

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

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BOTH the South African Government and the protagonists of disinvestment are in danger of miscalculation.

With some bravado Government leaders are sending out word that South Africa fears nothing from American disinvestment. Behind this lies the assumption that French, German and Japanese companies would rush to fill the void left by the Americans or, failing that, South African companies would be only too happy to acquire the American firms which had been operating in South Africa.

This argument has a dangerous flaw. The Americans will not withdraw gracefully from South Africa. We should not underestimate the American penchant for believing that what is good for America is good for the world. Nor its willingness to use American muscle to bring the world to heel.

Business leaders are deeply worried that once the United States has begun to disinvest it will pressurise other members of the Western alliance to follow suit. Dr Albert Wessels, doyen of the Afrikaans business community who, through his Toyota links, is in close touch with the Japanese business world, believes that Japan would find it exceedingly difficult to stay in South Africa once the Americans have gone.

It is equally dangerous to assume that South African companies would step in to the breach and negate any possible damage flowing from American disinvestment. As important as the \$2,3 000-million which some 300 US corporations have in fixed South African investments is the new technology

Facing up to a two-way disinvestment backlash

RDW 4/1/85

expertise and managerial skills which they introduce.

These are crucial contributions to the South African economic strength which South African companies cannot hope to substitute adequately. Moreover, American disinvestment would be such a hammer-blow to business confidence that South African companies may feel rather jittery about making substantial new investments.

Gross domestic fixed investment has been in decline since the end of 1981 and, while this is partly due to the business cycle, business confidence and the fear of disinvestment have also played an important role.

The South African Government would do well to realise that disinvestment is not simply yet another obstacle that the ship of state could brush aside.

On the other hand the protagonists of disinvestment are equally inclined to downplay the dire dangers which may flow from it. Their argument comes down to this: blacks are already suffering and disinvestment would not increase that suffering materially. It is contended that blacks do not want the black-white struggle to continue for another 30 to 40 years, they want liberation now and disinvestment would help to bring about the resolution of the conflict and an end to black suffering.

The disinvestment sce-

HERMAN GILIOMEE

nario may be correct. But looking at both historic trends and contemporary political dynamics, I would argue that an opposite scenario is far more credible.

In my view disinvestment would over the medium term bring about a sluggish economy with a low growth rate, spiralling black unemployment and terrible hardship and suffering.

Far from inducing whites to negotiate a political settlement with blacks, disinvestment will strengthen the hardliners, both on the white and black side. A state of siege is hardly the condition in which people would still put a high premium about the need to expand black education, promote black advancement and provide relief for the army of black unemployed.

Indeed, a white government would use literally all its credit to prop up the declining living standards of its white constituency.

Violence would increase, for disinvestment will bring not cool heads but an environment of terrible uncertainty and irresponsibility in which the security apparatus could easily overreact to any challenge, while blacks, in a mistaken belief that Western aid

would be forthcoming, could easily overplay their hand.

This is my scenario but there is of course no way of proving that it will be more accurate than the disinvestors' scenario. What South Africa needs right now is a sober and thorough debate about the issue. We above all need adequate and reliable information about what the majority of blacks thinks about the issue.

Let there be no mistake, it is blacks who must speak their mind on the issue, for it is ultimately blacks, more than whites, who would suffer.

The majority may opt for investment or it may not. After all, blacks may hold the view once vividly expressed by the Cambridge economist Joan Nelson. She said that the Third World is discovering that there is one thing worse than being exploited by multi-national companies and that is not being exploited by them.

At the moment we have one important piece of evidence in black attitudes in this regard. A survey sponsored by the US Government and undertaken by Professor Lawrence Schlemmer found that approximately three-quarters of South African blacks opposed disinvestment.

No one who knows the high quality academic work and personal integrity of Prof Schlemmer would question his professional competence to conduct such a survey. The problem with the survey lies in two other areas. Firstly, it was a mistake for the US Government with its commitment to constructive engagement to have initiated and sponsored this survey. As Bishop Tutu remarked, the US Government did not commission a similar survey before it imposed certain sanctions against Poland.

Secondly, it is a criminal offence in South Africa to propagate disinvestment. While I do not believe that black respondents in the Schlemmer survey were inhibited by this, there is an element of doubt which enables the disinvestors to discount the survey.

It is in South Africa's own interests to repeal as soon as possible this law to enable a free and open debate on disinvestment to take place. Before that is the case all empirical data on black attitudes to this vital matter will be treated with scepticism, if not scorn.

Disinvestment is by far the most serious issue facing South Africa in 1985. Neither blacks nor whites can afford to ignore all warnings and steam ahead to the iceberg of disinvestment and only after the crash discover how grim are the survival chances of both whites and blacks.

Political reform is the answer to disinvestment

The growing disinvestment campaign against companies operating in South Africa has probably become the most serious foreign threat facing the Government. In the United States in recent weeks the campaign reached unprecedented heights, with even some of the country's conservative politicians supporting the call

CHRIS FREIMOND, Political Correspondent

TO OPENLY support disinvestment is a crime in South Africa. It carries heavy penalties.

This alone is a clear indication of the alarm with which the Government views the growing campaign to withdraw foreign capital from South Africa.

It is a campaign that seems set to grow in the months and years ahead and will undoubtedly continue to cause divisions not only among South Africans, but also in those countries where the battles against investment are being fought.

The argument of those in favour of disinvestment is that the withdrawal of foreign capital will force the Government to speed up political reform.

The additional hardship that the consequent loss of jobs might cause blacks would be short-term and relieve their perceived oppression far quicker than is happening at present.

Those against disinvestment claim either that the Government is more likely to proceed with political reform in good economic times and when it is not under severe international pressure, or that it is grossly unfair to advocate a strategy that will lead to even greater suffering for blacks.

While there have been no large scale disinvestments to date, the pressures on foreign companies — particularly those in the United States — to pull out of South Africa are mounting.

From a relatively innocuous start 10 years ago by anti-apartheid lobbyists, the campaign in the United States today enjoys widespread support.

In a recent position paper for SA Forum, Professor Carl Noffke, director of the Institute for American Studies at the Rand Afrikaans University, wrote that more than 350 American companies had more than R5 500-million invested in South Africa and more than 6 000 other United States companies did business with South Africa.

Other estimates, which included loans and gold shares, placed total United States investment in South Africa as high as R25 900-million while US bank loans to the private and public sectors in South Africa were estimated at R11 000-million.

He wrote that so far five United States legislatures had approved laws restricting investment in South Africa and at least 40 others were expected to deal with more than 60 disinvestment bills next year.

Some large American cities, including New York, Washington DC and Boston, have disinvestment ordinances and the Mayor of Boston, Mr Raymond Flynn, has urged the country's 100 largest cities to withdraw investments in companies doing business with South Africa.

Moves supporting investment restrictions to a greater or lesser degree have also been made by 41 United States universities, Prof Noffke said.

At Federal level, the campaign to restrict financial dealings with South Africa has been fought bitterly in Congress and is expected to continue next year.

Although the disinvestment campaign in Britain and South Africa's other major European trading partners is not as strong or well organised as in America, it is being extended in those countries and observers believe it will gain momentum.

A leading South African businessman, Mr Tony Bloom, head of the Premier Group, said in an interview that he was "extremely concerned" by the disinvestment lobby and believed its strength was being under-estimated.

He believed it was stronger now than it had ever been and said it might be only a matter of time before the inconvenience factor of pressures on companies with investments in South Africa outweighed their desire to remain in the country.

In South Africa itself disinvestment is an emotional issue. The extent of its support is unclear.

A recent survey by Professor Lawrence Schlemmer, director of the Centre for Applied Social Sciences at the University of

Natal, indicated that 75% of black industrial workers polled were opposed to disinvestment.

But a number of black leaders and anti-apartheid organisations support investment restrictions of some sort and believe the majority of their followers agree with them. Due to legal restrictions it is not possible to quote many of their views.

However, it is widely accepted that the Bishop-designate of Johannesburg, Bishop Desmond Tutu, favours foreign economic pressure to force political change in South Africa.

Economic pressures are also supported by United Democratic Front leaders and its hundreds of affiliate organisations.

An international policy statement earli-

er this year by the Federation of South African Trade Unions, said that Fosatu, as a trade union organisation concerned with the jobs and livelihood of its members, had to give careful consideration to the question of disinvestment.

It was its considered view that the pressure for disinvestment had had a positive effect and should therefore not be lessened.

Fosatu's statement said: "Fosatu is definitely opposed to foreign investment that accepts the conditions of oppression maintained by this regime".

The trend among many South African leaders and organisations seems to be towards conditional foreign investment, possibly along the lines of a "carrot and stick" policy with foreign companies.

Governments would put increased pressure on the South African authorities to introduce political change, and threatening to withdraw investments or approve disinvestment laws if it does not.

Whether the disinvestment campaign is capable of widespread success remains largely unknown.

Apart from their defence for remaining in South Africa on the moral grounds that they are assisting in the social and financial upliftment of blacks, most foreign businessmen have too much to lose by pulling out.

South Africa is also a valuable trading partner to many countries. Disinvestment and trade sanctions could cause economic hardships and unemployment in those countries.

Prof Noffke wrote that a recent survey by the Institute for European Economic Studies in London, in conjunction with two research groups in France and West Germany, concluded that most Western nations would be economically and strategically weakened by concerted disinvestment in South Africa.

In an interview published in the latest edition of Leadership SA, the new chairman of Dunlop in London, South African born Sir Michael Edwardes, said he believed any "disengagement" from South Africa by friendly nations "has got to be a bad thing" for all the parties involved.

"Disengagement isolates and the last thing you want in the world today is isolation — you want communication."

"The only way to communicate is to have a vehicle and to have a cause to communicate."

"So, I believe disengagement by British and American companies from the scene plays into the hands of extremists and is unconstructive and unhelpful."

The problems are complex, but the solution is probably not nearly as difficult as many would believe.

Mr Bloom summed it up in two words when asked how he thought the disinvestment campaign could be countered.

"Political reform," he said.

Union reviews Sullivan Code

Own Correspondent
PORT ELIZABETH. —
The Motor Assemblers' and Component Workers' Union of South Africa has submitted a hard-hitting four-page document on the implementation of the Sullivan Code's fair employment principles to the company at its request.

According to the union, Ford's request follows an evaluation by an independent observer in the United States, Mr Arthur Little, who reported that the company is "making good progress".

In the document presented to Ford last week, Macwusa, one of the unions organizing black workers at Ford, slammed the Sullivan Code as a "toothless package" and a "piece-meal reform that allows this cruel system of apartheid to survive". Ford acknowledged receipt of the document, but has declined to comment.

This is the sixth year since the Sullivan Code guidelines were established for US multinationals in South Africa.

In its document, Macwusa listed the six principles and the union's comment on each:

● **Principle 1: Non-segregation of the races:** The union says this has no significance to the needs of black workers, of whom 78 percent are employed in job categories which have no white workers. "The system of job discrimination on the basis of race is being perpetuated in its entirety."

● **Principle 2: Equal and fair employment practices for all employees:** The union says: Practical experience at Ford shows for a black worker to

qualify for a supervisory position he must be possess an academic Junior Certificate or undergo a

company-offered two-year technical course while whites who have lower primary school education fill supervisory and even senior appointments.

● **Principle 3: Equal pay for equal work:** The union's comment: 84 percent of the workers in the lowest job categories are black and 98.5 percent of the workers employed in the top job category are white. Since the black worker does not occupy job seniority equal to that of the white, the "equal pay for equal work" statement is simply lip service and an empty slogan.

● **Principle 4: Initiation of and development of training programmes for blacks:** Macwusa claims that 99 percent of the black workers are misinformed about the education and training centre at Ford. Over the past five years the company has reported only on the number of black and white employees trained, but has failed to reveal the discriminatory amounts of money spent in training them.

● **Principle 5: Increasing the number of blacks in supervisory and management positions:** The union says the appointment of blacks to managerial positions is "simply tokenism". The company abides by the law that prohibits black supervision over white, and "as such these

black managers have no decision-making power or authority in the company".

● **Principle 6: Improving the quality of employees' lives outside the work environment:** The union says Ford has failed to address itself to the major question of black housing. Ford gave large sums of money to the East Cape Administration Board for the "improvement" of the then Emaplanteng area, subsequently demolished to make way for the new KwaFord township.

This resulted in exploitation as rents ranged between R72 and R80 and the original residents, removed by Ecab, now lived in black townships in conditions of squalor. "The new Fordville, with limited houses selling at some R45 000 each, is a window-dressing scheme aimed at promoting a black middle class."

Macwusa also says "substantial sums of money" from the company are directed towards apartheid organizations and "pro-government" sports bodies.

In summary, Macwusa says the Sullivan Code "circles around apartheid's basic structures. The Code does not demand apartheid to be abolished, but merely to mordenize and ensure its perpetuation". It does not call for an end to passes or require companies to recognize black and white trade unions on an equal basis regardless of registration.

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**Eighth Report
On the Signatory Companies
To the Sullivan Principles**

October 25, 1984



INTERNATIONAL COUNCIL FOR EQUALITY OF OPPORTUNITY PRINCIPLES, INC.
1501 N. BROAD STREET • PHILADELPHIA, PA. 19122 • (215) 236-6757 or 6758

BRIEF DESCRIPTORS OF EIGHTH REPORT
ON THE SIGNATORY COMPANIES TO THE SULLIVAN PRINCIPLES

We are pleased to respond to your request for the Eighth Report on the Signatory Companies to the Sullivan Principles. The Report has five subdivisions: (1) the overview, (2) rating criteria, (3) company listings and ratings, (4) analysis of results, and (5) the appendix. The Report is lucidly written, and the nine (9) figures and twenty-one (21) tables adequately illustrate and complement the total text of this publication.

Your interest is appreciated, and we hope the Report will be useful to you.

Sincerely,

Daniel W. Purnell
Executive Director

DWP/ef

RECENT SIGNATORS TO THE SULLIVAN PRINCIPLES

The following companies have become signators to the Principles since the issuance of this report on October 25, 1984

Alexander and Alexander Services, Inc.
American Hospital Supply Corporation
The Black and Decker Corporation
Becor Western, Inc.
Crown Cork and Seal Company, Inc.
Dow Corning Corporation
Dukane Corporation
Ingersoll-Rand Company
Loctite Corporation
Martin Marietta Corporation
Midland-Ross Corporation
International Correspondence Schools, Inc.
Pan American World Airways, Inc.
Revlon, Inc.
A.H. Robins Company, Inc.
G.D. Searle and Company
The Singer Company
Skok Systems, Inc.
The Washington Times
The Ogilvy Group, Inc.
Wilson Learning Center
GTE Corporation
J.P. Morgan & Company, Inc.
Amdahl Corporation
American Airlines
Millipore Corporation
Combustion Engineering
Wang Laboratories, Inc.
Intergraph Corporation
Bell & Howell Company
Champion Spark Plug Company
Emhart Corporation
Medtronic, Inc.
Simplicity Pattern Co., Inc.
Allegheny International, Inc.
International Playtex, Inc.
American Brands, Inc.
Air Products and Chemicals, Inc.
Baltimore Aircoil Company

STATEMENT OF PRINCIPLES

- Principle 1 — Nonsegregation of the Races in All Eating, Comfort, Locker Rooms, and Work Facilities
- Principle 2 — Equal and Fair Employment Practices for All Employees
- Principle 3 — Equal Pay for All Employees Doing Equal or Comparable Work for the Same Period of Time
- Principle 4 — Initiation and Development of Training Programs that Will Prepare Blacks, Coloureds, and Asians in Substantial Numbers for Supervisory, Administrative, Clerical and Technical Jobs
- Principle 5 — Increasing the Number of Blacks, Coloureds, and Asians in Management and Supervisory Positions
- Principle 6 — Improving the Quality of Employees' Lives Outside the Work Environment in Such Areas as Housing, Transportation, Schooling, Recreation, and Health Facilities.

RATING CATEGORIES

This Eighth Report shows the following distribution of ratings for the companies that returned questionnaires for evaluation by Arthur D. Little, Inc.:

Category	Number of Signatory Companies*
I. Making Good Progress	32
II. Making Progress	
A. Based on Full Report	44
B. Based on Abbreviated Report	7
III. Needs to Become More Active	
A. Received Low Point Score	19
B. Did not Pass Basic Requirements	3
C. Non Reporting	10

*Some Signatories appear in more than one category because they report separately on more than one subsidiary operating in South Africa.

Signatories submitting the long-form questionnaire are rated in categories I, IIA, IIIA and IIIB.

Companies are not distributed among the three categories in accordance with any predetermined quota. In fact, there is hope that all companies will eventually move into one of the passing categories. To assist in this process, over the past two years Arthur D. Little, Inc. representatives have met in South Africa individually with most of the Signatories who last year received a "Needs to Become More Active" rating. Most of these companies have made encouraging improvement.

The evaluation in the Eighth cycle was more stringent than previously; however, the number of companies in the two passing categories, I and II, increased with a reduction in each section of the failing category, III.

Subsidiaries of Signatories may move from one category to another, and substantial tolerance should be shown for Signatories that move down by

only one category. Because companies are rated in relation to each other rather than against an absolute standard, their ratings may change over time. It is difficult — and possibly unfair — to judge a company on its rating in any single year; the pattern of its ratings over several years is more important.

In the past, Signatories whose South African subsidiaries had fewer than 10 employees or who had less than 19% ownership in their subsidiaries were not required to submit annual reports. This year these cut-off points were raised to 25 employees and 50% equity. Such subsidiaries had the option of (a) not reporting or (b) submitting a new short-form questionnaire report in the current (Eighth) reporting period. Next year, as mentioned earlier, all Signatories with employees in South Africa will be required to report annually, regardless of their number of employees or percentage of ownership. Information from such short form reports will make it possible to gauge compliance with the basic requirements and to determine whether a reasonable effort is being made on programs related to the last three principles. Companies who filed short-form reports indicating progress toward these goals are listed in a new category, IIB.

Heretofore, Signatories who did not report were shown in Category IV; they are now listed under IIIC as "Needs to Become More Active."

Names of companies that are not Signatories to the Sullivan Principles, formerly designated Category VIII, now appear in the Appendix. Arthur D. Little, Inc., did not compile this information; it is based on a list provided by the U.S. Consul General in Johannesburg. The names of all Signatory companies have, of course, been removed. Any list of U.S. companies operating in South Africa is subject to inaccuracy and incompleteness; as many as 40 names may be missing from this list.

OVERVIEW

BACKGROUND

The Sullivan Principles (see facing page) are six principles that Dr. Leon H. Sullivan originally developed to guide American-owned companies operating in South Africa. They constitute an employment code now administered by the International Council for Equality of Opportunity Principles, Inc. The Signatories to the Sullivan Principles are companies that support the Principles.

Dr. Sullivan first retained Arthur D. Little, Inc., in 1978 to assess the Signatories' participation in the program. Arthur D. Little prepares the questionnaire, collects the data, and evaluates the Signatory companies, indicating the extent to which they have been successful in implementing the six Principles. The standards for evaluating performance are essentially unchanged from the Fifth, Sixth, and Seventh reports. This report makes public the current status of the program; it presents individual ratings of the companies and a summary analysis of the data collected.

The report is of interest to shareholders, government organizations, public-policy groups, and religious organizations, which need information upon which to base ethical stances regarding business matters. The great strength of the effort arises from its voluntary nature. From the outset, Dr. Sullivan had the foresight to insist on regular reporting by Signatory companies, except for a few that were small or where a small U.S.A. ownership existed; these will report beginning next year. Reporting not only provides the basis for public information on the social programs of the companies operating in South Africa, but, as importantly, it causes each company to prepare and review a report on its own activities and to submit that report to an outside, independent assessment. This program, initiated by Dr. Sullivan, is the only one in which companies are individually evaluated and rated on their social progress in South Africa. Thus, although there are several codes of conduct for companies of various national ownership operating in South Africa (European, South African, etc.), none of the other

codes call for independent evaluation of specific companies.

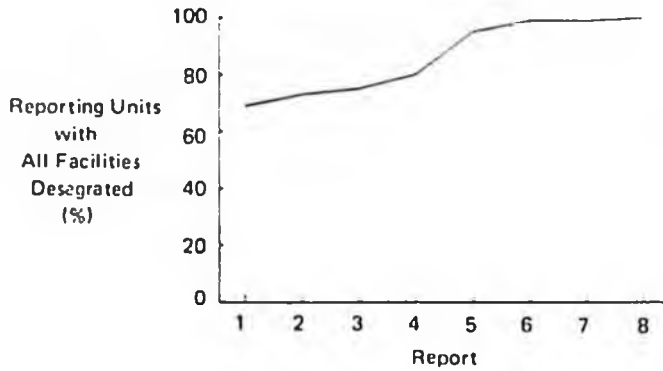
MAJOR ACCOMPLISHMENTS

It is this very rigor which has caused the Signatories to strive constantly for higher goals and has made their influence felt in South Africa far beyond their proportion of the nation's total employment. These standards have continually risen as a result of negotiation between the Signatories and Dr. Sullivan. It is significant that there are today several areas in which companies are being requested to be active which would not have been tolerated by the companies when the program was initiated. This is possible in a dynamic, voluntary effort.

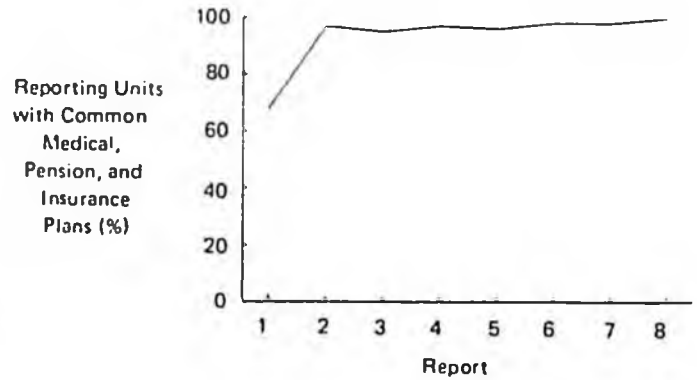
Observers of South Africa point to the major impacts of the Signatories there. The total employment of the reporting Signatories in South Africa is 64,724, one percent of the total economically active labor force. Yet, after the government made home ownership for blacks possible in the urban townships through the medium of 99-year land leases, employees of the Signatory companies held 716 leases (15%) of 4,645 in existence on June 30, 1983. As one Signatory reported, this accomplishment was possible because they had surveyed the needs of their employees before the 99-year lease plan was available and therefore were prepared to arrange "borrowing from banks, the [company] pension fund and building societies before the administration boards had finalized their procedures." This enabled their employees to participate early in the 99-year leases and home ownership scheme.

In the current year, all reporting Signatories were able to state that all facilities in their workplaces had been desegregated. This includes the elimination of *de facto* segregation. Now all Signatories report compliance with all aspects of the first three principles, except the minimum wage. Unfortunately, Signatories shown in Category IIIB do not meet the minimum entry wage level set for the Signatories.

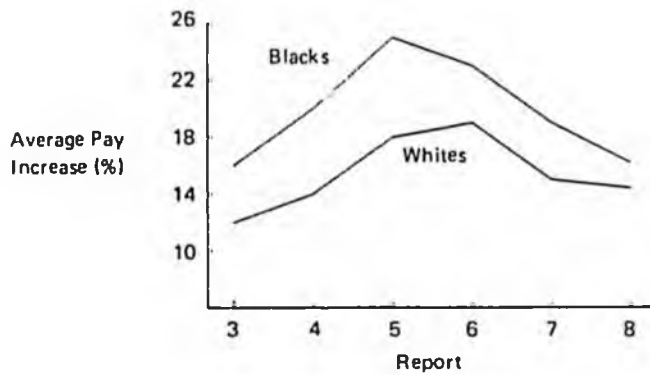
Principle 1. Desegregation



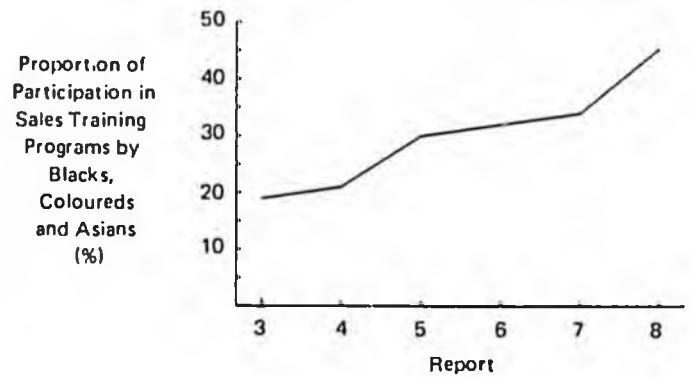
Principle 2. Equal and Fair Employment Practices



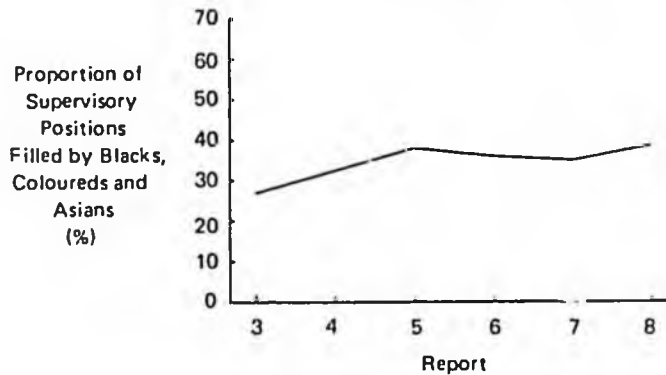
Principle 3. Equal Pay



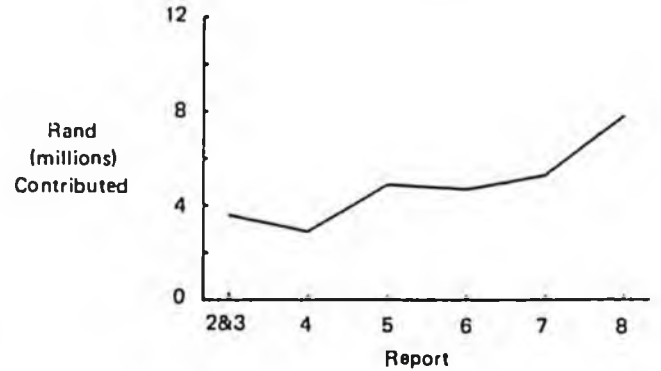
Principle 4. Training for Blacks, Coloureds, and Asians



Principle 5. Blacks, Coloureds, and Asians in Supervisory Positions



Principle 6. Community Development



INDICATORS OF PROGRESS

SUMMARY OF PROGRESS

The six graphs titled "Indicators of Progress" show the effect of the efforts made over the last few reporting periods to implement each of the Principles. As of the Eighth reporting period:

- All of the reporting Signatories state that all their facilities are desegregated (Principle 1).
- All reporting Signatories indicate that they have common medical, pension, and insurance plans (Principle 2).
- Black employees are still receiving higher average percentage pay increases than Whites, though the average percentage increase is decreasing (Principle 3).
- Proportionate participation by Blacks, Coloureds, and Asians in training programs for sales positions has continued to increase (Principle 4).
- The proportion of Blacks, Coloureds, and Asians in supervisory positions has resumed a slow increase (Principle 5).
- Contributions for community development continue to increase (Principle 6).

Signatories show increased commitments of rand expenditures and personnel, although most Signatories continue to be affected by the recession in South Africa. The reports show a decline of nearly 1500 in number of employees.

With the exception of minimum entry wage, which only three Signatories failed to achieve for one or more of their subsidiaries, all of the reporting Signatories have been able to report that they now meet all the requirements of the first three Principles, including the amplifications of those Principles. This exemplary performance permits future efforts to be concentrated on the last three Principles, which cannot be expressed in terms of specific goals, but offer continuing opportunities to accomplish change and to set dynamic goals.

By way of example, two new areas of inquiry were added to the questionnaire in this Eighth cycle. One dealt with the activities of companies in South Africa directed towards persuading the government to reduce various barriers to social change in the country. The second new question was directed at encouraging Signatories to enroll other companies who operate in South Africa in the Program. As both of these areas of inquiry were added near the end of the reporting period, it is not surprising that significant activity was not reported. These lines of inquiry will continue, and it is hoped that companies will be encouraged to increase their efforts in these two directions.

Both of these new objectives were proposed by Dr. Sullivan, and their final embodiment in the questionnaire was the result of negotiation between the companies and him. Undoubtedly, further challenges and higher standards will be introduced in the future as the result of similar proposals and negotiations.

In the spirit of continued evolution, Arthur D. Little has been authorized to make sweeping changes in the reporting format for the Ninth cycle. A prime objective will be to decrease attention to goals that have been accomplished in order to focus on new objectives being identified by the task groups of the Signatory companies and to consolidate unnecessary detail while still providing the basis for individual company ratings. The task groups concerned with Principles 4, 5, and 6 are attempting to develop programs that will encourage but not make mandatory more focused efforts by all Signatories. The objective is to concentrate on the areas of greatest need, particularly those on which the companies can have a considerable impact in the stimulation of social change.

ON BEING A SULLIVAN SIGNATORY

Companies of all nationalities can become Sullivan Signatories. They must express commitment to the Principles by writing to Dr. Sullivan and submit an annual report. Last year, at the initiation of the majority of the Signatories, financial support became an additional requirement. The money contributed by the Signatories pays for

Dr. Sullivan's support office in Philadelphia, meetings, notices, publications, and the services of Arthur D. Little. The current schedule of annual assessments is as follows:

Endorsers	\$1,000
Companies with worldwide sales under \$7 million	\$2,500
Companies with sales between \$7 million and \$1 billion	\$5,000
Companies with sales over \$1 billion	\$7,000

Primarily as a result of this requirement, some 29 companies were withdrawn from the program in the Seventh Report. Six companies were subsequently reinstated after making the required financial contribution. The following analysis of the entire group of 29 is enlightening:

- One company withdrew from South Africa.
- Eleven companies had been endorsers with 0-10 employees in South Africa.
- Nine companies, though Signatories, had never reported in any annual cycle.
- Eight companies had reported in the Fifth and/or Sixth cycle, but each had received a Category III (Needs to Become More Active) rating.

- None of the 29 had been in the "Making Good Progress" or "Making Progress" category in the two years prior to withdrawal.

This year there are 14 new Signatories (including 6 who were reinstated), and 7 Signatories were withdrawn. Those who were withdrawn were unwilling to pay the required assessment. They are described as follows:

- Two companies withdrew from South Africa.
- One Signatory merged with another Signatory.
- One company had been an Endorser with no employees in South Africa.
- One company, although a Signatory, had never reported in any annual cycle.
- One company reported only once in prior reporting cycles.

PART I. RATING CRITERIA

OBJECTIVES

The rating system for the Eighth Report has been designed with six objectives:

- To be as fair and equitable as possible;
- To be understood easily both by Signatories and by readers of this progress report;
- To consider special circumstances affecting individual companies;
- To take into account each company's size, location and industry;
- To measure those efforts that can be evaluated for each company each year; and
- To distinguish among the different levels of progress being made by the individual Signatories.

These objectives and the rating procedure itself have changed only slightly since the Fifth Report. As in past reports, the rating system measures a Signatory's progress *in relation to* the progress of other Signatories. The South African social situation is changing, and the Signatories' sizes and types of business show great diversity. Therefore, except for the basic requirements discussed below, it has not been possible to specify absolute standards that must be met for automatic inclusion in any one of the three major rating categories.

ANNUAL QUESTIONNAIRE

For the Eighth Report, 116 questionnaires from 99 Signatory companies were analyzed by Arthur D. Little, Inc. Some Signatories were not required to complete questionnaires because they are Endorsers of the program or are new Signatories.

Endorsers have no more than 25 employees in South Africa or hold less than a 50% equity in their South African subsidiary(ies). Signatories are required to complete multiple questionnaires when they have multiple South African subsidiaries that are in different lines of business and are managed as relatively independent entities.

The questionnaire collects information to help track the aggregate performance of all Signatories, as well as to evaluate each individually. The questionnaire is updated annually (1) to reflect changes in the program's basic requirements and rating focus and (2) to gather information on new approaches the Signatories are using to implement the Principles. These revisions are based on inputs from Rev. Sullivan and from U.S. and South African Task Forces made up of representatives from the Signatory companies. Inputs also result from annual visits to South Africa by Arthur D. Little, Inc., staff.

The questionnaires for the Eighth Report cover only activities and contributions made from July 1, 1983, to June 30, 1984.

BASIC REQUIREMENTS

To be rated, a Signatory company had to meet nine criteria known as "basic requirements." These basic requirements evaluate how a Signatory has implemented Principle 1 (non-segregation of all facilities), Principle 2 (equal and fair employment practices for all employees), and Principle 3 (equal pay for equal work). The basic requirements are:

1. Freedom of Association

- The company supports the elimination of discrimination against the rights of Blacks to form or belong to Government-registered or unregistered unions; it acknowledges the right of Black workers to form their own

unions or to be represented by trade unions where unions already exist.

2. Benefits

- All benefits available to Whites are also available to other races, and the benefits for Blacks, Coloureds, and Asians are at least equal to those for Whites. An exception is health care, where the benefits are technically equal, although the institutions providing the services may be administered separately.

3. Equal Pay

- The company pays all employees equally for doing equal or comparable work for the same length of time.

4. Minimum Pay

- The company has an entry base pay for all employees that is at least 30% greater than either:
 - The University of South Africa's (UNISA) Minimum Living Level (MLL) for a family of 5 or 6; or
 - The University of Port Elizabeth's Household Subsistence Level (HSL) for a family of 5 or 6.

Companies operating in defined rural areas must pay at least the MLL or HSL and achieve the 30% premium within 5 years by regular annual pay increases.

5. Communication

- The company ensures that all employees (1) see the Statement of Principles in a language that they understand and (2) become aware that the company is a Signatory.

6. Rating

- The company agrees to make its rating category in the Eighth Report known to all employees and to review the rating with representative groups of employees.

7. Review

- The company agrees to review the implementation of the Principles with representative groups of employees several times each year.

8. Desegregation

- All Signatories' facilities are available to all races.

9. Review by Accounting Firm

- All long form reports provided by the Signatories must be reviewed by their accounting firm(s) to verify the accuracy of the information provided in selected numeric questions of the report.

The minimum wage requirement is the stumbling block for the three companies experiencing difficulty in meeting the basic requirements. The problem is particularly vexing since two possible solutions are mechanization, which would eliminate many jobs, or closing, which would eliminate all jobs. Continuous effort is being devoted to finding practical solutions that recognize the need to provide wages reasonably above the subsistence level.

The basic requirement that all long form reports provided by the Signatories be reviewed by their accounting firms was added for the Sixth Report. This requirement's primary purpose is to strengthen the overall credibility of the Sullivan Principles reporting effort by having outside entities verify the accuracy of selected numeric

portions of the questionnaire information. All publicly owned reporting companies for the Eighth Report had such review.

Four items of information were to be verified:

- Total payroll;
- Total employment;
- Percent by which lowest paid employee's pay exceeds the MLL/HSL; and
- Total expenditures made for education, training, and community-development programs.

The accountants were not expected to make any judgments about (1) issues such as the extent of desegregation or equality of benefits or (2) narrative information provided by Signatories on other qualitative issues.

RATING CATEGORIES

The three major rating categories used in this report are: *Making Good Progress (I)*; *Making Progress (II)*; and *Needs to Become More Active (III)*. Category II is divided into two sub-categories, which are distinguished by the report submitted:

- IIA Signatories use the standard (long-form) questionnaire.
- IIB Signatories use the short form, as outlined in the Overview section of this report.

Category III is divided into three distinct sub-categories:

- IIIA Signatories have met the basic requirements for the first three Principles but received low point ratings on the other three.
- IIIB Signatories have not met the basic requirements for the first three Principles.

- IIIC Signatories (previously recorded in Category VI) did not submit a report.

Signatories in all three sub-categories need to become more active.

Other categories are also used in the rating listings in Part II to indicate companies that have few or no employees or have a minority equity in a South African subsidiary and are Endorsers of the Sullivan Principles (IV); new Signatories (V); and Signatories headquartered outside the United States (VII). U.S. businesses in South Africa that are not Signatories are listed in the Appendix.

RATING PROCESS

After Signatories had passed the basic requirements (which encompass Sullivan Principles 1, 2, and 3), the rating process measured how each individual reporting unit had progressed toward implementing Principles 4, 5, and 6. Special attention is given to these ratings, because Sullivan Signatories are expected to make increasing efforts to train and advance Blacks, Coloureds, and Asians and to become involved in improving the quality of employees' lives outside the work environment.

ASSIGNMENT OF POINTS

The reporting units that met all the basic requirements were rated on a scale of points from 0 to 60; this scale measured their progress on Principles 4, 5, and 6. These points were distributed in three areas:

Area	Maximum Quantitative Points	Maximum Qualitative Points	Total Points
Education of Non-employees	10	10	20
Training and Advancement	10	10	20
Community Development	10	10	20
			60

In all three areas, both quantitative and qualitative points were assigned. Both types of measures were necessary, because some of the criteria lend themselves well to quantitative data and

analysis, while others can be judged only by qualitative interpretations that take into account special circumstances.

To make possible equitable comparisons among companies of different sizes, the quantitative ratings were based on ratios calculated by dividing the specific factor to be evaluated (number of rand spent, number of Blacks, Coloureds, and Asians trained, etc.) by a measure of the reporting unit's size (the payroll in rand or the total number of Black, Coloured, and Asian employees). These ratios were rank-ordered to determine a Signatory's standing in relation to other Signatories.

To make the qualitative interpretations, the responses to several questions in each of three areas were evaluated. Two people from a group of five read each report and independently assigned points. Differences between their ratings were discussed and resolved on a question-by-question basis. This method of analysis allowed the raters to consider a wide variety of special situations — including the size, industry, location, and economic condition of an individual Signatory Company — and to reflect in the ratings those activities that could not be measured in rand or numbers of people.

Although no company could obtain credit for more than 10 qualitative points in an area and points were not transferred between areas, diverse efforts by Signatory companies were accommodated during the rating process. In education for non-employees, for instance, a Signatory could earn substantial credit for a strong Adopt-A-School effort. A Signatory without that specific program could, however, still earn a top rating (10 qualitative points) for education if it had other, strong educational programs.

Education for Non-Employees

In the area of education for non-employees, quantitative points were based on the relation between the reporting unit's total payroll and its rand contributions to primary, secondary, technical, and university programs that benefit Black,

Coloured, or Asian South Africans. These programs include, but are not limited to: Teacher Opportunity Programmes (T.O.P.S.), Pace College, Winter School, Education Information Center, St. Barnabas, Institute of International Education, and technikons. Contributions made to Adopt-A-School programs and to non-skilled training were also counted in calculating this ratio.

Qualitative-point assignments were based on a combination of factors that included:

- Extent of participation in Adopt-A-School in relation to a Signatory's size (number of students assisted, type of non-monetary support provided, extent of Signatory-employee involvement with the schools adopted), and extent to which the Signatory has been able to encourage additional government support for schools it has adopted.
- Range of other education programs assisted, number of students benefiting, and extent to which non-financial help has been provided.
- Sponsorship of training in languages, literacy, or such basic skills as mathematics or consumer education that the Signatory provided to benefit non-employees.

Training and Advancement

In the area of training and advancement, measuring progress across a wide range of industries with different job structures and work force sizes is far from a straightforward process.

Quantitative points were based on eight ratios calculated from data provided by each Signatory. To the greatest extent possible, these ratios evaluate the advancement of Blacks, Coloureds, and Asians in relation to the total number of available opportunities for advancement in each South African subsidiary. This approach minimizes the potential negative bias in the rating system against companies whose work force was reduced

during the year because of South Africa's economic downturn. The ratios measured:

- The number of rand a Signatory spent to educate its Black, Coloured, and Asian work force (in relation to the total payroll in rand);
- The number of Black, Coloured, or Asian employees receiving Signatory-sponsored education or training (in relation to the total number of Black, Coloured, and Asian employees in that reporting unit);
- The number of Black, Coloured, and Asian employees in training programs that prepare them for managerial or supervisory job levels (in relation to the total number of Black, Coloured, and Asian employees in that reporting unit);
- The proportion of vacancies filled internally by Black, Coloured, and Asian employees in seven job levels — semi-skilled, clerical/administrative, skilled, sales, professional, supervisory, and managerial — (as a fraction of the total number of such vacancies in these jobs during this reporting period);
- The number of Black, Coloured, and Asian employees who have moved into these seven job levels as a result of participation in training programs sponsored by the Signatory (in relation to the total number of employees in the reporting unit);
- The extent to which Black, Coloured, and Asian employees have moved into supervisory and managerial jobs (as a fraction of the total number of such vacancies that opened during the reporting period);
- The average number of Blacks, Coloureds, and Asians in supervisory and managerial jobs during the reporting period (as a fraction of the total number of employees in these jobs); and

- The average percent of Blacks, Coloureds, and Asians in trainee positions during the reporting period (as a fraction of the total number of people in such trainee positions).

These ratios measure both (1) the efforts Signatories are making to prepare their Black, Coloured, and Asian work force for upward mobility and (2) the number of Black, Coloured, and Asian employees who have actually advanced. Special attention was given to training and advancement for supervisory and managerial positions.

Qualitative points assigned in the training and advancement area were based on:

- The number of Black, Coloured, and Asian employees to which Signatories provided non-skilled training and the extent of that training;
- The number of Black, Coloured, and Asian employees being trained for supervisory or managerial positions;
- The number of Blacks, Coloureds, and Asians who were supervising Whites;
- Special efforts made to prepare a Signatory's supervisors (most of whom are White) to understand and support the company's efforts to provide advancement opportunities for Blacks, Coloureds, and Asians; and
- Special approaches to training — in particular, those that help Black, Coloured, and Asian employees to meet Signatories' standards for supervisory and managerial positions.

Community Development

In the community development area, the quantitative-point assignment was based on the relation between payroll rand and rand contributed to programs that benefit Blacks, Coloureds, and Asians in business, housing, health, welfare, and

recreation. Contributions to groups such as the United States/South African Leadership Exchange Program (USSALEP), the National African Chamber of Commerce and the Urban Foundation were considered here.

Qualitative points assigned in this area were based on such activities as:

- Efforts made to assist the development of businesses owned by Blacks, Coloureds, and Asians in South Africa (purchases of goods and services, consulting assistance, etc.);
- Deposits made in banks owned by Blacks, Coloureds, and Asians;
- Non-financial support provided to the programs of the National African Federated Chamber of Commerce and its local affiliates;
- Non-financial support provided to the Small Business Development Corporation;
- Donations of Signatory time to assist housing, health, welfare, and recreation programs that benefit Blacks, Coloureds, and Asians;
- Assistance provided to Black, Coloured, and Asian employees to purchase their own homes or to improve the conditions of hostels used by employees living away from their homes;
- Efforts made to help Black employees take advantage of rights to reside in urban areas to which they are legally entitled; and
- Non-financial support provided to such programs as Adopt-A-Clinic, Legal Resources Centre, and the Community Development Worker Programme.

Special attention was given in the Eighth Report to public and private efforts to individually or collectively bring an end to discriminatory laws and

practices in South Africa as well as efforts to encourage non-Signatory companies to implement a code of employee and community relations similar to the Principles. Attention was also given to multiple-year Signatory programs that are intended to have a ripple effect over several years, i.e., those that provide long-term benefits to more than just a Signatory's employees or that help not only those who live near its facilities.

Scoring

The distribution of total scores was examined to determine score intervals for assigning reporting units to Category I, IIA, or IIIA. This analysis helped define the logical cut-off points for each of these three major rating categories. The report of any Signatory close to an interval line was reexamined in detail to verify its category assignment.

Signatories' scores ranged from a low of 1 point to a high of 54 points on the 60-point scale. The wide range of scores indicated the varying degrees of implementation by individual Signatories of the last three Sullivan Principles.

From reporting period to reporting period, individual Signatories may move up or down in rating categories. A downward shift does not necessarily imply that a company is applying less effort to implement the Principles than it did in previous years. It does imply that the Signatory's pace has not kept up with that of some of its peers. In evaluating the performance of an individual Signatory, it is important to consider its ratings for all the periods it reported.

Part II of this report lists the Signatories and their rating categories. Individual point scores are not provided, because it is difficult — and potentially misleading — to distinguish among Signatories within a given category.

The following breakdown indicates:

- Changes in the total number of Signatories since the Seventh Report; and
- The number of Signatories in each rating category for the Eighth Report.

CURRENT SULLIVAN SIGNATORIES

10/25/83 118 U.S. Signatories

10/25/84 plus 6 reinstated Signatories
 The General Tire &
 Rubber Company
 Pennwalt Corporation
 Phibro-Salomon Corporation
 Raytheon Company
 Rockwell International
 Corporation
 Transworld Corporation

plus 9 new Signatories
 Bausch & Lomb, Inc.
 Baxter Travenol
 Laboratories, Inc.
 Dresser Industries, Inc.
 Eaton Corporation
 Foster Wheeler Corporation
 Packard Instrument (Pty) Ltd.
 Pepsico, Inc.
 Trans World Airlines, Inc.
 Westin Hotel Co.

less 7 Signatories who withdrew:
 AFIA World Insurance
 (merged with CIGNA)
 American Hospital Supply
 Corporation
 Hyster Co.¹
 Norton Simon, Inc.
 Oshkosh Truck Corporation¹
 The Stanley Works
 J. Walter Thompson Co.

plus 2 non-U.S. Signatories

10/25/84 128 Signatories

SIGNATORY COMPANY DISTRIBUTION

32 Category I. Making Good Progress
 44 Category IIA. Making Progress, Based
 on Full Reporting
 7 Category IIB. Making Progress, Based
 on Short Form Reporting
 19 Category IIIA. Needs to Become More
 Active — Passed All Basic
 Requirements But
 Received Low Point
 Rating
 3 Category IIIB. Needs to Become More
 Active — Did Not Pass Basic
 Requirements
 10 Category IIIC. Needs to Become More
 Active — Did Not Report
 24 Category IV. Endorsers
 11 Category V. New Signatories
 Category VI. (Replaced by Category IIIC)
 2 Category VII. Signatories Headquarters
 Outside the U.S.

22 Signatories were mentioned in two or more
 Categories
 2 Signatories were mentioned in three
 Categories

128 Current Signatories

NON-SIGNATORIES

See Appendix C

¹ These companies have informed ADL that they no longer have any operations in South Africa.

PART II. LISTING OF SIGNATORY COMPANIES' RATINGS

A complete alphabetical list of the Signatory Companies indicates the rating category (described in Part I — Rating Criteria) of each Signatory. More than one rating category is listed for some Signatories whose South African subsidiaries were rated separately and received different ratings.

These Signatories are also listed by rating category with the names of their South African subsidiaries.

In most instances the publicly held parent company in the United States is the official Signatory. However, in a few instances the Signatory is actually a U.S. subsidiary. In those instances, the ultimate publicly held U.S. corporation is shown in brackets in the alphabetical listing, followed by a reference to one or more subsidiaries that are the actual Signatories.

ALPHABETICAL LIST OF SIGNATORIES

Rating Categories

Abbott Laboratories	IIA	Caltex Petroleum Corporation	I
American Cyanamid Company	I,IVD	Carnation Company	IIIB
American Express Company	IVA	Carrier Corp.	IIIA
American Home Products Corporation	IIA	J.I. Case Corporation	IIA
American International Group, Inc.	IIIA	Caterpillar Tractor Co.	IIA
Armco Inc.	IVC	Celanese Corporation	IIA
Ashland Oil, Inc.	IIIA,IIIC	The Chase Manhattan Corporation	IIB
Bausch & Lomb, Inc.	V	Chicago Bridge & Iron Company	V
Baxter Travenol Laboratories, Inc.	V	Citicorp	I,IVA
Borden, Inc.	I	The Coca-Cola Company	I,IIA
Borg-Warner Corp.	IIA	Colgate-Palmolive Company	I
Bristol-Myers Company	IIA	Control Data Corporation	I
Burroughs Corporation	I	Cooper Industries, Inc.	IIIA
Butterick Company, Inc.	IIA	Cummins Engine Company, Inc.	IVC
CBS Inc.	IIB,Appendix	D'Arcy MacManus & Masius Worldwide, Inc.	IIIC
CIGNA Corporation	IIA	Dart & Kraft, Inc.	IIIC
CPC International, Inc.	IIA	Deere & Company	IIA
		Del Monte Corporation	I
		Deloitte Haskins & Sells	IVD
		Dominion Textile Inc.	VII
		Donaldson Company, Inc.	IIIA
		The Dow Chemical Company	IIA,IVC
		Dresser Industries, Inc.	V
		E.I. DuPont de Nemours & Company	I
		The East Asiatic Co. (S.A.)(Pty) Ltd.	VII
		Eastman Kodak Co.	I
		Eaton Corporation	V
		Englehard Corporation	IVA
		Exxon Corporation	I
		FMC Corporation	IIIA
		Federal-Mogul Corporation	IIA,IIIC
		Ferro Corporation	IIIA
		The Firestone Tire & Rubber Company	IIB
		John Fluke Manufacturing Company, Inc.	IIIA
		Fluor Corporation	I
		Ford Motor Company	IIA
		Foster Wheeler Corporation	V
		Franklin Electric Co., Inc.	IIIC
		General Electric Company	IIA,IIB

General Motors Corporation	I	Packard Instrument (Pty) Ltd.	V
The General Tire & Rubber Company	IVB	The Parker Pen Co.	IIA
The Gillette Company	IIA	Pennwalt Corporation	IVC
Goodyear Tire & Rubber Co.	I	Pepsico, Inc.	V
W.R. Grace & Co.	IIA	Pfizer, Inc.	I
		Phelps Dodge Corporation	IIA,IIIC
Walter E. Heller International Corporation	IVD	Phibro-Salomon Inc.	IIIC
Heublein, Inc.	IIA	Phillips Petroleum Company	I
Hewlett-Packard Co.	I		
Honeywell Inc.	IIA	Raytheon Co.	IVB
Hoover Co.	IIIA	Reader's Digest Association, Inc.	IIIA
		Rexnord Inc.	IIA
International Business Machines Corporation	I	[R.J. Reynolds Industries, Inc.]	
International Harvester Company	IIIA	See Del Monte Corporation	
International Minerals & Chemicals Corporation	IIA,IVC	See Heublein, Inc.	
International Telephone & Telegraph Corporation	IIA,IIB	Richardson-Vicks Inc.	IIA
The Interpublic Group of Companies, Inc.	IVC,IVD	Rockwell International Corporation	IVB
		Rohm and Haas Company	IIA,IVB
Johnson Controls, Inc.	IIIC	Schering-Plough Corp.	IIA
Johnson & Johnson	I,IIA	Sentry Insurance	
Joy Manufacturing Company	IIIC	A Mutual Company	IIIA
		SmithKline Beckman Corporation	IIA
Kellogg Company	IIA	Sperry Corporation	I
		Squibb Corporation	IIIA
Eli Lilly and Company	I,IIA	[Standard Oil Company of California]	
		See Caltex Petroleum Corporation	
Marriott Corp.	IIIA	The Standard Oil Co. (Ohio)	IIA
Marsh & McLennan Companies	IVD	Sterling Drug Inc.	IIA
Masonite Corporation	IIA,IIIB		
McGraw-Hill, Inc.	I	Tambrands Incorporated	I
Measurex Corporation	IIIC	[Tenneco, Inc.]	
Merck & Co., Inc.	I,IIA,V	See J.I. Case Corporation	
Mine Safety Appliances Co.	IIIA	See Appendix —	
Minnesota Mining & Manufacturing Company	I	S.A. Paper Chemicals (Pty) Ltd.*	
Mobil Oil Corporation	I	[Texaco Incorporated]	
Monsanto Co.	IIA	See Caltex Petroleum Corporation	
Motorola, Inc.	IIIA	Time Incorporated	IVC
		The Trane Company	IVD
NCNB Corporation	IVC	Trans World Airlines, Inc.	V
NCR Corp.	IIIA	Transworld Corporation	IVB
Nabisco Brands Inc.	IIA		
Nalco Chemical Company	IIIA	[UAL, Inc.]	
Norton Company	I	See Westin Hotel Co.	
		Union Carbide Corporation	I,IIA,IVA
Olin Corporation	I,IIB,IIIC	[United Technologies Corporation]	
Otis Elevator Co.	IIA	See Carrier Corp.	

*Tenneco, Inc. holds a majority equity in this company.

See Otis Elevator Co.
 See Packard Instrument (Pty) Ltd.
 The Upjohn Company IIA
 Warner Communications, Inc. I,IIA
 Warner-Lambert Company IIA,IIB
 Westin Hotel Co. V
 Westinghouse Electric Corporation IIA,IVC
 Wilbur-Ellis Company IIIA
 Xerox Corporation I

[The Coca-Cola Export Corporation
 [Amalgamated Beverage Industries (Pty) Ltd.
 Colgate-Palmolive Company
 [Colgate-Palmolive Limited
 [The Kendall Co. of S.A. (Pty) Ltd.
 S. Wainstein & Co. (Pty) Ltd.
 Control Data Corporation
 Control Data (Proprietary) Ltd.
 Del Monte Corporation
 S.A. Preserving Co. (Pty) Ltd.

E.I. DuPont de Nemours & Company
 DuPont de Nemours International
 Societe Anonyme

Eastman Kodak Co.
 Kodak (South Africa) (Pty) Ltd.
 Exxon Corporation
 Esso Chemical (Pty) Ltd.
 Esso Standard South Africa (Pty) Ltd.
 Gilbarco South Africa (Pty) Ltd.

Fluor Corporation**
 [Fluor South Africa (Pty) Ltd.
 [Fluor Engineers South Africa (Pty) Ltd.

General Motors Corporation
 [General Motors South African (Pty) Ltd.
 [General Motors Acceptance Corporation
 South African (Pty) Limited
 Goodyear Tire & Rubber Co.
 [Goodyear Tyre & Rubber Co. (S.A.) (Pty) Ltd.
 [Kelly Springfield Tyre Co. S.A. (Pty) Ltd.

Hewlett-Packard Company
 Hewlett-Packard S.A. (Pty) Ltd.

International Business Machines Corporation
 International Business Machines South Africa
 (Pty) Ltd.

The following list indicates the rating categories in which reporting units fell, based on the total number of points each unit received. The individual points for each unit are not given, because that would imply the rating process is more sophisticated than it actually is. The high degree of judgment used in the process and the many differences among the Signatory companies preclude use of individual point scores to distinguish the relative performance of companies within a rating category.

Category I. Making Good Progress*

American Cyanamid Company⁴
 [South African Cyanamid (Pty) Ltd.
 [Lederle Laboratories (Pty) Ltd.
 [Shulton South Africa (Pty) Ltd.
 Borden Inc.
 [Babelegi Processing (Pty) Ltd.
 [Borden Foods (Pty) Ltd.
 [Resinite SA (Pty) Ltd.
 Burroughs Corporation
 Burroughs Machines Limited
 Caltex Petroleum Corporation
 Caltex Oil (S.A.) (Pty) Ltd.
 Citicorp⁴
 Citibank N.A. Ltd.
 The Coca-Cola Company²

*Throughout these listings the first line shows the U.S. Signatory corporation and the line(s) below each corporation indicate(s) its South African subsidiaries. A bracket ([]) before two or more subsidiaries indicates they were combined in a single report.

**At these subsidiaries, employees are individuals whose costs are not reimbursed to Fluor by its clients.

1. Signatory also appears in Category I.
 2. Signatory also appears in Category IIA or IIB.
 3. Signatory also appears in Category IIIA, IIIB or IIIC.
 4. Signatory also appears in Category IVA, IVB, IVC or IVD.
 5. New signatories only in Category V.

Johnson & Johnson²
[Johnson & Johnson Professional Products Co.
(Pty) Ltd.
[Johnson & Johnson (Pty) Ltd.

Eli Lilly and Company²
Elizabeth Arden (S.A.) (Pty) Ltd.

McGraw-Hill, Inc.
McGraw-Hill Book Co. (South Africa) (Pty) Ltd.
Merck & Company Inc.^{2,5}
MSD (Pty) Ltd.

Minnesota Mining & Manufacturing Company
[Riker Laboratories Africa (Pty) Ltd.
[3M South Africa (Pty) Ltd.
[Etkinds Holdings (Pty) Ltd.

Mobil Oil Corporation
[Mobil Oil Southern Africa (Pty) Ltd.
[Mobil Refining Company (Pty) Ltd.
[Vialit (Pty) Ltd.
[Socony S.A. (Pty) Ltd.
[Condor Oil (Pty) Ltd.
[Westchester Insurance Co. (Pty) Ltd.
[S.A. Oil Refinery (Pty) Ltd.

Norton Co.
[Blane & Co. (Engineers) (Pty) Ltd.
[Rebuff (Pty) Ltd.
[Laser Tools (Pty) Ltd.
[Norton Abrasives (Pty) Ltd.
[Norton Company (Pty) Ltd.

Olin Corporation^{2,3}
Olin (Pty) Ltd.

Pfizer, Inc.
Pfizer Laboratories (Pty) Ltd.
Pfizer, (Pty) Ltd.
Phillips Petroleum Company
Phillips Carbon Black Co. (Pty) Ltd.

Sperry Corporation
Sperry Corporation S.A. (Pty) Ltd.

Tambrands Incorporated
Tampax South Africa (Pty) Ltd.

Union Carbide Corporation^{2,4}
Union Carbide South Africa (Pty) Ltd.

Warner Communications, Inc.²
WEA Records (Pty) Ltd.

Xerox Corporation
Rank Xerox (Pty) Ltd.

Category II. Making Progress

IIA. Based on Full Reporting

Abbott Laboratories
Abbott Laboratories S.A. (Pty) Limited
American Home Products Corporation
Ayerst Laboratories (Pty) Ltd.
Whitehell Products S.A. (Pty) Ltd.
Wyeth Laboratories (Pty) Ltd.
Borg-Warner Corporation
Borg-Warner S.A. (Pty) Ltd.
Bristol-Myers Company
B-M Group (Pty) Limited
Butterick Company, Inc.
Butterick Fashion Marketing Co.
S.A. (Pty) Ltd.
CIGNA Corporation
I.N.A. Insurance Co. Ltd.
CPC International Inc.
[CPC South Africa (Pty) Ltd.
J.I. Case Corporation
[J.I. Case S.A. (Pty) Ltd.
Caterpillar Tractor Co.
Caterpillar (Africa) (Pty) Ltd.
Celanese Corporation
Stein Hall S.A. (Pty) Ltd.
The Coca-Cola Company¹
Letaba Citrus Processers (Pty) Ltd.
Deere & Company
John Deere (Pty) Ltd.
The Dow Chemical Company⁴
[Dow Chemical Africa (Pty) Ltd.
[Mer-National (Pty) Ltd.
[Urethane Products (Pty) Ltd.
Federal-Mogul Corporation³
Femo (Pty) Ltd.

1. Signatory also appears in Category I.

2. Signatory also appears in Category IIA or IIB.

3. Signatory also appears in Category IIIA, IIIB or IIIC.

4. Signatory also appears in Category IVA, IVB, IVC or IVD.

5. New signatories only in Category V.

Ford Motor Company
 Ford Motor Co. (S.A.) (Pty) Ltd.
 General Electric Company²
 [South African General Electric Co. (Pty) Ltd.
 (S.A.G.E.)
 [Allen-West General Electric Co. (Pty) Ltd.
 (A.W.G.E.)
 [Reid & Mitchell
 [Ajax
 [Southern Sphere
 The Gillette Company
 Gillette South Africa Limited
 W.R. Grace & Company
 W.R. Grace Africa (Pty) Ltd.
 Heublein, Inc.
 Kentucky Fried Chicken (S.A.) (Pty) Ltd.
 Honeywell Inc.
 Honeywell (Pty) Ltd. South Africa
 International Minerals & Chemicals Corporation⁴
 Lavino S.A. (Pty) Ltd.
 International Telephone & Telegraph
 Corporation^{2,4}
 Alfred Teves Engineering (S.A.) (Pty) Ltd.
 Supersonic Radio & TV Co. (Pty) Ltd.
 Johnson & Johnson¹
 Janssen Pharmaceuticals (Pty) Ltd.
 Kellogg Company
 Kellogg Company of South Africa (Pty) Ltd.
 Eli Lilly and Company¹
 Eli Lilly S.A. (Pty) Ltd.
 Masonite Corporation³
 [Masonite (Africa) Ltd.
 Merck & Company, Inc.^{1,5}
 Baltimore Aircoil Co. South Africa (Pty) Ltd.
 Monsanto Co.
 Monsanto South Africa (Pty) Ltd.
 Nabisco Branos, Inc.
 Royal Beech-Nut (Pty) Ltd.
 Otis Elevator Co.
 Otis Elevator Company Ltd.
 The Parker Pen Company
 The Parker Pen (Pty) Limited
 Phelps Dodge Corporation³
 Phelps Dodge Mining Limited
 Rexnord Inc.
 [Nordberg Mfg. Co. (S.A.) Pty) Ltd.
 [Rexnord Chemical Products S.A. (Pty) Ltd.
 Richardson-Vicks Inc.
 Richardson-Vicks (Pty) Ltd. S.A.
 Rohm and Haas Company⁴
 Rohm and Haas (S.A.) (Pty) Ltd.
 Schering-Plough Corp.

Scherag (Pty) Ltd.
 Scholl-Plough (S.A.) (Pty) Ltd.
 SmithKline Beckman Corporation
 Smith Kline & French (Pty) Ltd.
 Beckman Instruments (S.A.) (Pty) Ltd.
 The Standard Oil Co. (Ohio)
 [Tisand (Pty) Limited
 [Richards Bay Iron and Titanium (Pty) Ltd.
 Sterling Drug Inc.
 Sterling Drug (S.A.) (Pty) Ltd.
 Union Carbide Corporation^{1,4}
 Elektrode Maatskappy van S.A. (Edms) Beperk
 Tubatse Ferrochrome (Pty) Limited
 UCAR Minerals Corporation
 The Upjohn Company
 Asgrow S.A. (Pty) Ltd.
 Upjohn (Pty) Limited
 Warner Communications, Inc.¹
 U.I.P. — Warner (Pty) Ltd.
 Warner-Lambert Company²
 [Chamberlain's (Pty) Ltd.
 [Wilcox Sweets (Pty) Ltd.
 Westinghouse Electric Corporation⁴
 Ottermill Switchgear (S.A.) (Pty) Ltd.

IIB. Based on Short-Form Reporting

CBS Inc.⁶
 [Gramophone Record Company (Pty) Ltd.
 [April Music Publishing Company (Pty) Ltd.
 [United Artists Music (South Africa) (Pty) Ltd.
 The Chase Manhattan Corporation
 Chase Manhattan Overseas Corp.
 The Firestone Tire & Rubber Company
 Firestone S.A. (Pty) Ltd.
 General Electric Company²
 Defy Ltd.
 International Telephone & Telegraph Corporation
 Maister Directories (Pty) Ltd.^{2,4}
 Olin Corporation^{1,3}
 Ramset Fasteners Africa (Pty) Ltd.
 Warner-Lambert Company²
 Optolabor (Pty) Ltd.

1. Signatory also appears in Category I.
2. Signatory also appears in Category IIA or IIB.
3. Signatory also appears in Category IIIA, IIIB or IIIC.
4. Signatory also appears in Category IVA, IVB, IVC or IV D.
5. New signatories only in Category V.
6. Signatory also appears in Appendix.

Category III. Needs to Become More Active**IIIA. Passed Basic Requirements
but Received Low Point Rating**

American International Group, Inc.
 American International
 Insurance Co., Ltd.
 Ashland Oil, Inc.³
 [Immelwade Investments (Pty) Ltd.
 [Valvoline Oil Co. (S.A.) (Pty) Ltd.
 Carrier Corp.
 Airco Engineering (Pty) Ltd.
 Add Air Conditioning (Pty) Ltd.
 Cooper Industries, Inc.
 Gardner-Denver Africa (Pty) Ltd.
 FMC Corporation
 FMC South Africa (Pty) Limited
 Ferro Corporation
 Ferro Industrial Products (Pty) Ltd.
 John Fluke Manufacturing Company, Inc.
 Fluke (S.A.) (Pty) Ltd.
 Hoover Co.
 Hoover S.A. (Pty) Ltd.
 International Harvester Company
 [International Harvester S.A. (Pty) Ltd
 [International Harvester Credit Corporation
 Soilmaster Limited
 The Interpublic Group of Companies, Inc.³
 Lintas Pty. Ltd.
 Marriot Corporation
 In-Flite Caterers (Pty) Ltd.
 Marriot International Services Ltd.
 Mine Safety Appliances Co.
 MSA (Africa) (Pty) Limited
 Motorola, Inc.
 Motorola South Africa (Pty) Ltd.
 NCR Corporation
 NCR Corporation of S.A. (Pty) Ltd.
 Nalco Chemical Company
 Anikem (Pty) Ltd.
 Reader's Digest Association, Inc.
 Reader's Digest Association S.A. (Pty) Ltd.
 Sentry Insurance A Mutual Company
 Sentry Assurance of South Africa Limited
 Squibb Corporation
 Squibb Laboratories (Pty) Ltd.
 Wilbur-Ellis Company
 Wilbur-Ellis Co. (Pty) Ltd.

IIIB. Did Not Pass Basic Requirements

	Basics Not Passed*
Carnation Company	4
[Carnation Foods (Pty) Ltd.	
[General Containers (Pty) Ltd.	
The Interpublic Group of Companies, Inc. ³	
Campbell-Ewald (Pty) Ltd.	4
McCann-Erickson S.A. (Pty) Ltd.	4
Masonite Corporation ²	4
Magnolia Plantations (Pty) Ltd.	

IIIC. Did Not Report

Ashland Oil, Inc.³
 Applied Agricultural Products (Pty) Ltd.
 Applied Chemical Products (Pty) Ltd.
 Applied Foundry Products (Pty) Ltd.
 Applied Industrial Products (Pty) Ltd.
 Chematron Products (Pty) Ltd.
 Drew Ameroid South Africa (Pty) Ltd.
 Dart & Kraft, Inc.
 Dart Industries (Pty) Limited
 Duracell (Pty) Ltd.
 Federal-Mogul Corporation²
 Huck South Africa (Pty) Ltd.
 Franklin Electric Co., Inc.
 Franklin Electric S.A. (Pty) Ltd.
 Johnson Controls, Inc.
 J.C. Johnson Controls (Pty) Ltd.
 Joy Manufacturing Company
 Measurex Corporation
 Measurex (S.A.) (Pty) Limited
 Olin Corporation^{1,2}
 Sentrachem Ltd.
 Phelps Dodge Corporation²
 Black Mountain Mineral Development Co.
 (Pty) Ltd.
 Phibro-Salomon Inc.

*Numbers refer to basic requirements missed by the reporting unit as described in Part I.

1. Signatory also appears in Category I.
2. Signatory also appears in Category IIA or IIB.
3. Signatory also appears in Category IIIA, IIIB or IIIC.
4. Signatory also appears in Category IVA, IVB, IVC or IVD.
5. New signatories only in Category V.

Category IV. Endorsers

IVA. Meeting Basic Requirements

American Express Company
American Express International, Inc.
Citicorp.¹
Diners Club S.A. (Pty) Limited
Engelhard Corporation
Engelhard Industries (S.A.) (Pty) Ltd.
Union Carbide Corporation^{1,2}
UCAR Chrome Co. S.A. (Pty) Ltd.

IVB. With No Employees

The General Tire & Rubber Company
Rockwell International Corporation
Raytheon Co.
The Badger Company, Inc.
Rohm and Haas Company²
Curachem
Transworld Corporation

IVC. With Fewer Than 25 Employees

Armco Inc.
Armco South Africa (Pty) Ltd.
(1 employee)
Armco Autometrics
(5 employees)
Cummins Engine Company, Inc.
(3 employees)
The Dow Chemical Company²
Dow Corning Africa (Pty) Limited**
(8 employees)
International Minerals & Chemicals Corporation²
International Minerals & Chemicals
(S.A.) (Pty) Ltd.
(5 employees)
International Telephone &
Telegraph Corporation^{2,4}
ITT Africa and Middle East
(2 employees)
NCNB Corporation
(2 employees)
Pennwalt Corporation***
Time Incorporated
(8 employees)
Westinghouse Co.²
Westinghouse (S.A.) (Pty) Ltd.
(5 employees)

IVD. Holding Less Than 50% Equity

American Cyanamid Company¹
Laminate Industries (Pty) Ltd.
Deloitte Haskins & Sells
Walter E. Heller International Corporation
Fordom Factoring Ltd.
International Telephone &
Telegraph Corporation^{2,4}
African Telephone Cables (Pty) Ltd.
Marsh & McLennan Companies
Barring Barclay & Associates Holdings
(South Africa) Ltd.
The Trane Company

Category V. New Signatories

Bausch & Lomb, Inc.
Baxter Travenol Laboratories, Inc.
Chicago Bridge & Iron Company*
Dresser Industries, Inc.
Eaton Corporation
Foster Wheeler Corporation
Merck & Co., Inc.^{1,2}
Floccotan (Pty) Ltd.
Packard Instrument (Pty) Ltd.
Pepsico, Inc.
Trans World Airlines, Inc.
Westin Hotel Co.

Category VI.

(Discontinued; see Category IIIC)

Category VII. Signatories With Headquarters Outside the United States

Dominion Textile Inc.
The East Asiatic Co. S.A. (Pty) Ltd.

Category VIII. U.S. Non-Signatories

(See Appendix A)

¹1984/85 is first full year as a Signatory

²Jointly owned by the Dow Chemical Company and Corning Glassworks

³Three separate and distinct corporate entities with five, five, and six employees

1. Signatory also appears in Category I.
2. Signatory also appears in Category IIA or IIB.
3. Signatory also appears in Category IIIA, IIIB or IIIC.
4. Signatory also appears in Category IVA, IVB, IVC or IVD.
5. New signatories only in Category V.

PART III: ANALYSIS OF RESULTS

DEMOGRAPHICS

In the Eighth Report, 98 Signatories reported on 129 corporate entities where a corporate entity for reporting purposes can consist of one or many subsidiaries, according to guidelines stipulated in the questionnaire. (See Table 1). These 129 reporting entities represent 192 subsidiaries in which the Signatories hold equity. Signatories hold 19% or more equity in 188 of these. Of the South African subsidiaries covered in this report, 80% are wholly

owned by their U.S. parents, signatories hold more than 50% of the equity in another 8%; in the remaining 11%, the U.S. parent does not have a majority equity. (See Table 2.) The latter group of Signatories had to obtain the agreement of the non-U.S. owner(s) in order to report. In some cases, obtaining such agreement presented a substantial obstacle.

TABLE 1
SOUTH AFRICAN REPORTING UNITS* ACCOUNTED FOR BY
U.S. SIGNATORY COMPANIES

Total Number of Reporting Signatories	Third Report 97	Fourth Report 100	Fifth Report 101	Sixth Report 93	Seventh Report 99	Eighth Report 98
One Reporting Unit	44	76	81	76	80	74
Two Reporting Units	20	15	12	10	15	16
Three Reporting Units	14	4	4	5	2	6
Four Reporting Units	7	3	1	1	1	0
Five Reporting Units	4	1	0	1	1	1
Six Reporting Units	6	1	1	0	0	0
Seven or More Reporting Units	2	0	0	0	0	0

*A reporting unit is a company or one or more of its several business locations.

Of the 129 reporting units in the Eighth Report 117 were assessed by the long-form questionnaire and 12 were assessed by the short form. The following analysis is based on data collected from long-form questionnaires. In the Eighth Report, 96 Signatories reported on 116 corporate entities using the long-form questionnaire. The long-form questionnaire for one corporate entity, although part of the rating process, arrived too late to be considered in this analysis. These 116 corporate entities represent 180 subsidiaries in South Africa.

As noted in the Seventh Report, the reporting units' operations covered a wide variety of industries. Consumer goods, pharmaceuticals, chemicals, industrial equipment and supplies, automotive and related industries, and computers and electronics accounted for 66% of the reporting units' activities. Also, nearly half of the employees are employed in the consumer goods and automotive industries. (See Table 3.)

TABLE 2

EQUITY HELD BY U.S. SIGNATORY COMPANIES IN
SOUTH AFRICAN SUBSIDIARIES

Percent Equity	Number of Subsidiaries					
	Third Report N=139	Fourth Report N=136	Fifth Report N=126	Sixth Report N=155*	Seventh Report N=192**	Eighth Report N=188***
19-25	4	2	4	3	9	5
26-35	1	2	1	1	1	1
36-50	6	8	9	18	23	14
51-74	9	7	7	7	11	11
75-99	5	7	2	4	3	6
100	114	110	103	122	145	151

* For the Sixth Report, U.S. Signatories reported on 155 subsidiaries. One or more of these subsidiaries may be combined into a reporting unit.

** For the Seventh Report, 101 U.S. Signatories reported holding 19% or more equity in 192 subsidiaries. Of these, 166 were reported upon and included in this analysis.

*** For the Eighth Report, U.S. Signatories reported holding 19% or more equity in 188 subsidiaries.

TABLE 3

INDUSTRIES REPRESENTED BY SOUTH AFRICAN SUBSIDIARIES

Industry	Number of Reporting Units*	Number of Employees
Consumer Goods	22	13,936
Pharmaceuticals	15	3,456
Chemicals	12	1,837
Industrial Equipment and Supplies	10	4,739
Automotive and Related Industries	9	15,904
Computer and Electronics	8	4,104
Petroleum and Related Industries	5	7,174
Mining and Quarrying	4	2,032
Insurance	3	884
Agricultural Equipment and Supplies	3	623
Distribution of Consumer Goods	3	842
Distribution of Industrial Goods	2	323
Banking/Finance/Travel	1	226
Publishing	2	452
Advertising	3	274
Other	14	7,918
	116	64,724

*These 116 reporting units represent 180 subsidiaries.

The 96 Signatories reporting this year employ a total work force of 64,724; this figure is 2% below the number last year's 99 Signatories reported. (See Tables 4 and 5.) The racial composition of the work force remained largely the same as in previous reports. These data are illustrated in Figures 1 and 2.

TABLE 4
EMPLOYMENT PROVIDED BY
SOUTH AFRICAN SUBSIDIARIES

	Third Report	Fourth Report	Fifth Report	Sixth Report	Seventh Report	Eighth Report
Black						
Total	21,029	33,398	39,183	30,186	28,684	27,766
Percent	38	43	47	44	44	43
White						
Total	24,341	29,270	28,621	25,097	24,732	23,649
Percent	43	37	35	36	37	37
Coloured						
Total	8,757	15,904*	13,479	11,782	10,655	10,453
Percent	16		16	17	16	16
Asian						
Total	1,544		1,850	1,948	2,094	2,856
Percent	3		2	3	3	4
Total	55,671	78,572	83,133	69,013	66,175	64,724

*For the Fourth Report, Coloured and Asian employees totaled 15,904. Separate figures for these groups are not available.

The number of contract workers reported has increased from 1,682 to 2,174. Many of these workers live with their families, because their workplaces are near the homelands.

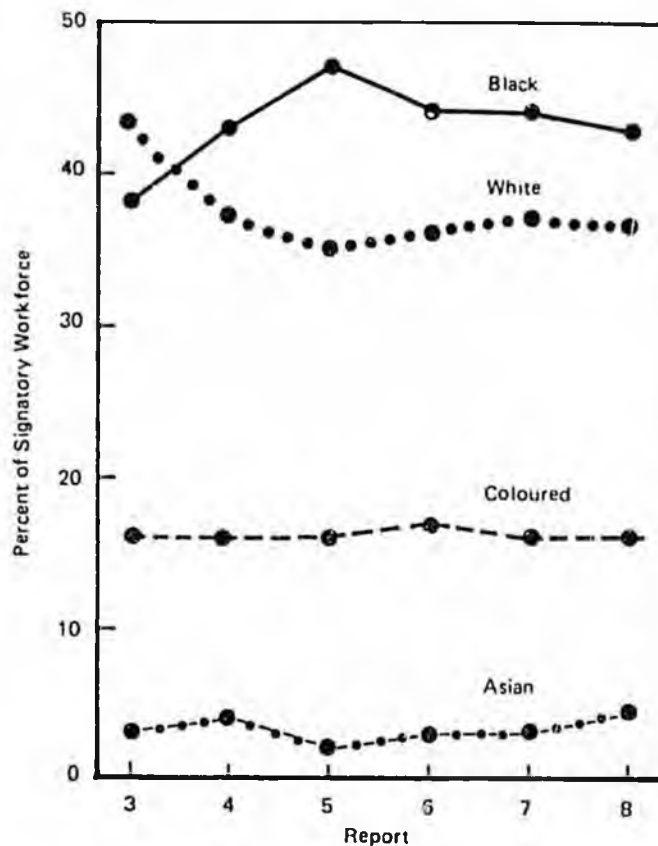


FIGURE 1

CHANGES IN THE RACIAL COMPOSITION OF THE SIGNATORY WORK FORCE

TABLE 5
SIZE OF WORK FORCE IN
REPORTING SUBSIDIARIES

Number of Employees	Number of Reporting Units	Aggregate Number of Employees
Under 25	1	24
25- 49	6	222
50- 99	18	1,269
100-199	26	3,964
200-499	31	10,216
500-999	17	11,865
1,000 or more	17	37,164
Total	116	64,724

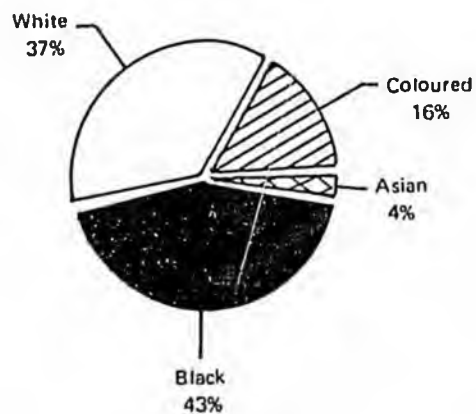


FIGURE 2

RACIAL COMPOSITION OF SIGNATORY WORK FORCE

DISCUSSION OF PRINCIPLES

Principle 1 — Nonsegregation of the Races in All Eating, Comfort, Locker Rooms, and Work Facilities

The South African system of "apartheid" is grounded in distinctions made solely on the basis of race. A major objective of the Sullivan Principles is to ensure that such distinctions are eliminated in areas where the Signatories have significant influence. The most basic of these areas is the workplace; desegregation of facilities provides a visible sign of the employer's wish to change an unjust system.

All of the reporting units stated that they have achieved complete, *de facto* non-segregation of their facilities. (See Figure 3 and Table 6.)

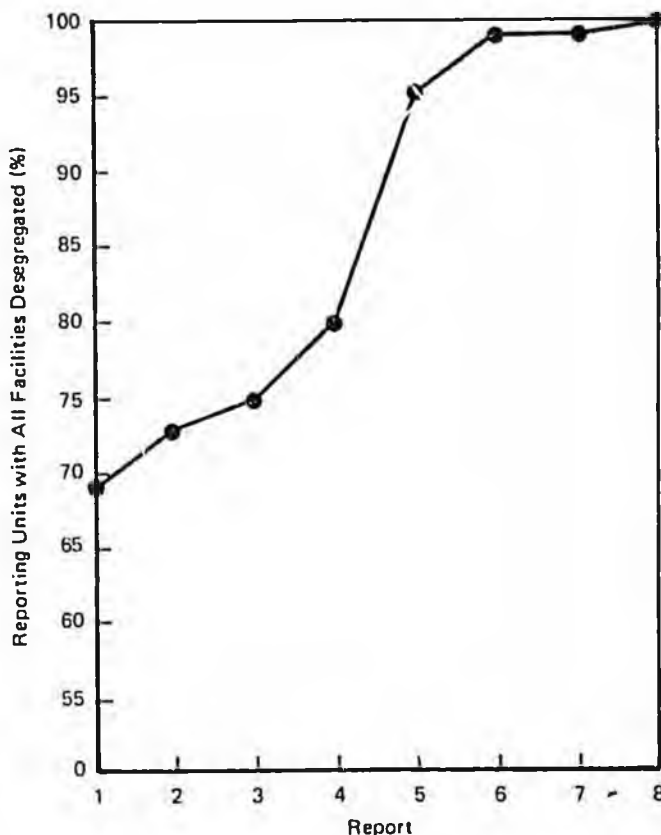


FIGURE 3
DESEGREGATION OF FACILITIES

TABLE 6

NON-SEGREGATION OF FACILITIES

	Percentage of Reporting Units					
	Third Report N=224	Fourth Report N=136	Fifth Report N=131	Sixth Report N=120	Seventh Report N=125	Eighth Report N=116
All Facilities Common	75	80	95	99	99	100
Some Facilities Segregated	25	20	5	1	0	0
Total	100	100	100	100	100	100

Principle 2 — Fair and Equal Employment Practices for All Employees

Principle 2 extends the scope of Principle 1 into the area of employer/worker relations. It encourages Signatories to treat all employees in a fair and equitable manner and to ensure that Black, Coloured, and Asian employees receive the extra support they may require to overcome serious disadvantages that the social system imposes on them.

A key element of this Principle provides for communication with employees. By informing personnel that the company is a Signatory to the Sullivan Principles, discussing efforts to implement the Principles, and publishing the results of the yearly ratings, management's commitment can be clearly demonstrated. This visible commitment should, in turn, help provide a favorable climate for constructive change and responsible dialogue among all parties. In the Eighth Report, all the reporting Signatories said that they had informed employees of their Signatory status, that they had held discussions of the Principles and that they had published the rating the company received. (See Table 7.)

Signatories report that discussion with employees has increased exposure for the program and improved response by employees to company efforts to provide training or education for employees and members of the outside community. Many companies also stated that their employees were actively involved in the company's Principles pro-

TABLE 7
COMMUNICATION OF PRINCIPLES AND SIGNATORY STATUS
(%)

	Percentage of Reporting Units				
	Fourth Report N=136	Fifth Report N=131	Sixth Report N=120	Seventh Report N=125	Eighth Report N=116
Provided Knowledge of Principles and Signatory Status	91	98	98	100	100
Agreed to Discuss Principles with Employees	93	97	97	100	100
Agreed to Publicize Report and Rating	92	97	97	100	100

gram. In some Signatories, employee task forces administered the projects sponsored by the company. In others, employees are closely involved with a company's adopted school; often, a Black, Coloured, or Asian employee was instrumental in bringing to management's attention the plight of a school, and employees contributed their time and skills to refurbishing some adopted schools. In contrast, some Signatories reported that their employees appeared to have little interest in the program; they were concerned only about issues that they perceived as affecting them personally.

To gather more information about reporting units' support of this Principle, the questionnaire also asked for information concerning company benefit plans, grievance and disciplinary procedures, and support of employees' rights to labor representation. For the Eighth Report, all of the reporting Signatories stated that all benefits available to Whites are also equally available to employees of other races.

The issue of medical benefits is especially complex, however. The intent of this Principle is to ensure that Blacks, Coloureds, and Asians receive benefits that entitle them to health care at least as good as that available to Whites. The questionnaire requested detailed information on medical plans and usage.

All Signatory companies have medical and coverage for Whites and, in most reporting units, this same coverage has been available to members of the other races. Further, many companies have traditionally required all Whites to have medical coverage, while they have not had the same requirement for the other races. In most areas, Black employees can get medical care at low cost from the State. However, relying upon this medical care for employees ignores the issue of the *quality* and *accessibility* of care; therefore, this reliance cannot be considered adequate.

A substantial number of respondents took care to emphasize their efforts to make high-quality health care equally accessible to all employees; partly as a result of the annual questionnaire, they have developed unique ways to ensure equal coverage. For example, more companies are actively encouraging Black, Coloured and Asian employees to join medical benefit plans. Some companies ensure that Blacks pay significantly less for the medical plan; other companies even pay the entire premium. Some give a one-time raise to Blacks, Coloureds, and Asians to cover the premium and make participation mandatory, or they make it mandatory for all new employees. Some companies

provide medical care on the premises for employees and their families in lieu of a company-reimbursed medical plan. A significant number of reporting units pay Blacks' medical expenses directly.

Greater subsidization of Black employees' medical benefits may be one way to close the quality gap and to encourage Blacks to take advantage of the health care system that is now available primarily for South Africa's Whites.

Eighty percent of the companies report that all Whites participate in the company's medical plan; in contrast, only 57% of the companies report that all Blacks participate in the company's medical plan. At the beginning of this reporting period, 17 companies indicated that none of their Black employees participated in the medical plan; at the end of the period only 12 companies report that no Blacks participate. Apparently, Black participation in medical plans is increasing gradually, and considerable attention is being given to the situation. (See Table 8.)

TABLE 8

NUMBER OF REPORTING UNITS INDICATING PARTICIPATION IN MEDICAL AID FUND/PLAN

As of	Black	White	Coloured	Asian
July 1, 1983				
All Participate	59	83	59	71
Some Participate	38	33	30	22
None Participate	17	0	7	6
Total	114*	116	96**	99***
As of				
June 30, 1984				
All Participate	66	93	64	78
Some Participate	36	23	29	21
None Participate	12	0	3	0
Total	114*	116	96**	99***

*Two companies have no Black employees.
 **Twenty companies have no Coloured employees.
 ***Seventeen companies have no Asian employees.

A total of 114 of the 116 reporting units indicated that the Signatories have pension plans. (See Table 9.) While these pension plans are available to all, several Signatories have not yet been able to communicate to their workers how pension plans differ from savings plans; some employees wish to withdraw their monies prior to retirement when they leave the Signatory's employment. Many companies have instituted educational programs about the benefits of a pension program.

TABLE 9

NUMBER OF REPORTING UNITS INDICATING THE AVAILABILITY OF A PENSION PLAN*

	Black	White	Coloured	Asian
All Able to Participate	112	114	94	97
Some Able to Participate	0	0	0	0
None Able to Participate	2	2	2	2
Total	114**	116	96***	99****

*Two companies do not have pension plans.
 **Two companies have no Black employees.
 ***Twenty companies have no Coloured employees.
 ****Seventeen companies have no Asian employees.

All 116 reporting units state that they have established grievance and disciplinary procedures that apply to all races. (See Table 10.) A third of the units providing comments mentioned that their procedures were formulated with employee participation and/or negotiated with unions. The most common occasion for informing employees of their rights was at induction; the process often involved an employees' handbook. Other reporting units communicate their procedures at meetings or post them on notice boards. Smaller companies have instituted "open-door" policies through which all employees have direct access to management to air grievances.

TABLE 10

PRESENCE OF GRIEVANCE AND DISCIPLINARY PROCEDURES
(%)

	Third Report N=224	Fourth Report N=134	Fifth Report N=131	Sixth Report N=120	Seventh Report N=125	Eighth Report N=116
Procedures Established	100	94/87*	99	100	100	100
No Procedures	0	6/13*	1	0	0	0

*These figures represent the percentage of reporting units that do not recognize unions and that have grievance procedures (94%) and disciplinary procedures (87%).

Despite the recent labor disturbances in South Africa, all of the reporting units continue to support the right of Blacks, Coloureds, and Asians to form and belong to trade unions or representative labor groups, whether registered or not. (See Table 11.) Some companies expressed the desire to work with a single union for all races. A number of companies, while supporting the principle of "freedom of association," prefer to communicate directly with employees, whether or not a union is present.

**Principle 3 — Equal Pay for All Employees
Doing Equal or Comparable
Work for the Same Period of
Time**

For the fourth year in a row, all reporting units stated that they are paying all races at the same rate for equal work. This fact represents the consolidation of an important gain for Black, Coloured, and Asian employees. Most companies commenting indicate that they use some kind of standard job categorization technique — the Hay and Patterson methods are the most common. The widespread acceptance and application of such ways of measuring equal pay for equal work is a positive sign. (See Table 12.)

During the Eighth reporting period, the percentage of Black, Coloured and Asian pay increases (16-18%) continues to be higher than the percentage of pay increases for Whites (14%), as shown in Table 13 and Figure 4. However, given that Whites earn substantially higher wages than Blacks, a

percentage increase for Whites, although lower than that for non-Whites, does not imply that the absolute difference in wages is decreasing.

This Principle also embraces the concept that employees of Signatories should be guaranteed a standard of living that will allow them some dignity. To this end, Signatories are asked to report their minimum wage in relation to established economic minimum living levels. The standards used (for families of 5 or 6) are the Minimum Living Level (MLL) established by the University of South Africa and the Household Subsistence Level (HSL) established by the University of Port Elizabeth.

It is important to recognize that the MLL/HSL represents a minimal allowance for living requirements. The MLL is calculated according to allowances for food, clothing, compulsory payments to authorities, fuel/light, washing/cleaning materials, transport, medical expenses, education, household equipment, and taxes. In this allowance, for example, a Black person could buy two pairs of underwear and three pairs of socks a year. To quote from The University of South Africa's August 1981 MLL Report: "The MLL is the lowest sum possible on which a specific size of household can live in our existing social set-up . . . rational expenditure is assumed throughout. As it is highly unlikely that persons at this living level know very much about dietary requirements . . . the sum estimated for the MLL is at best a theoretical minimum."

TABLE 11

COMPANY WILLINGNESS TO RECOGNIZE UNIONS*

	Fifth Report		Sixth Report		Seventh Report		Eighth Report	
	Number of Reporting Units	Percent	Number of Reporting Units	Percent	Number of Reporting Units	Percent	Number of Reporting Units	Percent
Support	130	99	117	98	125	100	116	100
Do Not Support	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	131	100	120	100	125	100	116	100

*Elimination of discrimination against the rights of Blacks, Coloureds and Asians to form or belong to government registered or unregistered unions and acknowledgement of the right of workers to form their own union or be represented by trade unions where unions already exist.

TABLE 12

REPORTING UNITS INDICATING EQUAL PAY SCALES

	Third Report	Fourth Report	Fifth Report	Sixth Report	Seventh Report	Eighth Report
Number	220	135	131	120	125	116
Percent	98	99	100	100	100	100

TABLE 13

AVERAGE PAY INCREASE BY RACE
(%)

	Second Report	Fourth Report	Fifth Report	Sixth Report	Seventh Report	Eighth Report
Black	16	20	25	23	19	16
Coloured	16	19	25	23	18	17
Asian	17	19	25	23	19	18
White	12	14	18	19	15	14

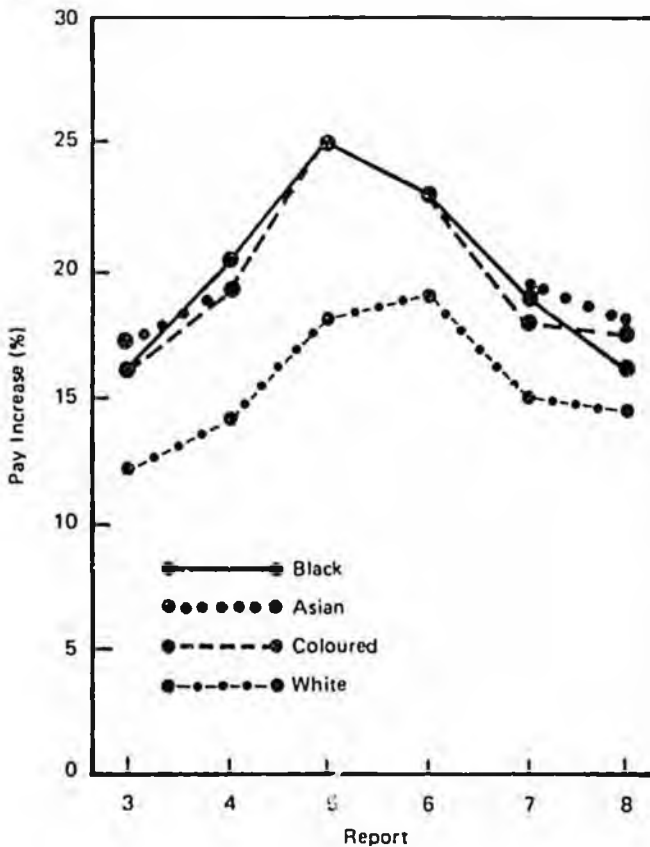


FIGURE 4

AVERAGE PERCENT PAY INCREASE BY RACE

The average MLL/HSL associated with the 173 non-rural locations represented by the 116 corporate entities that reported in this period is 272 rand per month, or approximately \$182 as of June 30, 1984. In this reporting period, 94% of the reporting units cite 169 non-rural locations having a minimum wage at least 30% above the MLL/HSL for the regions in which they operate. (See Figure 5 and Table 14.) Eight subsidiaries are located in rural areas which have special minimum wage allowances, as described in Part I. Four subsidiaries did not pass the Minimum Pay Basic Requirement. The average percent by which the lowest-paid employee's wage in a non-rural location exceeds the average MLL/HSL was 50% in this reporting period, the same as in the Seventh Report.

Principle 4 — Initiation and Development of Training Programs that will Prepare Blacks, Coloureds, and Asians in Substantial Numbers for Supervisory, Administrative, Clerical, and Technical Jobs

During the Eighth reporting period the Signatories continued to provide a wide range of training opportunities for their Black, Coloured and Asian employees (Figure 6). Compared with the Seventh reporting period, the proportion of Whites who received training and advanced into clerical/administrative, sales and supervisory positions decreased. However, the opposite was true for managerial training programs where the proportion was 87% White, remaining essentially unchanged from the Seventh Report (Figure 6).

A number of Signatories reported across-the-board cutbacks in their training as a result of the continuing adverse economic situation. Several made such comments as, "We are a small company with limited opportunities. We do not want to over-train our people, because it leads to frustration."

Descriptions provided by Signatories suggest increases both in the sophistication of the training programs' content and in the extent of their top management's participation in directing the programs.

The following illustrate the increasing sophistication in training content:

- A large manufacturer now requires each department to develop an on-the-job training program for Blacks and Coloureds. This program is supplemented by planned job rotations for these trainees.
- Another Signatory introduced during this reporting period a 35-week program to prepare Black, Coloured and Asian candidates for supervisory and managerial assignments.

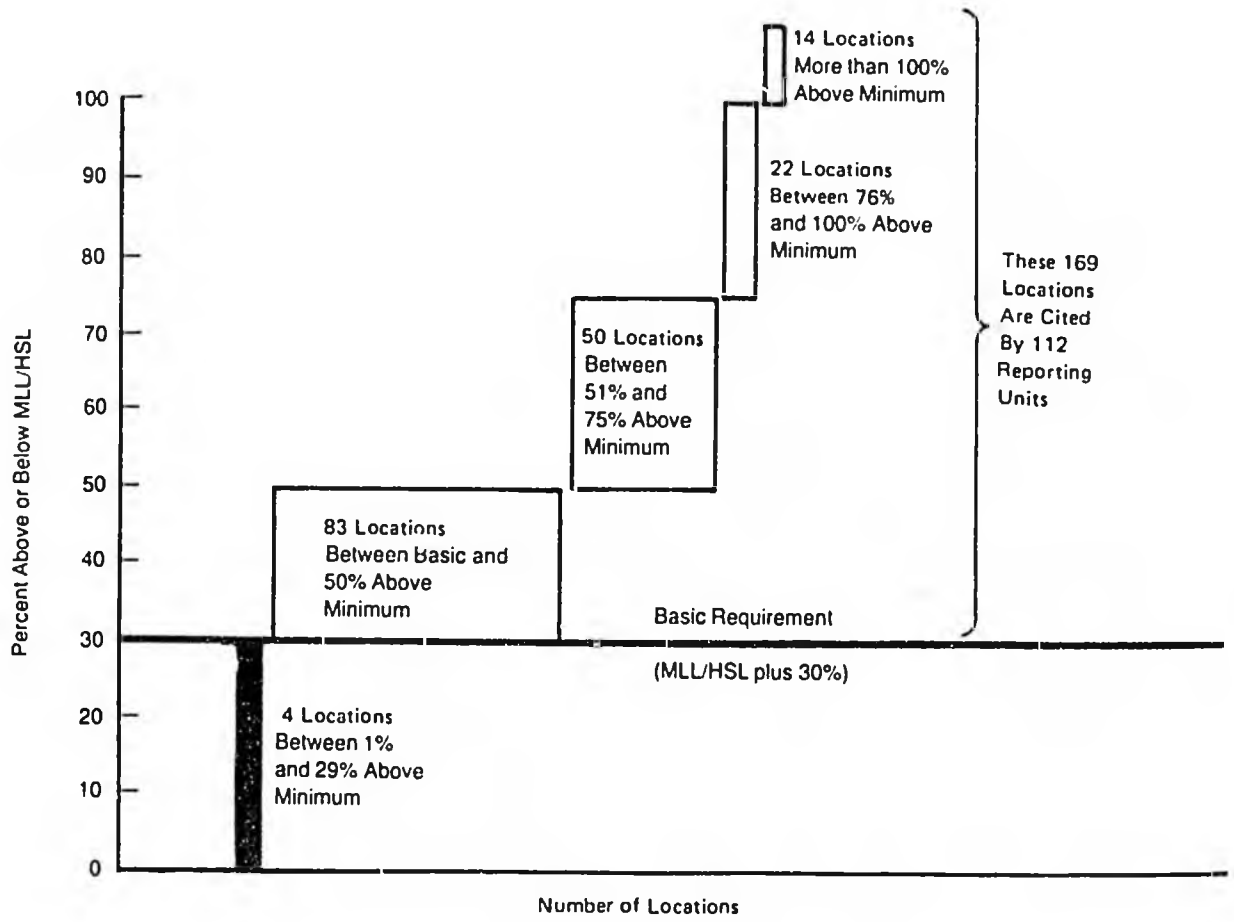


FIGURE 5
MINIMUM WAGE RELATED TO BASIC REQUIREMENT*

*Analysis based on 173 non-rural locations.

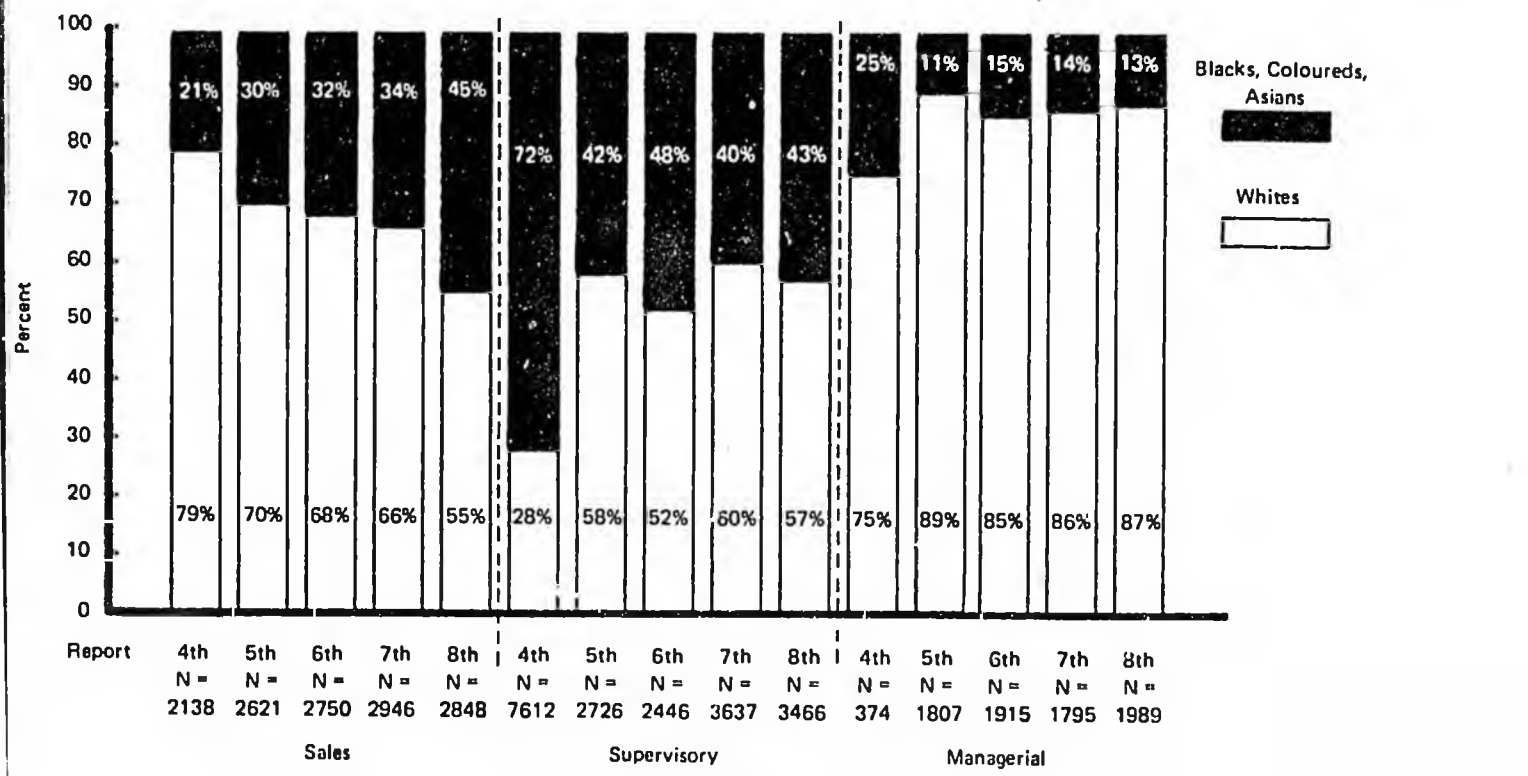
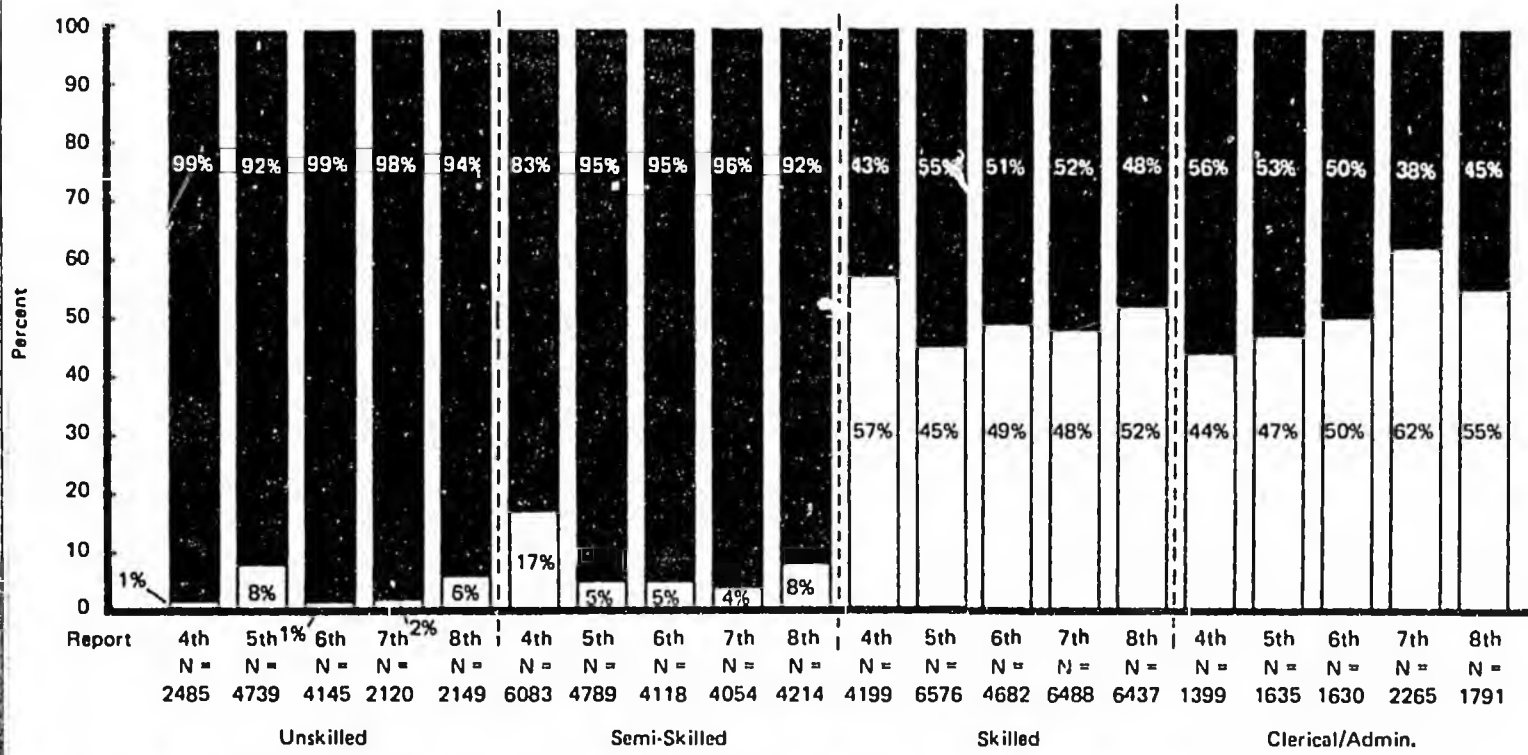


FIGURE 6
RACIAL COMPOSITION OF TRAINING PROGRAMS
AT SELECTED OCCUPATIONAL LEVELS

TABLE 14

PAY OF LOWEST PAID EMPLOYEES RELATED TO MINIMUM

Percentage by Which Entry Pay Exceeds MLL or HSL*	Locations**	
	Number	%
Less than 0	2	1
1- 29***	2	1
30- 50	83	48
51- 75	50	29
76-100	22	13
More than 100	14	8
Total	173	100

*MLL = Minimum Living Level established by the University of South Africa for families of 5 or 6.

HSL = Household Subsistence Level established by the University of Port Elizabeth for families of 5 or 6.

**A reporting unit may have listed more than one MLL or HSL for its different plant or office locations. There were 173 of these locations listed.

***Eight companies have not been included in this category because, although they did not pay 30% greater than the MLL/HSL, they have operations in rural areas and have satisfied the minimum wage requirements for their respective non-urban locations.

- One company has begun to designate a pool of 24 Blacks, Coloureds and Asians for advancement. They are given priority consideration for special education and training, additional experience and exposure within the company, and advancement as opportunities are created.
- The addition of "half steps" on a Signatory's supervisory career ladder has facilitated the training and advancement of their Black, Coloured and Asian employees to this position. Two jobs were created ("Section Leader" and "Group Leader") as stepping stones to a full-fledged supervisory function. These leaders have opportunities to exercise decision-making authority. Each has a supervisor or manager who serves as that individual's mentor.

- Some Signatories with limited training facilities in South Africa have reported sending Blacks, Coloureds and Asians to the United States for training internships or full-time on-the-job training. All intend to rotate these trainees back to South Africa.
- Several Signatories commented on the importance of building career paths for Blacks, Coloureds and Asians to take them out of low-skill positions. One Signatory with a small number of total employees and a reduced training budget that does not allow for large, formal programs has developed a career path for Black employees that involves both in-house and on-the-job training. It leads from warehouse man to sales representative to sales management. Using this approach, the company expects to fill its first sales representative opening by the end of this year.

Principle 5 — Increasing the Number of Blacks, Coloureds, and Asians in Management and Supervisory Positions

In the Eighth reporting period, Blacks, Coloureds and Asians filled 67% of all job openings (Figure 7 and Table 15). Blacks, Coloureds and Asians filled 15% of the managerial openings. This represents an increase from 6% in the Seventh Report (Figure 8 and Table 16). The pool of people for these senior-most positions remains largely a White one (Table 17). Whites still hold 95% of the total number of managerial positions (Figure 9).

Of the supervisory job openings in the Eighth Reporting Cycle, 49% were filled by Blacks, Coloureds and Asians. This is the same percentage that they filled in the Seventh report (Figure 8).

The increase in the number of managerial openings filled by Blacks, Coloureds and Asians is an indication that the Signatories' attention to management development is producing results. In the Eighth reporting period, the number of Whites supervised by Blacks, Coloureds and Asians increased from 621 in the Seventh Report to a total of 744 in the Eighth Report. Twenty-nine percent of the reporting units indicated they had at least one White employee supervised by a Black, Coloured or Asian.

In this period the Signatories have indicated various ways in which they are encouraging the development of Blacks, Coloureds and Asians as managers:

- Performance appraisal and early identification of candidates with supervisory and management potential;
- "Buddy networks" among Blacks, Coloureds and Asians in preparation for supervisory and management jobs;
- Assessment centers;
- Role models and mentors;

- Conditioning the "White managerial environment" to accept and support Black, Coloured and Asian advancement.

This last area, directed at the Signatories' White workforce, has received increased attention in the Eighth reporting period. One Signatory has taken a direct approach to this situation, stating that "White managers and supervisors are not considered for further advancement if the company's required standards regarding training of non-White employees are not met. No new White recruit is appointed if any conflict is expressed with the company's Sullivan goals."

Another Signatory stated that one of the three most important areas on which their White managers are evaluated is their ability to develop for advancement the Black, Coloured and Asian employees. The Signatory reports, "Our White managers and supervisors know that there can be no greater compliment to their managerial ability than to have one of their non-White employees selected to advance in the company. . . . For each training course implemented for Blacks, a seminar for their White managers/supervisors is conducted. This seminar outlines the purpose of the training and the help they can be providing to the trainees at this stage."

A part of every written managerial and supervisory job description at a third Signatory company indicates that each manager has a key responsibility to "search out potential members of staff of other races who can be trained as managers in the future."

Other approaches reported by Signatories to deal with this issue include:

- A Black personnel officer organizing a series of seminars for the Signatory's primarily White management to help them better understand Black customs and how they relate to an industrial environment.
- Appointment of a Black businessman as an outside director of one Signatory. They report he has provided "invaluable input

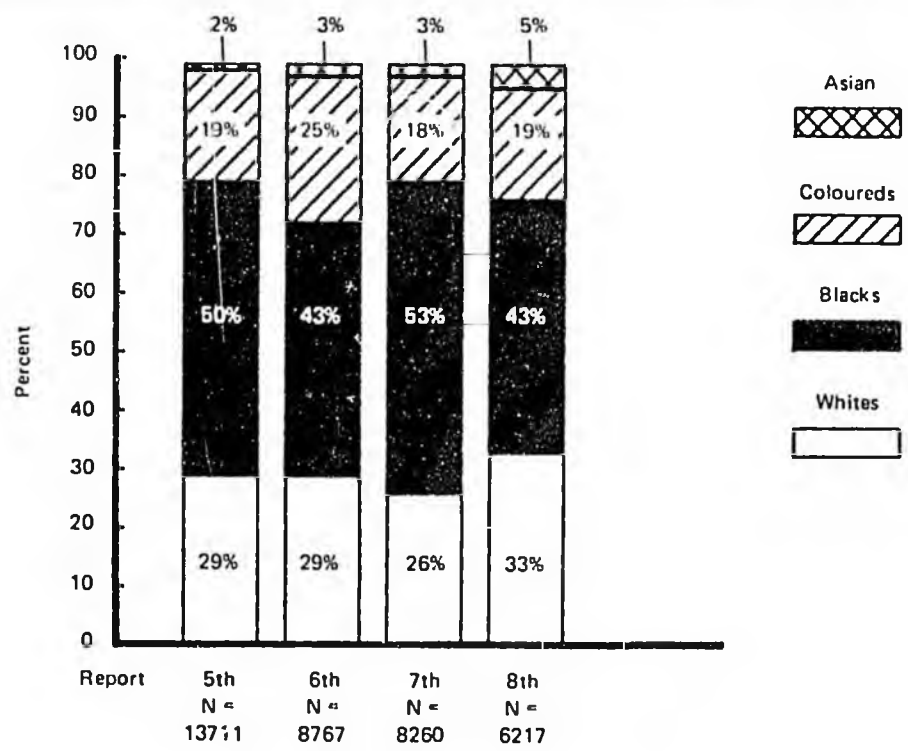


FIGURE 7
PERCENT OF ALL JOB VACANCIES FILLED BY EACH RACE

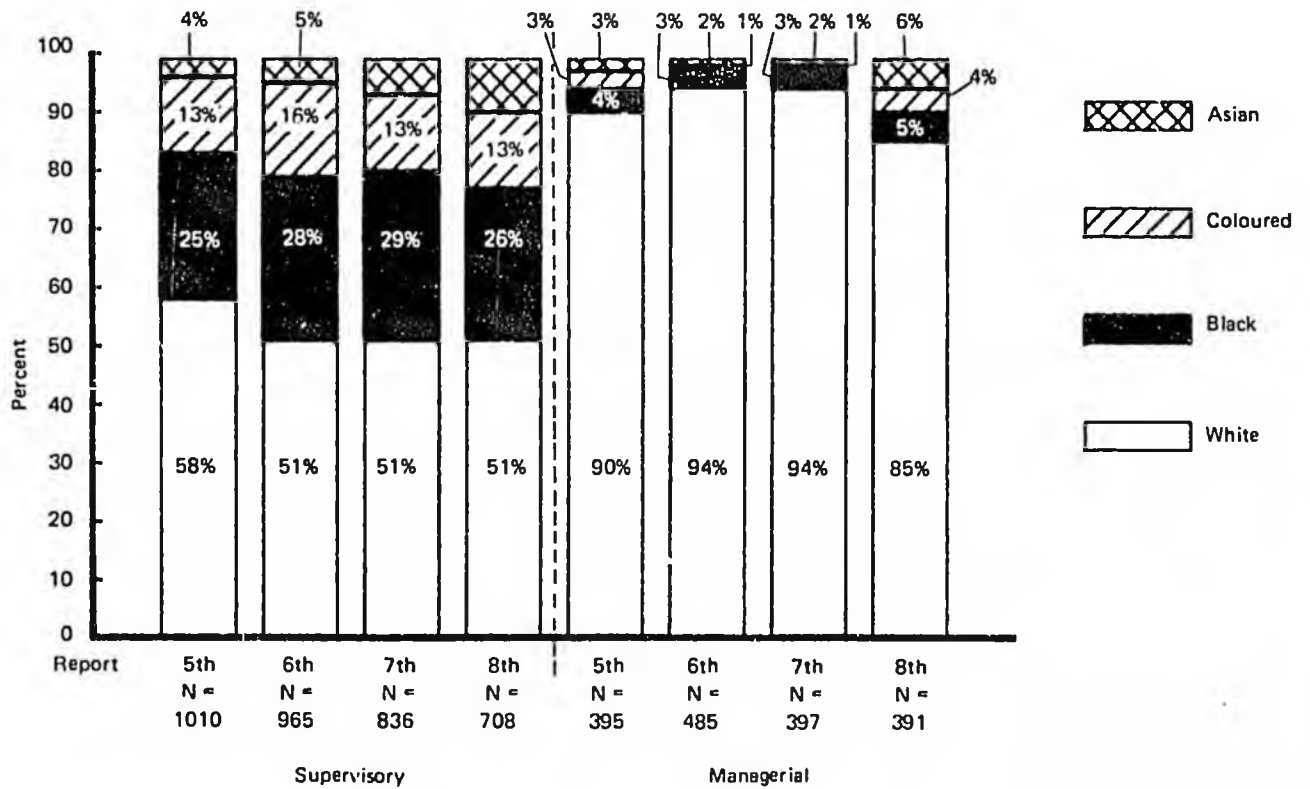


FIGURE 8
PERCENT OF SUPERVISORY AND MANAGERIAL JOB VACANCIES FILLED BY EACH RACE

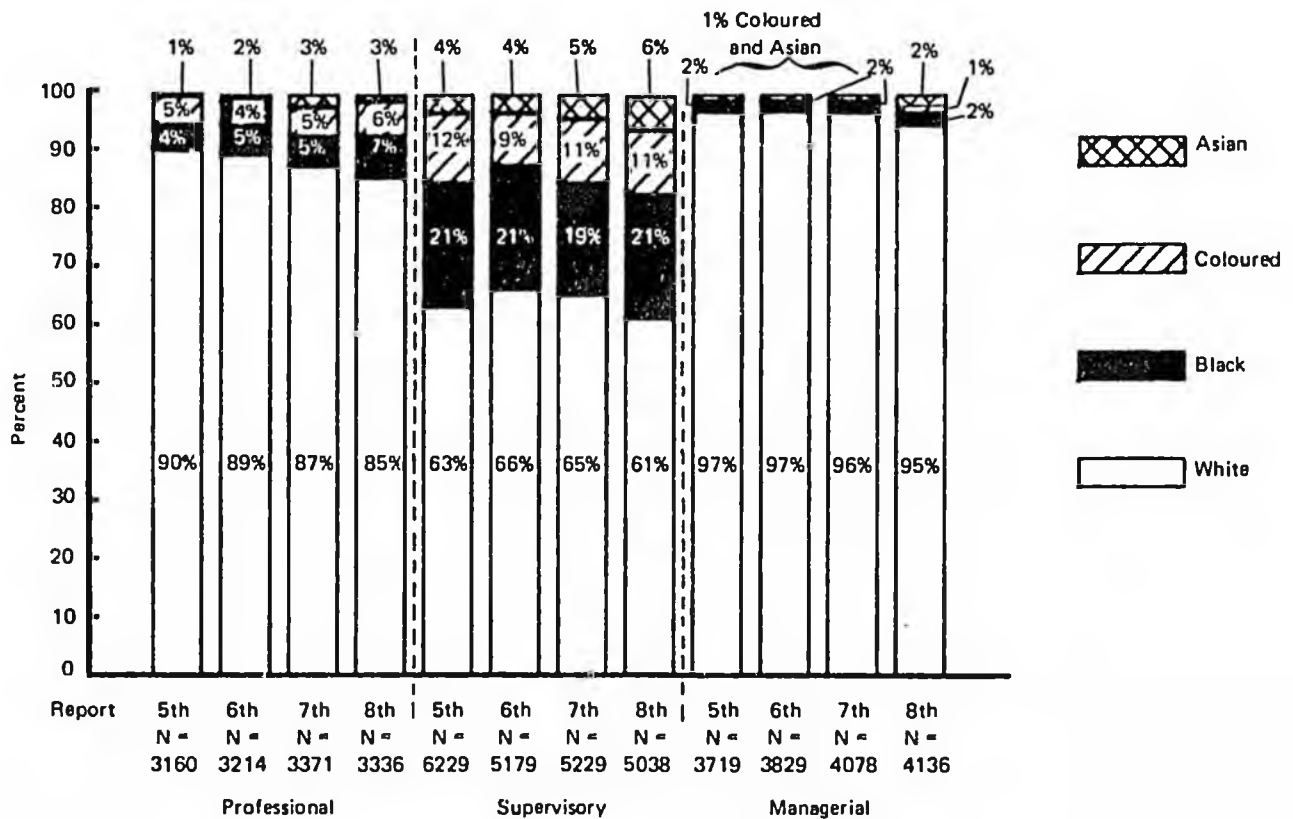
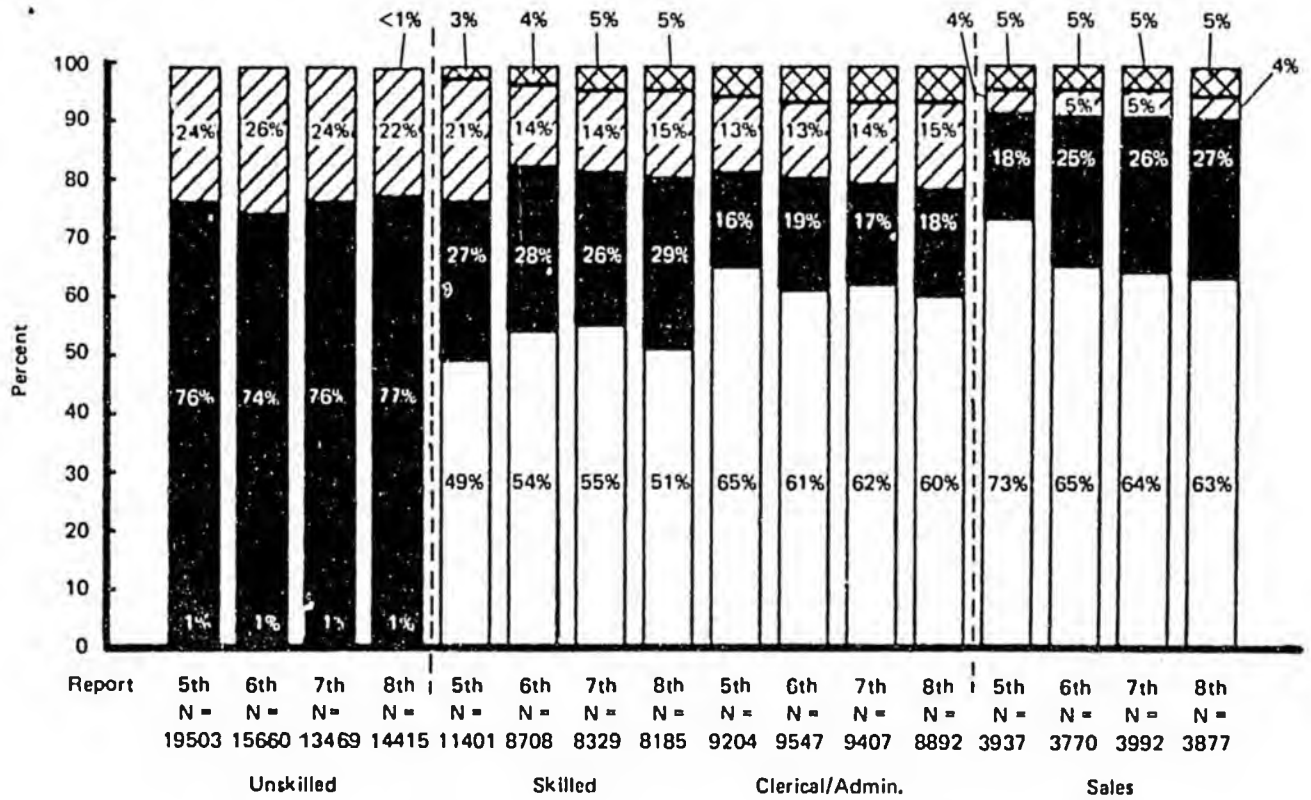


FIGURE 9

RACIAL COMPOSITION OF WORK FORCE IN SELECTED OCCUPATIONAL CATEGORIES

TABLE 15

**NUMBER OF EMPLOYEES MOVED INTO ALL OCCUPATIONAL LEVELS
FROM ELSEWHERE WITHIN THEIR REPORTING UNITS**

	Black	White	Coloured	Asian	Total
Number Moved as Result of Training Program	1,955	1,262	708	279	4,204
Number Moved Who Had Not Completed Training Program	708	801	457	47	2,013
Total	2,663	2,063	1,165	326	6,217
Number Moved as Percent of Total Openings	43%	33%	19%	5%	100%
Number Moved as Percent of Total Number of Employees of the Race	10%	9%	11%	14%	10%

TABLE 16

**NUMBER OF EMPLOYEES MOVED INTO SUPERVISORY AND MANAGERIAL LEVELS
FROM ELSEWHERE WITHIN THEIR REPORTING UNITS**

	Black	White	Coloured	Asian	Total
Supervisor					
Number Moved as Result of Training Program	144	228	71	61	504
Number Moved Who Had Not Completed Training Program	37	131	22	14	204
Subtotal	181	359	93	25	708
Number Moved as Percent of Total Supervisory Openings	26%	51%	13%	10%	100%
Manager					
Number Moved as Result of Training Program	14	182	10	18	224
Number Moved Who Had Not Completed Training Program	6	151	4	6	167
Subtotal	20	333	14	24	391
Number Moved as Percent of Total Managerial Openings	5%	85%	4%	6%	100%
Total	201	692	107	99	1,099

TABLE 17

**RACIAL COMPOSITION OF WORK FORCE IN SELECTED
OCCUPATIONAL CATEGORIES AS OF JUNE 30, 1984**

	Black	White	Coloured	Asian	Total
Unskilled	11,085	61	3,234	35	14,415
Semi-skilled Trainee	547	12	73	26	658
Semi-skilled	8,894	509	3,207	251	12,861
Skilled Trainee	458	471	269	85	1,283
Skilled	2,351	4,206	1,202	426	8,185
Clerical/Administrative Trainee	83	141	49	26	299
Clerical/Administrative	1,558	5,339	1,313	682	8,892
Sales Trainee	82	151	26	19	278
Sales	1,065	2,438	167	207	3,877
Professional Trainee	50	157	28	18	253
Professional	218	2,821	195	102	3,336
Supervisory Trainee	169	50	74	18	311
Supervisory	1,071	3,094	548	325	5,038
Managerial Trainee	24	89	16	12	141
Managerial	68	3,948	48	72	4,136
Others*	—	—	—	—	761
Total	27,723	23,487	10,449	2,304	64,724

*Omissions by Signatories in completing the 8th Questionnaire resulted in 761 uncategorized employees. It is not known in which racial or occupational categories these employees belong.

on matters concerning the development and advancement of Blacks into meaningful positions."

- Encouragement of White managers to take courses in Zulu and other African languages.

Finally, one Signatory indicated excellent results using the Outward Bound course as a management development tool. Integrated teams of managers from the Signatory participated in this physically demanding program. The company reported:

"There can be little doubt that White managers earned a new respect for their Black colleagues and vice versa, based on an evaluation of the intrinsic abilities of the individual and not on the post which the person fills.

It is our subjective belief that the perception which many Black managers had of their White colleagues and superiors being infallible has been dispelled once and for all, and an understanding that we all have strengths and weaknesses which we need to overcome in order to be successful managers has been highlighted within the organization. The fact that White managers are able to express their own fears without fear of recrimination will, we believe, in future encourage the Black participants to more objectively, through introspection, evaluate their own performances, acknowledge their weaknesses and seek assistance in implementing corrective action."

Principle 6 — Improving the Quality of Employees' Lives Outside the Work Environment in Such Areas as Housing, Transportation, Schooling, Recreation and Health Facilities

Efforts in implementing Principle 6 *et al.* include:

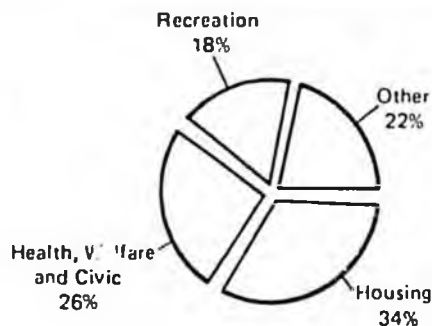
- Education for Non-Employees

- Support to the Development of Black, Coloured and Asian Enterprises
- Health/Welfare/Civic
- Urban, Rights, and
- Housing

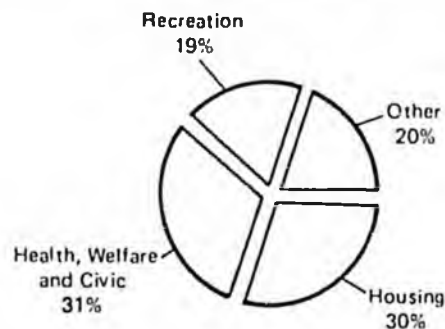
The Signatories as a whole made significant increases in both their financial and employee-time contributions to implement Principle 6 since the Seventh report. Contributions for community development programs in the areas of housing, health, welfare and recreation increased by more than 2 million rand to 7.9 million rand. (See Figure 10 and Table 18.) The Signatories reported spending approximately 11 million rand on education programs for Blacks, Coloureds and Asians who are not their employees. This includes bursaries and other grants to individual students (Table 19), contributions for general support to educational institutions such as Pace College (Table 20), education programs operated by Signatories to serve Blacks, Coloureds and Asians living near their facilities (1.4 million rand) participation in the Adopt-A-School program (1.2 million rand) as well as other education programs. This is an increase of 3.3 million rand over the amount reported in the Seventh Report.

Activity during the Eighth Reporting period increased in the area of education for Non-Employees as illustrated by the following:

- The number of schools "adopted" increased from 200 in the Seventh Report to 250 in the Eighth Report. (See Table 21.) More than 80% of the reporting units have adopted at least one school.
- The amount of money spent on Signatory Adopt-A-Schools increased from 864,900 rand to 1,243,965 rand.
- Contributions for general support to educational institutions such as Pace College and to Signatory-sponsored basic



7th Report
R5,287,641



8th Report
R7,872,618

FIGURE 10
CONTRIBUTIONS TO PROGRAMS FOR COMMUNITY DEVELOPMENT
FOR FIFTH, SIXTH, SEVENTH AND EIGHTH REPORTS

TABLE 18
ASSISTANCE TO COMMUNITY AT LARGE

	Rand	Employee Days
Housing	2,332,392	1,891
Health/Welfare/Civic	2,441,911	4,328
Recreation	1,474,817	1,900
Other	1,623,498	1,024
Total	7,872,618	9,143

TABLE 19
EDUCATION ASSISTANCE TO NON-EMPLOYEES
(In Form of Bursaries)

Education Category	Rand	Students			
		Black	Coloured	Asian	Total
Primary	224,684	4,383	204	84	4,671
Secondary	286,370	3,501	342	32	3,875
Other Secondary (e.g., Project Pace, St. Barnabas, etc.)	344,847	215	17	3	235
Technical and Commercial	51,295	195	35	0	230
South African University	615,385	509	111	46	666
Other Overseas Universities	136,586	73	2	—	75
Technikon	20,737	14	17	5	36
Teacher Training	111,859	265	11	1	277
Nursing Training	16,020	20	—	—	20
Tuition Refund	13,322	89	7	5	101
Other	95,377	133	8	3	144
Total	1,916,482	9,397	754	179	10 330

TABLE 20

CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

Education Category	Rand	Employee Days
Primary	547,118	1,929
Secondary	522,119	1,033
Other Secondary (e.g., Project Pace, St. Barnabas, etc.)	862,764	505
Technical and Commercial	287,889	300
South African University	417,763	1,067
IIE for U.S. Universities	378,870	139
Other Overseas Universities	18,092	6
Technikon	83,250	138
Teacher Training	375,122	453
Nursing Training	33,221	731
Continuing Education Program	64,478	370
Education Information Center (E.I.C.)	19,072	102
Project READ	277,657	582
Other	1,207,968	1,195
Total	5,095,383	8,552

education programs for Blacks, Coloureds and Asians rose sharply to 5.1 million rand during this period. (See Table 20).

These indicators of heightened participation in community development are especially significant in view of the overall reduction in South Africa's economic activity during this period. Even though this has meant diminished earnings and severe cutbacks in operating budgets for a number of Signatories, companies are reporting increases in employee time spent on this Principle. One Signatory noted: "27 employees, including 19 Blacks, are now voluntarily supporting our efforts. The adoption of at least three more schools — including one Coloured and one Asian school — is planned." Others are continuing their efforts to encourage additional governmental support, and have reported results such as:

- "Following discussions with the Department of Education, two new classroom blocks, including an additional ablution block, have been erected during the reporting year."

TABLE 21

NUMBER OF SCHOOLS ADOPTED BY REPORTING UNITS

Number of Schools Adopted	Number of Reporting Units
0	25
1	35
2	28
3	12
4	2
5	6
6	2
7	1
8	0
9	1
10	1
11	1
12	1
13	1
14	1
15	1
16	1
17	1
18	1
19	1
20	1
Total	116

- "The services of several members of our Facilities Planning staff were made available to assist the Department of Education in surveying the grounds of schools and preparing layout drawings. This involvement resulted in funds amounting to approximately R750,000 being released from a latent education trust fund to be used for the development and construction of sports fields and playground areas at 10 local Black schools."
- "The Athlone Nursery School, which we have supported and directly assisted over the year, was, after protracted negotiations, declared a full State School effective April 1, 1984 and, as such, will be the first Coloured pre-primary school in South Africa fully financed by the Government. This should herald the beginning of State pre-primary education in South Africa."

Teacher training was another "high-leverage" area emphasized by an increasing number of Signatories in this reporting period. Some are provid-

ing multi-year financial sponsorship for Blacks, Coloureds and Asians studying to become teachers. Another has made its tuition refund program, originally intended for employees only, available to teachers in its Adopt-A-Schools.

Other education-related programs included (1) sponsorship of a Technical Careers Week of workshops in Soweto to encourage more Blacks to consider previously "White" careers; (2) establishment of an employee volunteer program to provide tutoring to students receiving Pace College bursaries who are having academic difficulties; and (3) setting up a "Saturday School" on company premises to help Black students prepare for entrance examinations in science and mathematics.

In early 1984 the Education Task Group in South Africa announced initial programs in a new long-term, national education effort. The effort has a long and short-term focus. For the longer term, support of the Urban Foundation Education Trust for the benefit of the Teacher Opportunity Programmes is being encouraged. This is an in-service teacher development program directed at unqualified black teachers at the higher primary school level. These teachers, who number 66,000, have only a standard eight education plus two years at a training college. The objective is to help put them in a position to obtain their senior education certificate qualifications. The shorter term, or remedial programs, are directed at addressing the educational deficiencies of those students now in the system. The programs include supplementary efforts on Saturday mornings, a crash course during school holidays to prepare for year-end examinations, and career guidance.

For some Signatories, involvement in Principle 6 has affected other corporate donations policies. One Signatory reported, "In examining our donation budget for the 1983/84 financial year, we made a conscious decision to donate equipment only to those White universities where the increasing enrollment of non-Whites was a declared policy and reality."

During the Eighth Reporting period, eighty-four percent of the reporting units visited businesses owned by Blacks, Coloureds or Asians to evaluate

possible purchases of goods and services from them. Their actual purchases totaled 11 million rand, an increase of 20% from the Seventh report.

Doing business with Black, Coloured and Asian enterprises is frustrating because of the difficulty in locating suppliers and particularly because some are not able to produce a quality product on schedule. Various Signatories have been working with the National African Federation of Chambers of Commerce to develop a directory of suppliers.

Even more basic, Signatories are cooperating to establish training programs at Witwatersrand University for Black, Coloured and Asian entrepreneurs. In addition, their need for legal advice has been recognized and efforts are now underway to organize and fund a source of that information. The opportunity for further progress has been enhanced by recent government action to permit Black businessmen to operate in downtown urban commercial areas where most businesses have previously been owned by Whites.

Ingenuity continues to be demonstrated in support for the Black, Coloured and Asian communities in the form of help for health, welfare and civic programs. With substantial support from Signatory companies, the Friends of Baragwanath program has been launched. It is directed at providing and showing health education films throughout the country. These films are donated by companies or specifically developed in South Africa and will be shown by using a mobile TV van as well as in waiting rooms of clinics.

With the advent of the United States-South African Leadership Exchange Program achieving tax exempt status in the United States, there was marked increase in contributions to this organization coming from parent corporations in the United States. This increased funding will enable expansion of the organization's sponsorship of exchange visits.

This year the Signatories collectively negotiated for urban rights on behalf of 495 employees. Of those, 318 (21%) obtained urban rights which permit them to live with their families and work in urban areas. As of June 30, 1984, 1,653 employees

still have not received the right to live with their families in a place convenient to their place of work.

Particular for Blacks, the beginning of the 99-year leasehold schemes offers a dramatically new opportunity to improve housing in the urban townships. This scheme permits qualified Blacks (i.e., those with urban rights) to obtain 99-year leases on land on which they can buy an existing government-built house or, in the case of vacant land, build a house sometimes in conjunction with a developer. Most Signatories have been active in assisting employees to obtain these leases. During the Eighth Reporting period, Signatory employees

obtained 582 leases bringing the total number of Signatory employees living in homes on 99-year leased property to 1,298.

The high level of acceptance of 99-year leases and home ownership by Black employees has been the direct result of education programs conducted by the Signatories. Further incentives have been offered by specific companies in the form of outright partial grants, loan subsidization, loan guarantees, and counseling to resolve issues between government and builders. The Signatory companies reported having devoted 1,981 man days to their housing efforts.

APPENDIX

U.S. PARENT OR ASSOCIATE OF U.S. BUSINESSES IN SOUTH AFRICA WHICH ARE NOT SIGNATORIES TO THE SULLIVAN PRINCIPLES BASED ON LIST PROVIDED BY THE AMERICAN CONSULATE GENERAL, JOHANNESBURG, NOVEMBER 1982

This list is known to be incomplete. The Consulate makes this statement as a preface to the list: "Companies are only included on the list when they provide us with information or when they come to our attention."

Insofar as possible, the ultimate U.S. parent companies are shown. Arthur D. Little, Inc. has not undertaken to verify this list; we have simply reproduced the referenced document entries as published. We have included, as footnotes, comments brought to our attention by others. These comments have not been verified by ADL.

Company names that are preceded by an asterisk (*) have expressed their commitment to the Principles but are unwilling to pay their assessment for the operation of the program. They are therefore not listed as Signatory companies, in accordance with the stipulations stated in the Overview of this report.

Companies with more than 10 employees:

ABS Worldwide Technical Services Inc.
A.M. International Inc.
Accuray Corporation
Air Express International Corp.
Alexander & Alexander International Corp.
Allegheny International Inc.
Amdahl Corp.
American Air Filter Company, Inc.
American Bureau of Shipping
*American Hospital Supply Corp.
Arthur Andersen & Co.
Applied Power, Inc.
Associated Metals & Minerals Corp.
*Avis Rent-a-Car Inc.¹
BBDO International Inc.
Balkinds Agencies (Pty) Limited
Ted Bates Worldwide Inc.

*Baker International Corporation
Bechtel Power Corp.
Bell & Howell Co.
Berkshire International Corp.
*The Black and Decker Manufacturing Company
Blue Bell Inc.
Buckman Laboratories, Inc.
Bucyrus-Erie Co.
*Bundy Corporation
Carborundum-Universal SA (Pty) Ltd.²
Cardkey Systems
Carman Industries Inc.
Cascade Corporation
*Champion Spark Plug Co.
Chesebrough-Pond's Inc.
Chicago Pneumatic Tool Company
Chrysler Corp.³
City Investing International Inc.
Collier Inc.⁴
Columbus McKinnon Corporation
Computer Sciences Corp.
Coulter Electronics Inc.
John Crane-Houdaille Co.
*Crown Cork & Seal Co., Inc.
Dames & Moore
Dun & Bradstreet International Limited
Echlin Manufacturing Co.
Fruehauf International Ltd.
Fuller Co. GATX
Gang Nail Systems, Inc.
*Gates Rubber Co.
J. Gerber & Co.
Getz Bros. Co., Ltd.
*Grolier Incorporated
Frank B. Hall & Co., Inc.
Harnischfeger Corporation

1. Subsidiary of Norton Simon, Inc.
2. No longer owned by The Standard Oil Co. (Ohio).
3. Has reportedly sold its South African operation.
4. Subsidiary of MacMillan, Inc.

Companies with more than 10 employees
(continued):

The Harper Group
Hay Associates
Heineman Electric Co.
Henkel Corp.
Hydro-Air Engineering Inc.
*Hyster Co.¹
IMS International Inc.
Ingersoll-Rand Co.
International Flavors & Fragrances Inc.
International Playtex²
S.C. Johnson & Son, Inc.
Kimberly-Clark Corp.
Koehring Co.
Estee Lauder International Corp.
Leco Corp.
Leeds & Northrup Co.³
*Loctite Corporation
Longyear Company
Lubrizol Corporation
Management Placements (Pty) Ltd.
Maremont Corp.
Martin Marietta Corp.
Metallurg Inc.
Miles Laboratories Inc.
Mohawk Data Sciences
Moore McCormack Lines Inc.
Narco Air Shields
Nashua Corp.¹
National Chemsearch Corp.
National-Standard Co.
National Starch & Chemical Co.
National Utility Service Limited
Newmont Mining Corp.
A.C. Nielsen Company
Oak Technology Inc.
Parker Hannifin Corp.
C.J. Petrow & Co. (Pty) Limited
Pizza Inn Inc.
Precision Valve Corp.
Preformed Line Products Co.
Premix Asphalt Co.
Ramsey Engineering Co.
Reed Mining Tool Inc.
*Revlon, Inc.⁴
Robbins Co.
*A.H. Robins Co., Inc.

Helena Rubinstein Inc.
S.A. Paper Chemicals (Pty) Ltd.⁵
Salsbury International Inc.
G.D. Searle International Co.
Sedco Inc.
*Simplicity Pattern Co., Inc.
*The Singer Company
Smith International
Standard Pressed Steel Co.
*The Stanley Works
Sybron Corp.
Technicon Instruments Corp.
Texasgulf Inc.⁶
*J. Walter Thompson Co.
Timken Co.
*Tokheim Corp.
Uniroyal Inc.¹
United States Industries
Utah International, Inc.
Valeron Corp.
West Point Pepperell
Wilson Learning USP Corp.
Arthur Young & Co.

Companies with 10 or fewer employees:

Louis A. Allen Assoc. Inc.
Allis Chalmers Corp.
*American Airlines, Inc.
American Broadcasting Co.
The Associated Press
Black Clawson Overseas
The Boeing Company
Leonard J. Buck, Inc.

1. Has reportedly sold its South African operation.

2. Subsidiary of Esmark, Inc.

3. Subsidiary of General Signal Corp.

4. Made partial payment of assessment.

5. Tenneco, Inc. holds a majority equity in this company.

6. Acquired by E/f Aquitaine, Inc.

Companies with 10 or fewer employees
(continued):

CBS News¹
Christian Science Monitor
Continental Grain Co.
Ecolaire Inc.
Euclid Inc.
Flow Laboratories Inc.
*G A F Corporation
GATX Leasing Corporation
Hays/Hill Inc.
L & M Radiators Inc.
Lexington Andrews International Inc.²
The Los Angeles Times
Lykes Bros. Steamship Co., Inc.
MacMillan Inc.
Geo. J. Meyer Manufacturing³
National Broadcasting Company⁴
National Public Radio
Newsweek Inc.^{5,6}
The New York Times⁶
Oppenheimer Intercontinental Corp.
*Pan American World Airways, Inc.
Perkin-Elmer Corp.
Stauffer Chemical Co.
The Sunpapers Baltimore
Titanium Industries
20th Century-Fox International Corp.
*Twin Disk Incorporated
UPI Inc.
Unit Rig & Equipment Co.
Van Dusen Air Inc.
The Washington Post⁶

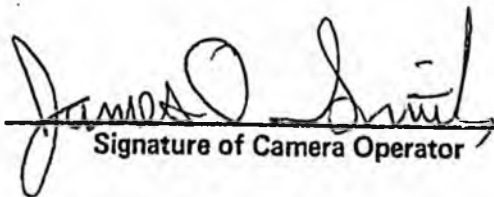
1. The parent, CBS Inc., is a signatory for its subsidiaries in South Africa, but not for this news-gathering bureau.
2. Subsidiary of MacMillan, Inc.
3. Subsidiary of Figgie International, Inc.
4. Subsidiary of RCA Corporation.
5. Subsidiary of The Washington Post.
6. Company states that this a news-gathering operation.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

HCR

2

7

HOUSE STATE AFFAIRS COMMITTEE

Bill Number HR 27 Title State Expenditures Date Rec'd _____

Fiscal Note	Position Paper	Date requested	From	Amount	Date Rec'd	
					Note	Paper

CONTACTS

BACKUP LIST

Bob Schofield x 2250
Pignolieri.

HEARING INFORMATION

heard 5/6/85

NOTES:

4/24 talked to Bunch

5/1 talked to Schofield

1. why did reports stop

2. reports stopped due to lack of personnel

- now they have a computer data base

started in ~~dec~~ ^{Jan} 84 by dec/85 enough info

- how used to track individuals work

FINAL ACTION

passed out 5/6/85

COMMITTEE REPORT
HOUSE

(7)

FURTHER:

4/3/85

Date: 5/6/85

The Committee on STATE AFFAIRS has had HCR 27

Urging the Governor to direct the Department of Administration to compile and report certain information regarding state expenditures.

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{includ} recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Kate Sursey

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Kate Sursey
CHAIRMAN



Official Business

Alaska State Legislature

House

Pouch V
State Capitol
Juneau, Alaska 99811

APR 24 1985

April 23, 1985

Representative Katie Hurley
Chairman
State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Katie:

Enclosed is an analysis of the Purchase Orders and Contracts issued by the Department of Administration in 1982. This information is necessary in order for the state to keep track of expenditures made in the "lower 48" and in Alaska. The Department does not issue those reports any more. I introduced HCR 27 to encourage the Department of Administration to maintain records in such a way as to be useful for policy-making purposes.

With less than three weeks remaining in this legislative session, I'm going to try and move this resolution out of Committee, and I need your support. If you want specific information to be included in the testimony or require some items for your file, please let me know. I would also like to know if I can count on your support.

Yours truly,

Marco (mk)

Marco A. Pignalberi

MAP:mk
Enclosures

MEMORANDUM

working/HC 27
State of Alaska

TO: George Elgee
Director
Division of General Services & Supply
Department of Administration

DATE: August 5, 1982

FILE NO:

TELEPHONE NO: 465-2250

THRU: Bob Link
FROM:

SUBJECT:

Robert L. Schofield
Purchasing and Facility Manager
Division of General Services & Supply
Department of Administration

FY 82 Purchasing
Action

The following is a statistical report of business transacted by your Purchasing Section in Juneau and Anchorage. It is more comprehensive and covers fiscal year 1982, July 1, 1981 to June 30, 1982.

PURCHASE REQUISITIONS RECEIVED DURING FY 82

	<u>TOTAL P.R.'s</u>	<u>TOTAL LINE ITEMS</u>
01 Governor	58	96
02 Administration	185	486
03 Law	46	74
04 Revenue	25	56
05 Education	102	1,835
06 Health and Social Services	548	10,569
07 Labor	95	151
08 Commerce and Economic Development	53	92
09 Military Affairs	35	46
10 Natural Resources	187	459
11 Fish and Game	351	1,197
12 Public Safety	177	387
18 Environmental Conservation	59	137
21 Community and Regional Affairs	27	38
25 DOT/PF	447	1,004
30 Ombudsman	0	0
31 Legislative Council	1	1
33 Legislative Audit	1	1
41 Alaska Court System	15	15
TOTALS -	2,412	16,644

As a result of the above, the following bids (formal and informal) and negotiation were accomplished.

BIDS PUBLISHED FY 82

	FORMAL	INFORMAL	NEG
JULY	22	1	27
AUGUST	22	0	50
SEPTEMBER	26	0	54
OCTOBER	26	0	63
NOVEMBER	35	16	31
DECEMBER	34	13	19
JANUARY	39	0	30
FEBRUARY	27	0	24
MARCH	38	0	75
APRIL	35	0	72
MAY	29	0	35
JUNE	33	0	66
TOTALS -	366	30	546

TOTAL ANCHORAGE AND JUNEAU - 942

Subsequent to the above, purchase orders were issued as follows:

- (1) Total number of PURCHASE ORDERS issued to IN-STATE vendors -
TOTAL - 1002
- (2) Total DOLLAR VALUE of PURCHASE ORDERS issued to IN-STATE vendors -
TOTAL - \$ 24,372,083.25
- (3) Total number of PURCHASE ORDERS issued to OUT-OF-STATE vendors -
TOTAL - 406 *40%*
- (4) Total DOLLAR VALUE of PURCHASE ORDERS issued to OUT-OF-STATE vendors -
TOTAL - \$ 9,993,085.68 *30%*
- (5) Total COST of AWARDS made as a direct result of 5% BIDDERS PREFERENCE L
TOTAL - \$ 22,753.79

This amount is the result of 28 separate awards of which 4 awards were responsible for \$ 17,946.35. Balance of \$ 4,807.44 resulted from the remaining 24 awards, 24 of which were for less than \$ 1,000. The awards based on the 5% bid preference generated \$ 4,789,672.91 in in-state business.

The 5% preference made the difference in only 2.97% of the bid awards FY 82, again emphasizing the highly competitive nature of the Alaskan vendor

PURCHASE ORDERS ISSUED TO MAJOR STATE METROPOLITAN AREAS - FY 82

Anchorage	-	782 PO's	=	\$ 18,569,441.81
Fairbanks	-	32 PO's	=	\$ 317,594.53
Juneau	-	<u>127 PO's</u>	=	<u>\$ 4,732,420.19</u>
SUB-TOTAL	-	941 PO's		\$ 23,619,456.53
Other Areas	-	<u>61 PO's</u>	=	<u>\$ 752,626.72</u>
TOTAL	-	1,002 PO's		\$ 24,372,083.25

The Purchasing Section issued the following term contract awards, many of which have estimated values.

CONTRACT AWARDS ISSUED DURING FY 82NO. OF CONTRACT AWARDSDOLLAR VALUETOTAL - 658 ^{12/1/82}TOTAL - \$ 65,241,064.46 ^{12/1/82}

Of 658 contract awards, 485 were issued to Alaskan firms for a total dollar volume of \$ 42,936,690.70.

As an overview, \$ 94,411,900.58 or 75% of the \$ 125,098,474.00 spent during FY 82 was spent with Alaskan vendors.

173 CONTRACTS AWARDED TO OUTSIDERS
VALUED AT \$22.2 MILLION

\$ 22.2^{MM} CONTRACTS

10.0 P.O.'s

\$ 32.0 MM = 33%

EXCLUDES PROF. SVCS & CONSTRUCTION

FIVE PERCENT BID PREFERENCE ANALYSIS
FISCAL 82

\$ 212.00	July	Anchorage 0 Juneau 1	\$ 123.00	January	Anchorage 0 Juneau 1
\$ 1,396.50	August	Anchorage 1 Juneau 2	\$ 2,735.00	February	Anchorage 1 Juneau 0
\$ 87.80	September	Anchorage 0 Juneau 2	\$ 335.42	March	Anchorage 1 Juneau 3
\$ 1,067.94	October	Anchorage 2 Juneau 2	\$13,007.35	April	Anchorage 1 Juneau 2
\$ 541.50	November	Anchorage 1 Juneau 3		May	Anchorage 0 Juneau 0
\$ 2,539.00	December	Anchorage 1 Juneau 1	\$ 708.28	June	Anchorage 1 Juneau 2

Awarded Alaskan Bidders: TOTAL - \$ 4,789,672.91

5% Bid Preference: TOTAL - \$ 22,753.79

GRAND TOTAL DOLLAR VOLUME - \$ 4,883,543.22

JM/je
5/0805-04/GSS1

IN-STATE AND OUT-OF-STATE PURCHASES
MADE FOR DEPARTMENTS

	Non-Alaska Vendors		Alaska Vendors		Total	
	No. POs	Amount	No. POs	Amount	No. POs	Amount
01 Governor	5	\$ 80,659.00	21	\$ 132,884.25	26	\$ 213,543.25
02 Administration	55	990,176.19	57	1,278,795.93	112	2,268,972.12
03 Law	0	0	9	100,227.32	9	100,227.32
04 Revenue	6	51,927.00	5	28,608.58	11	80,535.58
05 Education	27	254,491.71	76	423,534.98	103	678,026.69
06 Health & Social Services	93	368,353.14	464	1,629,278.39	557	1,997,631.53
07 Labor	6	104,212.80	48	228,919.87	54	333,132.67
08 Commerce & Econ. Develop.	4	144,383.15	15	43,203.34	19	187,586.49
09 Military Affairs	1	29,500.00	4	65,875.00	5	95,375.00
10 Natural Resources	30	1,456,718.38	43	563,935.52	73	2,020,653.90
11 Fish and Game	74	1,139,170.38	83	568,253.72	157	1,707,424.10
12 Public Safety	23	932,043.70	51	978,450.92	74	1,910,494.62
18 Environmental Conserv.	7	94,645.50	6	31,930.29	13	126,575.79
21 Community & Reg'l Affairs	0	0	7	18,645.37	7	18,645.37
25 Transportation	74	4,234,034.18	150	17,561,245.72	224	21,795,279.90
31 Legislative Affairs	<u>0</u>	<u>0</u>	<u>2</u>	<u>1,875.75</u>	<u>1</u>	<u>1,875.75</u>
Total -	405	9,880,315.13	1,041	23,655,664.94	1,445	33,535,980.08

FY'82

BREAKDOWN OF \$ AMOUNT OF PO'S:

	<u>How many PO's</u>	<u>\$ Amount</u>
0 - \$2,500	461	\$ 435,938.89
2,501 - 5,000	314	1,147,920.43
5,001 - 10,000	270	1,931,161.80
10,001 - 25,000	200	3,214,251.55
25,001 - 50,000	88	3,083,589.41
50,001 - 100,000	46	4,107,297.75
over \$100,000	55	20,445,009.10
	<u>1,434</u>	<u>\$34,365,168.93</u>

SUMMARY CHART - FISCAL YEAR 81 vs FISCAL YEAR 82

PURCHASING SECTION ACTIVITY

<u>DOCUMENTS PROCESSED</u>	<u>NUMBER RECEIVED & ISSUED</u>		<u>AVERAGE TRANSACTION TIME</u>		<u>AVERAGE - P.A. PER MONTH</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
PURCHASE REQUISITION	2,445	2,412	21.83			
INVITATION TO BID	1,212	942	10.82			
PURCHASE ORDER	1,879	1,434	16.78		255,954.29	
CONTRACT AWARD	515	658	4.60		319,911.38	
LEASE	119	100	1.06		24,483.19	

CONTRACT AWARDS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
ISSUED TO ALASKAN FIRMS	428	485	\$27,133,849.97	\$44,547,576.71
ISSUED TO OUT-OF-STATE FIRMS	87	173	8,696,224.65	20,693,487.75
TOTAL	515	658	\$35,830,074.62	\$65,241,064.46

PURCHASE ORDERS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
ISSUED TO ALASKAN FIRMS	1,272	1,002	\$17,875,744.67	\$24,372,083.25
ISSUED TO OUT-OF-STATE FIRMS	607	406	10,791,135.26	9,993,085.68
TOTAL	1,879	1,408	\$28,666,879.93	\$34,365,168.93

LEASES

	<u>FY-82 TOTAL</u>	<u>TOTAL VALUE</u>	<u>FY-82 TOTAL</u>
NO. LEASES ISSUED:	100		\$25,492,240.62

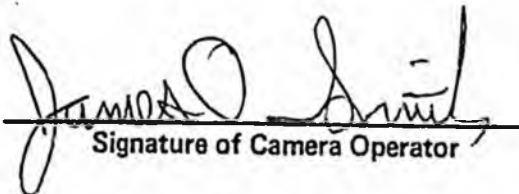
	<u>FISCAL 1981</u>	<u>FISCAL 1982</u>
GRAND TOTAL DOLLAR AMOUNT:	\$67,239,071.77	\$125,098,474.00



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

HCR

47

HOUSE STATE AFFAIRS COMMITTEE

Bill Number HCR 47 Title State Employee Compensation Date Rec'd _____

Fiscal Note	Position Paper	Date requested	From	Amount	Date Rec'd	
					Note	Paper

CONTACTS

BACKUP LIST

3/3 Powellson
3/4 DOA

HEARING INFORMATION

3/5/86

NOTES:

FINAL ACTION

moved out 3/5/86

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3000

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House State Affairs Committee 3/5/1986, 3:00 pm

POSITION PAPER
HOUSE CONCURRENT RESOLUTION 47

This Resolution would establish a six member Joint Special Committee of the Legislature to undertake a comprehensive review of the state's employee compensation package. The committee is to work with representatives of the executive branch during and between legislative sessions and report its recommendations and findings on the first day of the First Session of the Fifteenth Legislature.

The Department of Administration is in full support of HCR 47. A comprehensive review of all facets of the compensation and benefit package that state employees receive is very appropriate and needed at this juncture. The recently completed Classification Study and Geographic Differential Study each dealt with a single and distinct portion of the total compensation package. The Classification Study examined the internal alignment of classifications and salary ranges. The Geographic Differential Study examined the appropriateness of the cost of living allowances being paid throughout the state.

This would be an ideal point in time to review and compare other aspects of the compensation and benefits provided state employee groups such as retirement, insurance, types of leave and so forth. Another aspect of the system of compensation that should be examined is the three "services" in the executive branch - exempt, partially exempt and classified. While the system of classification and pay for the partially exempt and classified service is statutorily controlled, the exempt service functions largely without rules on pay. Consequently, the proliferation of exempt boards and commissions over the past several years has resulted in an increased number of state employees with limited legislative salary oversight.

The Department of Administration looks forward to working with the Joint Special Committee in examining these issues.



Frank Raye, Director
Division of Personnel

2/28/86

Date



Commissioner Eleanor Andrews
Department of Administration

3/3/86

Date

**HOUSE
COMMITTEE REPORT**

(7)

Date referred: 2/14/86

FURTHER REFERRALS: FINANCE

DATE: 3/5/86

The STATE AFFAIRS Committee has considered HCR 47

Relating to establishing a Joint Special Committee on state employee compensation."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

Katie Hurley
Roger Jenkins
Bette Pate

SIGNING OTHER RECOMMENDATIONS:

NO REC
Virginia Malheur NO REC

Katie Hurley
Chairman

Alaska State Legislature

House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615

Official Business

FEB 27 1986

MEMORANDUM

To: Representative Katie Hurley
Chairman
House State Affairs Committee

From: Representative Al Adams *AAA*
Chairman
House Finance Committee

Date: February 26, 1986

Subj: HCR 47 Relating to establishing a Joint Special Committee on state employee compensation

I note in the House Committee Meeting Schedule that you have scheduled HB 676 "An Act relating to implementation of a classification study for the classified service of state employees" and HB 599 "An Act relating to suspending the operation of longevity pay increments for employees in state service; and providing for an effective date" for a hearing in State Affairs Wednesday, March 5.

I will, of course, be pleased to testify on HB 599, which I sponsored, at that time.

Since you also have in committee HCR 47 "Relating to establishing a Joint Special Committee on state employee compensation" I was hoping that you might schedule this resolution for a hearing at the same meeting. I believe all three items are related and could be productively discussed at the same time.

If you have any questions or I can be of assistance, please feel free to contact my office. Your cooperation will be appreciated.

Alaska State Legislature

House of Representatives

Al Adams

Chairman

Committee on Finance

Official Business

WHILE IN SESSION

Pouch V

State Capitol

Juneau, Alaska 99811

(907) 465-3706

OUT OF SESSION

P.O. Box 333

Kotzebue, Alaska 99752

(907) 442-3320

1024 W. 6th

Anchorage, Alaska 99501

(907) 274-0615

Testimony of Rep. Al Adams on

HCR 47

Before the House State Affairs Committee

March 5, 1986

House Concurrent Resolution 47 would establish a joint legislative committee on state employee compensation. The reason for my introduction of this resolution at this time stems from my continued frustration over the annual battle over negotiated salary increases. The time has come for the legislature to move beyond this one issue and to examine all aspects of the state's employee compensation package.

The duties of the proposed committee would be to examine the total state employee compensation package and to make recommendations to the next legislature on any changes the committee feels would best serve the State of Alaska in light of declining state financial resources. Areas to be evaluated would include the retirement system, the employee classification system, geographical pay differentials, merit/longevity pay increases and

others as determined by the committee. The findings and recommendations of the committee would provide information to the whole legislature that would allow the employee compensations package to be evaluated in its entirety rather than as a set of separate components as is now the case.

Some good work has recently been completed which will be available to the committee to draw on. The Legislative Budget & Audit Committee has recently released an audit of the TRS and PERS retirement systems which point out numerous changes which could be made to these programs to make them less expensive to the state while maintaining an excellent retirement program for state employees.

Also, in response to legislative intent, the Governor's Office of Management & Budget has recently completed a report on state salaries which I found to be quite useful.

In preparing their recommendations I would expect that the joint committee would pull together all the existing information on employee compensation as well as commission additional work as necessary. Resource agencies available for this effort would include Legislative Audit, Legislative Finance, OMB, the Division of Personnel, the Division of Retirement & Benefits and others.

Since I would expect staff work to be performed by existing legislative and executive branch employees, I have submitted a zero fiscal note to the committee for your consideration.

Your support for HCR 47 will be appreciated.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HCR 47
 Title : RELATING TO ESTABLISHING A JOINT
COMMITTEE ON STATE EMPLOYEE COMP.
 Sponsor : HOUSE FINANCE COMMITTEE
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : LEGISLATURE: ADMIN:GOVERNOR
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-				

CAPITAL		-0-				
----------------	--	-----	--	--	--	--

REVENUE		-0-				
----------------	--	-----	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

IT IS ANTICIPATED THAT STAFF WORK WILL BE DONE BY EXISTING LEGISLATIVE AND EXECUTIVE BRANCH EMPLOYEES. OTHER RELATED COSTS WILL BE TAKEN CARE OF USING EXISTING FUNDS.

Prepared by : HOUSE FINANCE COMMITTEE Phone : 465-3706
 Division : HOUSE FINANCE COMMITTEE Date : _____

Approved by ~~Commissioner~~ *[Signature]* Date : _____
 Agency : _____

- Distribution (by Agency preparing fiscal note) :
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

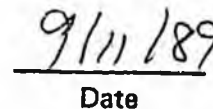


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Signature of Camera Operator


Date

HCR

55

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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JUNEAU, ALASKA 99811
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House State Affairs Committee, 2/24/1986, 3:00pm

HOUSE
COMMITTEE REPORT

(7)

Date referred: 2/17/86

FURTHER REFERRALS:

DATE: 2/24/86

The STATE AFFAIRS Committee has considered HCR 55

Relating to the eighteenth annual Girl's State."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- replace with _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Katie Hurley

Mr. [Signature]

Roger L. Jenkins

Steve [Signature]

Katie Hurley
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HCR 55
 Title : Relating to the eighteenth annual Girls' State.
 Sponsor : Rep. Cato
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : _____
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

HCR 55 results in no fiscal impact to the State of Alaska as costs are absorbed through the sponsorship by the American Legion Auxiliary and cooperating organizations.

Prepared by : Rep. Katie Hurley, Chair Phone : 465-4963
 Division : House State Affairs Committee Date : 2/21/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)