011 811)	(1 618 645)	(930 384)
Interest received	378 094	111 343	378 094	111 343
Net cash outflow from operating activities	(833 938)	(900 468)	(1 240 551)	(819 041)
Cash flows from investing activities				
Decrease/(increase) in inter-company current account	–	–	406 612	(81 427)
Proceeds on disposal of investments	1 449 480	781 337	1 449 480	781 337
Additions to property, plant and equipment	(276 020)	(299 239)	(276 020)	(299 239)
Net cash inflow from investing activities	1 173 460	482 098	1 580 072	400 671
Total cash movement for the year	339 522	(418 370)	339 522	(418 370)
Cash (overdraft)/resources at beginning of year	(39 594)	378 776	(39 594)	378 776
Cash resources overdraft at end of year	299 928	(39 594)	299 928	(39 594)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31st December 2008

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies adopted in the preparation of these group annual financial statements are set out below, and are consistent, in all material respects, with those applied in the previous period.

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

The group annual financial statements have been prepared on the historical cost basis as modified by the revaluation of financial assets and financial liabilities, and in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice.

The preparation of group financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Interpretations of South African Statements of Generally Accepted Accounting Practice effective for the first time this year

The following interpretations are mandatory to the Institute's accounting periods beginning on or after 1st January 2008:

– AC 445, Service Concession Arrangements (effective date 1st January 2008)
– AC 447, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective date 1st January 2008)

Management assessed the relevance of these interpretations with respect to the Institute's operations, and concluded that they are not relevant to the Institute.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Institute's accounting period beginning on or after 1st January 2009 or later periods, but which the Institute has not early adopted, as follows:

– AC101, Presentation of Financial Statements – Revised (effective date 1st January 2009)
– Amendment to AC 125 Financial Instruments: Presentation and AC 101 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective date 1st January 2009).
– AC 132, Consolidated and Separate Financial Statements – Revised (effective date 1st July 2009)

NOTES (continued)

for the year ended 31st December 2008

- Amendment to AC 133, Financial Instruments: Recognition and Measurement Exposure Qualifying for Hedge Accounting (effective date 1st July 2008)
- Amendment to AC133, Financial Instruments: Recognition and AC 144, Financial Instruments: Disclosures Reclassification of Financial Assets (effective date 1st July 2008)
- AC114, Borrowing Costs – Revised (effective date 1st January 2009).
- Amendments to AC 138 First-Time Adoption of International Financial Reporting Standards and AC 132 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective date 1st January 2009).
- AC 140, Business Combinations – Revised (effective date 1st July 2009)
- Amendment to AC139, Share based Payment Vesting Conditions and Cancellations (effective date 1st January 2009)
- AC 145, Operating Segments (effective 1st January 2009).
- AC 446, Customer Loyalty Programmes (effective date 1st July 2008).
- AC 448, Agreements for the Construction of Real Estate (effective 1st January 2009).
- AC 449, Hedges of a Net Investment in a Foreign Operation (effective 1st October 2008).
- AC 450, Distribution of Non-Cash Assets to Owners (effective 1st July 2009)

Consolidation

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 and grants

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

Operating leases

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

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 notes 11,12 and 13.

Property, plant, and equipment

Land and library books are not depreciated. Other assets are stated at cost or valuation less accumulated depreciation. The land and buildings were occupied by the holding company and during this year were used for operational purposes and were not treated as an investment. In view of the subsidiary disposing of its property in August 2008 and the date of transaction being effected after the year end, the land and buildings have been classified as assets held for sale. Library books are stated at valuation. The archives, which are 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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (thus impairment losses are recognised).

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

Investments

Investments are stated at market value. The increase or decrease in market value is capitalised for Bursary Funds, and recognised for Institute investments as fair value through profit and loss.

Accumulated funds

All reserves are reflected under accumulated funds.

Financial risk management

FINANCIAL RISK FACTORS

The Institute's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by management.

(a) Market risk

Foreign exchange risk

The Institute is not exposed to foreign currency risks.

Price risk

The group is exposed to equity securities price risk because of investments held by the Institute classified on the balance sheet at fair value through profit or loss. The Institute is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio.

At 31st December 2008, if the market value of investments had weakened by 10% with all other variables held constant, the loss for the year (2007: profit) would have been approximately R2 100 000 (2007 : R 3 700 000) lower/higher.

Cash flow and fair value interest rate risk

As the Institute has no significant interest-bearing assets, the Institute's income is substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Institute to cash flow interest rate risk. The interest rates are monitored on a daily basis and any additional or available cash resources are redirected towards reducing the interest bearing debts.

All Institute borrowings are denominated in South African rands. Should the interest rates increase/decrease by 2% the profit after tax will decrease/increase by R183 000 (2007: R150 000).

(b) Credit risk

Potential concentrations of credit risk consist mainly of short–term cash and trade debtors. The Institute limits its counter party exposure from its money market operations by only dealing with well established financial institutions of high quality credit standing. The table below shows the balances of the major counter parties at balance sheet date:

	2008	**2007**
	Balance	Balance
Counter party	R	R
First National Bank Limited	299 928	(39 594)

(c) Liquidity risk

The Institute manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Due to the dynamic nature of the underlying businesses, the Institute aims to maintain flexibility in funding by keeping committed credit lines available.

GROUP	**2008**	**2007**
Payable within a year	R	R
Accounts payable	1 513 390	1 440 131

INSTITUTE	**2008**	**2007**
Payable within a year	R	R
Accounts payable	1 081 555	1 420 320

CAPITAL RISK MANAGEMENT

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern by investing prudently for the long term while maintaining a margin of liquid resources at all times. The executive director is involved in the daily operations of the Institute, and the necessary decisions regarding capital risk management are made as and when necessary.

FAIR VALUE ESTIMATION

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

FAIR VALUE OF FINANCIAL INSTRUMENTS

	2008		2007	
GROUP	**Carrying value R**	**Fair value R**	**Carrying value R**	**Fair value R**
Investments	35 857 586	35 857 586	45 599 500	45 599 500
Accounts receivable	1 445 313	1 445 312	1 032 978	1 032 978
Cash resources	299 928	299 928	(39 564)	(39 564)
Accounts payable	(1 513 390)	(1 513 389)	(1 440 131)	(1 440 131)
INSTITUTE				
Investments	35 857 586	35 857 586	45 599 500	45 599 500
Accounts receivable	1 444 362	1 444 362	1 032 037	1 032 037
Cash resources	299 928	299 928	(39 564)	(39 564)
Accounts payable	(1 081 555)	(1 081 555)	(1 420 320)	(1 420 320)

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land R	Buildings R	Furniture and equipment R	Motor vehicles R	Library R	Total R
Year ended 31st December 2008						
Opening net carrying amount	250 000	633 750	304 455	54 697	404 000	1 646 902
Additions			276 020			276 020
Disposals			(29 990)			(29 990)
Depreciation		(15 000)	(182 404)	(16 009)	0	(213 413)
Transfer to current assets	(250 000)	(618 750)	–	–	–	(868 750)
Closing net carrying amount	**–**	**–**	**368 081**	**38 688**	**404 000**	**810 769**
Year ended 31st December 2008						
Cost/Revaluation			1 457 670	296 797	404 000	2 158 467
Accumulated depreciation			(1 089 589)	(258 109)		(1 347 698)
Closing net carrying amount	**–**	**–**	**368 081**	**38 688**	**404 000**	**810 769**
Year ended 31st December 2007						
Opening net carrying amount	250 000	648 750	155 282	70 805	404 000	1 528 837
Additions			299 239	–		299 239
Depreciation		(15 000)	(150 066)	(16 108)		(181 174)
Closing net carrying amount	**250 000**	**633 750**	**304 455**	**54 697**	**404 000**	**1 646 902**
Year ended 31st December 2007						
Cost/Revaluation	250 000	750 000	1 409 268	296 797	404 000	3 110 065
Accumulated depreciation		(116 250)	(1 104 813)	(242 100)		(1 463 163)
Closing net carrying amount	**250 000**	**633 750**	**304 455**	**54 697**	**404 000**	**1 646 902**

NOTES *(continued)*

for the year ended 31st December 2008

INSTITUTE	***Furniture and equipment R***	***Motor vehicles R***	***Library R***	***Total R***
Year ended 31st December 2008				
Opening net carrying amount	304 455	54 697	404 000	763 152
Additions	276 020			276 020
Disposals	(29 990)			(29 990)
Depreciation	(182 404)	(16 009)		(198 413)
Closing net carrying amount	**368 081**	**38 688**	**404 000**	**810 769**
Year ended 31st December 2008				
Cost	1 457 670	296 797	404 000	2 158 467
Accumulated depreciation	(1 089 589)	(258 109)		(1 347 698)
Closing net carrying amount	**368 081**	**38 688**	**404 000**	**810 769**
Year ended 31st December 2007				
Opening net carrying amount	155 282	70 805	404 000	630 087
Additions	299 239			299 239
Depreciation	(150 066)	(16 108)		(166 174)
Closing net carrying amount	**304 455**	**54 697**	**404 000**	**763 152**
Year ended 31st December 2007				
Cost	1 409 268	296 797	404 000	2 110 065
Accumulated depreciation	(1 104 813)	(242 100)		(1 346 913)
Closing net carrying amount	**304 455**	**54 697**	**404 000**	**763 152**

Details of valuation of land and buildings	***2007 R***
Freehold stand, lot 2794 Johannesburg township	
Situated at 68 De Korte Street, Braamfontein	
Purchased 1954 at cost	20 500
Building erected 1956	65 198
Revaluation – 2001	667 981
	753 679
Freehold stand, lot 5088 Johannesburg township	
Situated at 70 De Korte Street, Braamfontein	
Purchased 1989 at cost	375 000
Improvements and alterations – 1990	440 410
Improvements and alterations – 1991	47 528
Improvements and alterations – 1997	35 189
Revaluation – 2001	(651 806)
	246 321
	1 000 000

3. NON-CURRENT ASSETS HELD FOR SALE

The following non-current assets of De Korte Street Properties (Pty) Ltd have been presented as held for sale following the approval of the company's management on the 25th August 2008 to sell the buildings situated in Braamfontein, Freehold stand lot 2794 Johannesburg township situated at 68 De Korte Street and Freehold stand lot 5088 Johannesburg township situated at 70 De Korte Street. The completion date of the transaction was February 2009.

	GROUP	
	2008 R	2007 R
Land and Buildings	868 750	–

4. INVESTMENT IN WHOLLY-OWNED SUBSIDIARY COMPANY

	INSTITUTE	
	2008 R	2007 R
Shares at cost	6	6
Loan to subsidiary	950 612	950 612
Provision for Impairment	(270 205)	(249 792)
	680 413	700 826
Current account with subsidiary	(242 548)	164 064
	437 865	864 890

5. ACCOUNTS RECEIVABLE

	GROUP		INSTITUTE	
	2008 R	2007 R	2008 R	2007 R
Trade receivables	1 033 639	802 728	1 033 639	802 728
Other receivables	310 558	174 638	309 607	173 687
Receiver of Revenue – VAT	94 279	47 428	94 279	47 428
Staff debtors	6 837	8 184	6 837	8 184
	1 445 313	1 032 978	1 444 362	1 032 027

6. ACCOUNTS PAYABLE

	GROUP 2008 R	GROUP 2007 R	INSTITUTE 2008 R	INSTITUTE 2007 R
Other payables	194 534	534 451	167 699	514 640
Accruals	190 449	266 662	190 449	266 662
Accrual for leave pay	582 324	609 038	582 324	609 038
Sundry payables	141 083	29 980	141 083	29 980
Leilani Investments – Deposit on sale of property	405 000	–		–
	1 513 390	1 440 131	1 081 555	1 420 320

7. AUDITORS' REMUNERATION (GROUP)

	2008 R	2007 R
Holding Company	200 850	150 000
De Korte Street Properties (Pty) Ltd	5 000	2 120
Charged to the income statement	205 850	152 120

for the year ended 31st December 2008

8. OPERATING LEASES

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

Minimum lease payments:	***Building R***	***Office equipment R***	***Total 2008 R***	***Total 2007 R***
Not later than one year	338 800	104 103	442 903	104 103
Later than one year and not later than 5 years	1 643 519	199 531	1 843 050	303 635
	1 982 319	303 634	2 285 953	407 738

9. DIRECTORS' REMUNERATION

The directors' emoluments were as follows:	***2008 R***	***2007 R***
Salaries	1 053 436	970 296
Fringe benefits	53 436	53 436
	1 106 872	1 023 732

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

10. TAXATION

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

No provision has been made for South African normal taxation as the subsidiary, De Korte Street Properties (Proprietary) Limited, has an estimated assessed loss of approximately R101 866 (Dec 2007: R86 923) which is available for set off against future taxable income.

11. SPECIAL FUNDS

INCOME	***Bursary R***	***Institute R***	***Other funds R***	***Total 2008 R***	***Total 2007 R***
Donations and grants	12 413 295	2 141 544	3 054 787	17 609 626	13 071 652
Interest	505 322			505 322	397 240
Dividends	886 217			886 217	991 222
(Deficit)/surplus on investments	(7 330 294)			(7 330 294)	3 454 317
	6 474 540	2 141 544	3 054 787	11 670 871	17 914 431
EXPENSES					
Administration fees and running costs	2 128 656	1 885 401	1 057 567	5 071 624	4 727 314
Audit fees	30 000			30 000	48 000
Funds repaid to donors	0			0	96 542
Bursaries and grants	11 600 378			11 600 378	10 507 454
	13 759 034	1 885 401	1 057 567	16 702 002	15 379 310
(DEFICIT)/SURPLUS FOR THE YEAR	(7 284 494)	256 143	1 997 220	(5 031 131)	2 535 121
Accumulated funds at beginning of year net of deficit balances	30 899 374	1 905 173	1 065 862	33 870 409	31 335 288
NET ACCUMULATED FUNDS	**23 614 880**	**2 161 316**	**3 063 082**	**28 839 278**	**33 870 409**

A list of the balances of the Special Funds administered by the Institute appears in Note 12 and the related investments are set out in note 13.

for the year ended 31st December 2008

12. SPECIAL FUNDS

12.1 Bursary Funds

	Capital R	*Amounts held for Bursary awards R*	*2008 R*	*2007 R*
3M Bursary Fund (staff)		27 151	**27 151**	6 628
Amcham Fund		1 148 785	**1 148 785**	1 004 902
ASA Educational Fund		33 648	**33 648**	32 735
Bertha McKay Fund		6 782	**6 782**	6 021
Berkowitz Scholarship Fund		2 333 572	**2 333 572**	–
Clive Beck Education Trust		208 285	**208 285**	149 103
Dorothy Glauber Fund	50 000	2 003	**52 003**	50 844
Durban Thekwini Bursary Fund		153 703	**153 703**	65 796
Energos Fund		22 647	**22 647**	112 886
Esrael Lazarus Education Fund	67 000	(63 094)	**3 906**	120 694
Eva Dickhuth-Baumann Education Fund		6 987	**6 987**	7 332
FNB Fund Bursary Programme		215 880	**215 880**	200 515
Foschini Fund		138 041	**138 041**	165 690
Gert and Irmgard Brusseau Trust	45 990	624 010	**670 000**	760 988
Giannopoulos Bequest	322 000	(32 267)	**289 733**	603 672
GMKS Fund		22 515	**22 515**	22 515
Horace Coaker Fund	500	977 590	**978 090**	1 944 167
Hungjao Bequest	821 831	(293 158)	**528 673**	963 391
Isaacson Foundation Bursary Fund		4 232 205	**4 232 205**	6 632 685
Johnson and Johnson Medical Education Fund		144 454	**144 454**	–
Kilchberg Bursary Fund		46	**46**	411
Luthuli Memorial Foundation Fund	107 883	20 005	**127 888**	115 985
Margaret Ballinger Fund		6 615	**6 615**	6 615
MTN Fund		87 597	**87 597**	87 597
Nampak Fund		190 439	**190 439**	343 152
Oppenheimer Memorial Trust		365 973	**365 973**	703 555
Pick & Pay Fund		160 733	**160 733**	33 829
RCS Bursary Scheme		9 881	**9 881**	18 727
Reginald Smith Memorial Trust	10 000	0	**10 000**	10 000
Robert Shapiro Trust	10 878	6 497 598	**6 508 476**	10 989 533
SAIRR Education Trust				
3M Bursary Fund (non staff)		1 036	**1 036**	1 036
African Rainbow Minerals Fund		13 655	**13 655**	13 655
Alumni Bursary Fund		26 245	**26 245**	20 245
Fulton Fund		29 966	**29 966**	35 356
John Deere Bursary Fund		106 407	**106 407**	106 408
National Brands Fund		81 208	**81 208**	8 979
Raymond Tucker Fund	25	113 727	**113 752**	111 434
Zurich Fund		295 588	**295 588**	151 066
Sentrachem Bursary Fund		80	**80**	29 823
Senior Bursary Fund	50 000	13 805	**63 805**	57 825
Shirley Simons Fund	772 778	2 717 839	**3 490 617**	4 033 866
Sonae Novobord Bursary Fund		93 944	**93 944**	46 006
Trinity College Fund		77 884	**77 884**	58 209
UTI Education Trust Fund		533 315	**533 315**	1 063 021
USAID SA Scholarship Programme		221	**221**	221
Victor Daitz Fund		923	**923**	923
Yvonne Rabbow Memorial Music Award		1 526	**1 526**	1 333
TOTAL BURSARY FUNDS	2 258 885	21 355 995	**23 614 880**	30 899 374

NOTES (continued)

for the year ended 31st December 2008

12.2 Special Research Projects:	***2008*** ***R***	***2007*** ***R***
Belgian Embassy	241 419	134 307
Dick Gawith Fellowship	1 164 495	1 138 176
Irish Aid	628 754	147 089
Maurice Webb	124 920	122 392
Royal Danish Embassy	1 728	363 209
	2 161 316	1 905 173

12.3 Other funds:		
Hecate Fund	273 094	1 875
Johnson and Johnson BTC Fund	2 789 988	1 063 987
	3 063 082	1 065 862
TOTAL SPECIAL FUNDS	28 839 278	33 870 409

13. INVESTMENTS

	INSTITUTE AND GROUP	
13.1 Special funds	***2008*** ***R***	***2007*** ***R***
13.1.1 Bursary Funds (Note 12.1)		
Fixed deposits	145 040	133 137
Listed investments (Note 14)	14 736 097	25 399 373
	14 881 137	25 532 510
Total equities and other investments	14 881 137	25 532 510
Cash deposits	8 812 045	5 418 752
Debtors	5 000	32 346
	23 698 182	30 983 608
Less: Creditors	(83 302)	(84 234)
	23 614 880	**30 899 374**
13.1.2 Institute Special Research Projects (Note 12.2)		
Unit trusts and cash on call	2 161 316	1 905 173
13.1.3 Other funds (Note 12.3)	3 063 082	1 065 862
Total Special Funds	28 839 278	33 870 409

13.2 Other Institute Investments

First National Bank call account		33 116
Listed investments (Note 15)	7 018 311	11 695 975
	7 018 311	**11 729 091**
TOTAL INVESTMENTS	**35 857 589**	**45 599 500**

NOTES *(continued)*

for the year ended 31st December 2008

14. LISTED INVESTMENTS OF BURSARY FUNDS

	2008 Qty	*2008 R*	*2007 Qty*	*2007 R*
Banks				
Standard Bank Group Ltd	10 665	869 198	7 498	787 290
ABSA Group Ltd	–	–	600	67 260
Building Material and Fixtures				
Pretoria Portland Cement	–	–	1 000	45 290
Beverages				
SAB Miller Plc	2 280	365 963	841	163 785
Chemicals, Oils and Plastics				
Sasol Ltd	2 285	667 448	2 285	803 178
Clothing and Accessories				
Compagnie Fin Richemont	24 900	423 549	–	–
Diversified Industrial				
Rembrandt Group Ltd	1 500	109 890	1 500	303 015
Richemont Securities Ag	–	–	24 900	1 170 549
Electrical Components and Equipment				
Reunert Ord	–	–	350	24 311
Equity Investment Instruments				
Reinet Investments SCA	7 843	75 293	–	–
Food				
Avi Ltd	32 870	683 696	32 870	677 122
Tiger Brands Ltd	–	–	1 920	324 576
The Spar Group Ltd	–	–	1 500	90 000
Hotels				
City Lodge Htls Ltd Ord	–	–	3 481	289 619
Life Insurances				
Liberty Group Ltd	–	–	2 048	192 512
Old Mutual Plc	–	–	10 000	234 000
Mobile Electronic				
MTN Group	–	–	450	60 350
Mining Holdings and Houses				
Anglo American Plc	14 101	3 157 073	14 101	5 964 582
Kumba Iron Ore Ltd	1 710	282 133	1 710	506 160
BHP Billiton Plc	5 991	1 108 395	5 991	1 273 567
Packaging and Printing				
Nampak Ltd	–	–	900	19 692
Paper				
Mondi Ltd	–	–	1 522	100 452
Mondi Plc	–	–	3 808	227 642
Platinum				
Anglo American Platinum Corporation Ltd	3 663	2 003 661	3 663	3 904 758
Property				
Fountainhead Prop Trust	–	–	57 018	386 582
Liberty International Plc	4 650	319 222	4 467	665 762
Property Unit Trusts				
Ambit Properties ltd	174 500	698 000	243 190	924 122
Apexhi Properties A	33 753	472 542	34 890	540 795
Apexhi Properties B	40 188	677 168	41 798	780 369
Apexhi Properties C	19 230	132 687	20 193	145 390
Hyprop Investments Ltd	–	–	9 922	446 490
Ifour Properties Ltd	–	–	33 925	434 240
Pangbourne Properties Ltd	–	–	27 177	463 368
Redefine Income Fund Ltd	135 836	848 975	158 404	1 243 471
Sycom Property Fund			30 750	610 080
Retail				
Pick 'n Pay Stores Ltd	19 102	678 312	16 402	633 444
Pick 'n Pay Holdings Ltd	–	–	2 800	43 120
Massmart Holdings Ltd	–	–	500	35 850
Services				
Bidvest Group Ltd	6 185	637 055	6 300	801 360
Tobacco				
British AM. Tobacco PLC	2 035	505 189	–	–
Trading Cash		20 648		15 220
		14 736 097		25 399 373

15. LISTED INVESTMENTS OF OTHER FUNDS

	2008 Qty	*2008 R*	*2007 Qty*	*2007 R*
Banks				
Standard Bank Group Ltd	5 660	461 290	3 382	355 110
FirstRand Ltd	–	–	6 474	134 400
Building Material and Fixtures	–	–	–	–
Pretoria Portland Cement	5 229	165 759	5 643	255 571
Beverages	–	–	–	–
SAB Miller Plc	966	155 053	966	188 129
Chemicals, Oils and Plastics	–	–	–	–
Sasol Ltd	2 834	827 811	2 834	996 151
Clothing and Accessories	–	–	–	–
Compagnie Fin Richemont	7 060	120 091	–	–
Diversified Industrial	–	–	–	–
Rembrandt Group Ltd	1 000	73 260	1 000	202 010
Barloworld Ltd	–	–	3 041	331 469
Richemont Securities Ag	–	–	7 060	331 891
Equity Investment Instruments	–	–	–	–
Reinet Investments SCA	2 883	27 677	–	–
Farming and Fishing	–	–	–	–
Astral Foods Ltd	–	–	522	79 344
Food	–	–	–	–
Tiger Brands Ltd	1 775	253 843	1 775	300 064
The Spar Group Ltd	3 600	205 920	1 328	79 680
Heavy Construction	–	–	–	–
Group Five Ltd Ord	5 200	183 560	5 200	286 000
Investment Services	–	–	–	–
Investec Ltd	–	–	334	21 212
Investec Plc	–	–	447	28 286
Life Assurance	–	–	–	–
Discovery Holdings Ltd	–	–	363	9 855
Marine Transportation	–	–	–	–
Grindrod Ltd	27 000	403 650	1 660	38 180
Mobile Electronic	–	–	–	–
MTN Group Ltd	4 462	472 526	4 462	598 399
Mining Holdings and Houses	–	–	–	–
Anglo American Plc	5 834	1 306 174	5 834	2 467 724
BHP Billiton Plc	5 564	1 029 396	5 564	1 182 795
Metorex Ltd	–	–	5 400	118 260
Paper	–	–	–	–
Mondi Ltd	–	–	641	42 306
Mondi Plc	–	–	1 603	95 827
Platinum	–	–	–	–
Anglo American Platinum Corporation Ltd	364	199 108	364	388 024
Impala Platinum HLGS Ltd	3 703	523 123	3 703	925 750
Property	–	–	–	–
Liberty International Plc	2 147	147 391	2 147	319 989
Property Unit Trusts	–	–	–	–
Ambit Properties ltd	–	–	94 000	357 200
Apexhi Properties A	–	–	7 215	111 833
Apexhi Properties B	–	–	10 000	186 700
Apexhi Properties C	–	–	6 123	44 086
Hyprop Investments Ltd	–	–	3 552	159 840
Ifour Properties Ltd	–	–	12 000	153 600
Pangbourne Properties Ltd	–	–	10 000	170 500
Redefine Income Fund Ltd	–	–	15 540	121 989
Sycom Property Fund	–	–	4 440	88 090
Retail	–	–	–	–
Pick 'n Pay Stores Ltd	–	–	10 000	154 000
Speciality Chemicals	–	–	–	–
Freeworld Coatings Ltd	–	–	3 041	31 930
Services	–	–	–	–
Bidvest Group Ltd	2 356	242 668	2 400	305 280
Tabacco	–	–	–	–
British AM. Tobacco PLC	802	199 096	–	–
Trading Cash	–	20 915	–	34 501
		7 018 311		11 695 975

PRESIDENTS OF THE INSTITUTE 1930–2007

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

PAST HOERNLÉ LECTURES 1945–2006

No	Year	*Lecturer*	*Title*
1st	1945	Jan Hendrik Hofmeyr	Christian principles and race problems
2nd	1946	E G Malherbe	Race attitudes and education
3rd	1947	I D MacCrone	Group conflicts and race prejudice
4th	1948	Winifred Hoernlé	Penal reform and race relations
5th	1949	W M Macmillan	Africa beyond the Union
6th	1950	Edgar Brookes	We come of age
7th	1951	H J van Eck	Some aspects of the South African industrial revolution
8th	1952	Herbert Frankel	Some reflections on civilisation in Africa
9th	1953	Radcliffe Brown	Outlook for Africa
10th	1954	Emory Ross	Colour and Christian community
11th	1955	T B Davie	Education and race relations in South Africa
12th	1956	Gordon Allport	Prejudice in modern perspective
13th	1957	B B Keet	The ethics of apartheid
14th	1958	David Thomson	The government of divided communities
15th	1959	Simon Biesheuwel	Race, culture and personality
16th	1960	C W de Kiewiet	Can Africa come of age?
17th	1961	D V Cowen	Liberty, equality, fraternity — today
18th	1964	Denis Hurley	Apartheid: A crisis of the Christian conscience
19th	1966	Gwendolen Carter	Separate development: The challenge of the Transkei
20th	1966	Keith Hancock	Are there South Africans?
21st	1968	Meyer Fortes	The plural society in Africa
22nd	1970	Hobart Houghton	Enlightened self-interest and the liberal spirit
23rd	1971	A S Mathews	Freedom and state security in the South African plural society
24th	1972	Philip Mayer	Urban Africans and the bantustans
25th	1973	Alan Pifer	The higher education of blacks in the United States
26th	1974	Mangosuthu Buthelezi	White and black nationalism, ethnicity and the future of the homelands
27th	1975	Monica Wilson	'…So truth be in the field…'
28th	1976	M W Murphree	Education, development and change in Africa
29th	1977	G R Bozzoli	Education is the key to change in South Africa
30th	1978	Hugh Ashton	Moral persuasion
31st	1979	Alan Paton	Towards racial justice: Will there be a change of heart?
32nd	1980	Leon Sullivan	The role of multinational corporations in South Africa
33rd	1985	Alan Paton	Federation or desolation?
34th	1986	Charles Simkins	Liberalism and the problem of power
35th	1990	M M Corbett	Guaranteeing fundamental freedoms in a new South Africa
36th	1993	Richard Goldstone	Do judges speak out?
37th	1996	Lionel Abrahams	The democratic chorus and individual choice
38th	2000	Michael O'Dowd	Ideas have consequences
39th	2002	Carl Gershman	Aiding democracy around the world: the challenges after September 11
40th	2004	Jonathan Jansen	When does a university cease to exist?
41st	2006	Otto Count Lambsdorff	The welfare state: poverty alleviation or poverty creation?