IRR
South African Institute of Race Relations
The power of ideas

2020

91ST ANNUAL REPORT

"First you win the argument, then you win the vote."

- Margaret Thatcher

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SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

91st ANNUAL REPORT

1 JANUARY TO 31 DECEMBER 2020

MAY 2021

PUBLISHED BY THE
SOUTH AFRICAN INSTITUTE
OF RACE RELATIONS NPC
222 SMIT STREET (virtual office)
BRAAMFONTEIN
JOHANNESBURG
2000 SOUTH AFRICA

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

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ISBN 978-0-86982-618-8
PD 5/2021

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What is liberalism? "I should say it means the acknowledgement in practical life of the truth that men are best governed who govern themselves; that the general sense of mankind, if left alone, will make for righteousness; that artificial privileges and restraints upon freedom, so far as they are not required in the interest of the community, are hurtful; and that the laws, while, of course, they cannot equalise conditions, can at least avoid aggravating inequalities, and ought to have for their object the securing to every man the best chance he can have of a good and useful life." - Sir Henry Campbell-Bannerman.

CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING OF MEMBERS OF THE IRR ON MONDAY 14 JUNE 2021

Mr President, Members of the IRR and Members of Council, I have the pleasure of presenting this report to you. The attached annual financial statements cover the financial year ended 31 December 2020. The narrative report is written in the main to reflect developments in 2020, with some limited comments on developments in early 2021.

Globally, 2020 was an epochal year as the world battled to contain the highly contagious coronavirus SARS-CoV-2, which causes the respiratory illness Covid-19. As was the case in many other nations, the South African government imposed a lockdown that severely restricted the physical movement of goods and people, as well as the ability of businesses to operate.

The IRR adapted quickly and decisively to the pandemic. It pre-emptively closed its offices on 17 March, ten days before the lockdown began, and instructed all staff to work from home from 23 March. At short notice, computer equipment, software programmes and data connections were procured to enable staff members to work and collaborate remotely. By the time the lockdown started, the IRR was prepared. It is a credit to the staff and the IT service providers that the transition to working remotely proceeded smoothly and with minimum disruption.

Nevertheless, several staff members contracted Covid-19 during the second wave of infection. One staff member was severely affected and had to spend several days in hospital. Fortunately, both he and the other staff members who were ill made full recoveries.

As the benefits of remote working became apparent over the course of the year, the IRR formally decided to give up its physical offices and become an entirely virtual organisation. The IRR's office lease agreement came to an end on 30 April 2020. It continued to roll over on a month-by-month basis until the IRR gave notice with effect from 30 November 2020. The move out of the premises at 2 Clamart Road in Richmond was completed on that date. At the time of writing, South Africa still does not have a credible vaccination programme in place, and the pandemic is ongoing at fluctuating levels. In this environment, it is an important advantage for the IRR to be able to work remotely.

All office furniture and equipment, as well as books and publications, were either moved into storage or disposed of. The IRR will scan the more important documents into an electronic repository in due course, which will make IRR publications and archives available globally to any registered user with an internet connection. The IRR also obtained a new physical correspondence address through a virtual office provider, which serves as the Institute's registered office address.

Throughout these external changes, the IRR continued producing content of a high quality, in exceptional quantity. The Institute's approximately 30 staff members produced and placed no fewer than 85 reports, 6 policy submissions, 1 214 opinion pieces, 123 media releases, 540 media interviews, 188 briefings, 27 events, 556 audio and video clips, and 2 mini-documentaries in the public domain in 2020 – despite the country being locked down to a greater or lesser extent for most of the year. Adding them all up totals 2 741 pieces of content placed in the public domain over the course of the year, or an average of 7.5 pieces per day, every day. And that is without counting the content posted on social media, cumulatively seen by hundreds of thousands of people.

Financially, the IRR did well to increase its revenue under difficult conditions, to R23 098 735 in 2020, up 2% on 2019. However, expenses increased by a greater margin, to R30 475 053 in 2020, up 11% on 2019. The IRR thus finished the year with an operating deficit of R7 376 318. Income on investments of R3 724 162 reduced the overall deficit for the year to R3 652 156, bringing the bottom-line loss as share of revenue to 16%. In light of the fact that the budget forecast had been for an increase in revenue of 29%, which would have allowed the Institute to break even, the financial result was less than satisfactory.

On the revenue side, the Centre For Risk Analysis experienced difficult trading conditions, as companies cut their budgets and in-person sales calls and client briefings became unfeasible. Nevertheless, the CRA adapted, shifting to online briefings and calls. It achieved its revised budget for 2020 and launched an innovative individual subscriber model to reduce its reliance on large corporate clients.

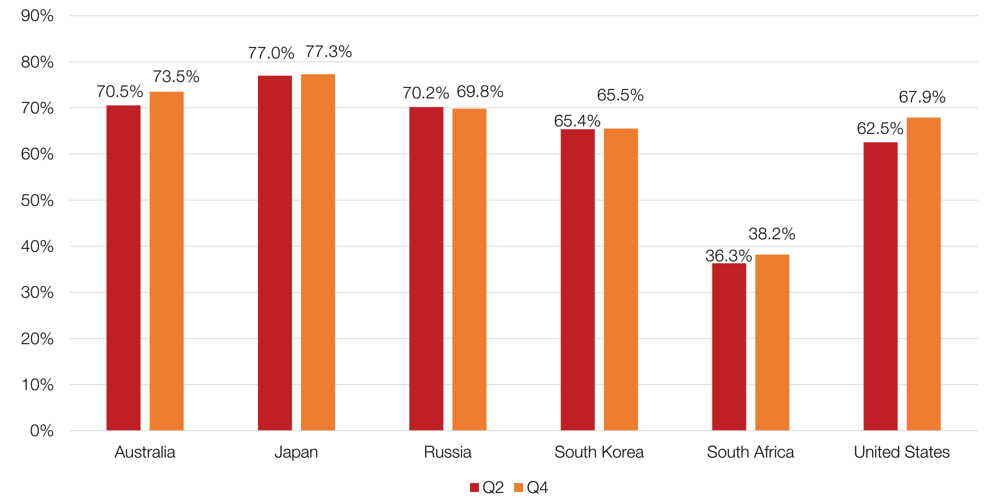
Growth in the number of IRR supporters under the Friends umbrella dipped in the second quarter, during the most severe phase of the lockdown, but returned to healthier levels in the third and fourth quarters. The Friends recruitment initiative built on its successes of the previous year: as of December 2020, there were 17 295 active Friends on the books, up 72% versus the 10 045 recorded at the end of 2019 – a remarkable achievement built on the hard work of the IRR's campaigns staff and Libertech, our call centre partner.

On the cost side, the Institute incurred considerable expenses in adapting to the work-from-home model, particularly in the form of investments in software, communication and equipment; other areas in which costs increased were salaries (through additions to the staff complement) and external service providers. Travel expenses dropped dramatically, as was to be expected.

For 2021, the IRR has budgeted to break even, even as the external environment remains volatile. As the state continues along its path of centralisation and decline, the IRR will continue to opt for decentralisation and growth, as we detail below.

South Africa is in precarious shape, with many of the country's pre-existing social, economic and fiscal maladies having been exacerbated by the Covid-19 crisis. Unemployment has continued its inexorable rise, reaching a record high of 32.5% on the narrow definition and 42.6% on the broad definition, which includes discouraged jobseekers who have given up on looking for a job. The absolute number of people in employment is now lower than it was in 2008; and the ratio of those with jobs to the working-age population, the so-called labour absorption rate, is under 40%, where this number is between 65% and 75% in countries with functioning economies. In South Africa, people with tertiary education are the only group that reaches these levels. This group made up just 8.1% of the population aged 20 and older in 2018.

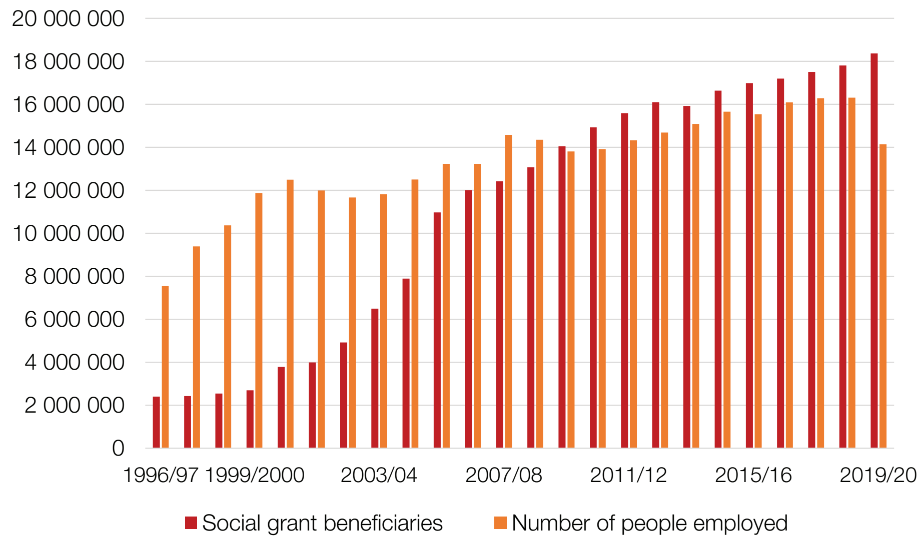
The labour absorption rate, selected countries, Q2-Q4 2020



Source: Organisation for Economic Co-operation and Development (OECD), Stats SA

In a chart that was shared widely on social media, the CRA illustrated the number of social grants being paid in relation to the number of people in employment. The enormous harm inflicted by the structural unemployment crisis is ameliorated to some extent by redistribution in the form of grants – but this places a very small plaster on a very large wound, as it produces dependency on the state and no prospects for advancement in the lives of the recipients. Such progress requires integration into the economy and gainful employment, with the opportunity it offers to learn new skills, build relationships with others and take pride in one's own achievements. It would, however, be a misreading of the situation to say that South Africa pays too many social grants; for millions of families, they help alleviate the most severe poverty and keep the wolf from the door. The correct reading of the chart is that South Africa has too few jobs. With a greater share of the population in employment, and the economy growing at a healthy rate, the social grants would be perfectly affordable.

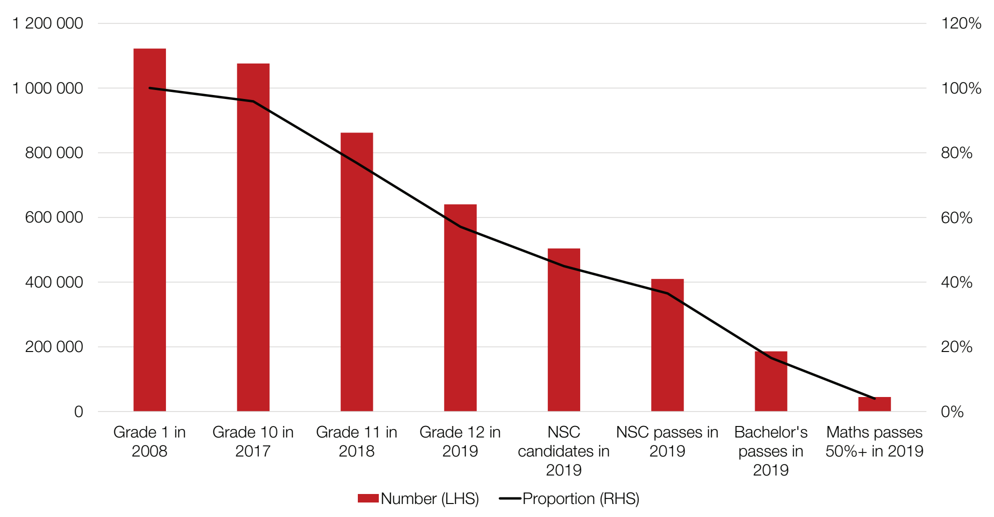
Social grants and number of people employed, 1996/97-2019/20



Source: Stats SA, South African Social Security Agency (SASSA), *Annual Report*

The unemployment crisis must be read against the fact that out of every twenty schoolchildren starting Grade 1, only twelve manage to complete twelve years of schooling; only four achieve a matric result of sufficient quality to be admitted to university to study towards a bachelor's degree; and only a single one achieves a maths pass at 50% or higher. The impact of the pandemic-related schooling disruptions during 2020 will only become visible in the statistics later, but is unlikely to be favourable. As the structure of South Africa's economy continues to shift away from agriculture, mining and manufacturing, and towards services, and as the world moves into the fourth industrial age, poor educational outcomes continue to pose one of the greatest threats to the country's employment prospects and overall progress.

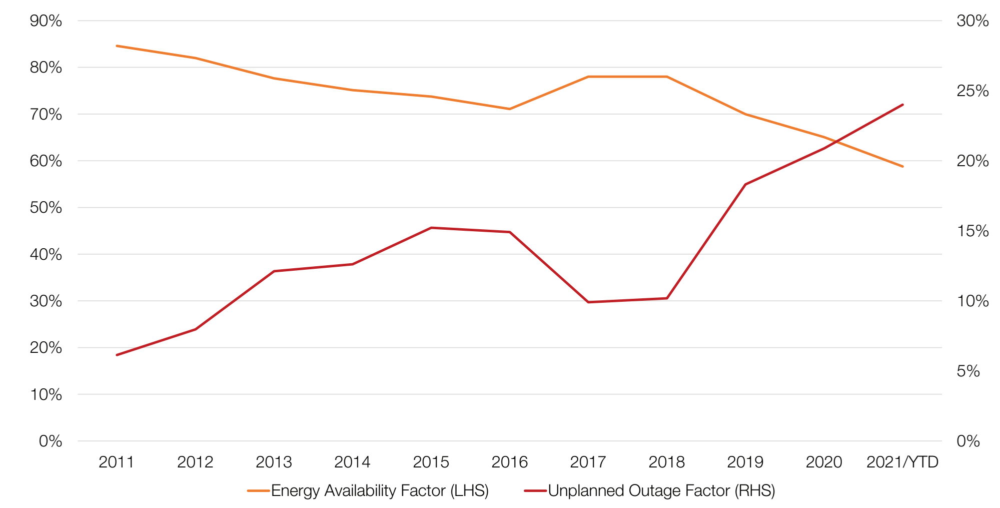
School throughput



Source: Department of Basic Education

A further factor weighing on the country's growth prospects is the unreliable electricity supply. Even while much of South Africa's economic activity ground to a halt during the strict phases of the lockdown, the country experienced rolling blackouts. The share of Eskom's electricity production capacity that is actually available, its Energy Availability Factor, has been declining for a decade and has now reached a level of around 60%; in the meantime, the rate at which equipment is unexpectedly breaking down is on a continued upward trend and is affecting nearly 25% of the nominal production capacity. The state power utility is overstaffed, overindebted, undercapitalised and continues to be subject to political interference that leads to unsustainable hiring dictates and inflated procurement costs. Electricity constraints impose a hard cap on South Africa's economic growth prospects. Lifting electricity production in the short term requires large-scale private investment in power production; yet the government is dragging its feet over enabling this, as it is loath to grant the private sector any significant role in what it considers to be a national asset of strategic importance.

Energy Availability Factor and Unplanned Outage Factor, 2011-2021/YTD



Source: Eskom integrated reports

In politics, the ANC continues to bestride the South African landscape. It is the colossus around which everything revolves – the machinery of government, the media, the business sector, the non-profit sector and not least the ideological orientation of the country. But the colossus is beginning to show signs of frailty. It is no longer assured of victory in elections, and its decline in support points to a drop below 50% in 2024 or 2029 at the latest (provided that South Africa remains a free and open society, and barring unexpected reversals). Instead of asking, as we have for decades, "Where will the ANC take South Africa next?", the question as we look to the future becomes: "What might become of South Africa, if it is not the ANC planning the journey?"

Historically, the ANC's performance at the polls has fluctuated in lockstep with the economy. While the economy was growing, support for the ANC grew; when the economy was slowing, as it has been doing for a decade now, support for the ANC fell. We assume that this relationship will continue to hold, but flag a risk beginning to show up in our polling data: namely, that support for the ANC among voters is inversely proportional to their education and income. In other words, the ANC finds its highest levels of support among South Africa's poorest citizens and those with the least education. Over the coming years, there therefore exists a possibility that rising impoverishment and worsening educational outcomes will give the ANC a base to maintain its hold on power a little while longer.

The government's growing role in the economy can be read from the fact that state spending has reached a level of 42% of GDP. The budget deficit – the shortfall of money between what the government collects and what it spends – has breached 14%, putting it in the range of figures previously only seen during the two world wars and in the 1980s, when apartheid was collapsing and the state had run out of money. The country's debt – the money the government owes to the lenders who funded its rolling deficits – stands at 80% of GDP and is optimistically projected to rise to 89% by 2025/26. Servicing that debt consumes more money – R270 billion, or 20% of gross tax revenue – than is spent on the country's defence force, police and justice system put together (R209 billion).

The finance minister is aiming to stabilise the debt – in other words, prevent it from growing further – by slowing the growth of state spending, while increasing state revenue. Both will be very difficult, as state spending underpins the ANC government's networks of patronage and loyalty, while increasing revenue in a low-growth, high-tax environment poses a considerable challenge. Nevertheless, the state continues to pursue grandiose plans such as nationalising the health sector under a National Health Insurance plan, launching a state bank, resuscitating the moribund state airline and introducing expropriation without compensation as a government policy, supposedly without fatally wounding property rights.

All of this is fanciful and ignores the reality of the situation South Africa finds itself in. The reality is that the more the ANC tries to centralise and assert control, the more control slips from its grasp.

Take the coronavirus challenge as an illustration. In response to the pandemic, the government declared a national state of disaster, since renewed multiple times and lasting for well over a year, and established an opaque National Coronavirus Command Council (NCCC) responsible for managing the lockdown. Not unexpectedly, the regulations the government passed during the various levels of the lockdown were draconian, contradictory and often irrational as it attempted to define “essential” goods and services, which could be traded, versus non-essential items, which could not. The restrictions curtailed civil liberties, caused the economy to contract by 7% and resulted in 1.4m jobs being lost. Over 300 000 people were arrested for violating lockdown regulations and now have criminal records. The security forces harassed members of the public and killed several unarmed civilians with impunity. Yet despite exercising a high degree of state power, the government was unable to contain the pandemic effectively or manage the economic fallout, and has been equally ineffective at procuring vaccines and rolling them out timeously.

In the broader scheme of things, while the government continues to pursue centralisation, the IRR is betting on decentralisation in its own structures and activities, while promoting decentralisation of state functions as part of its work.

The IRR’s strategy of increasingly focusing its attention on alternative media platforms serves as an example of how the IRR is pursuing decentralisation. The transition in the IRR’s communication is partly in response to the decline in mainstream media: in 2020, the circulation of South Africa’s 17 daily newspapers dropped by 40% compared to 2019, according to the Audit Bureau of Circulation. Many titles in the Independent Media stable registered declines of over 60%; total circulation for the Pretoria News, an extreme case, is down 80% since 2019 and it sells just over 1 900 copies a day, according to TechCentral. The average decline in circulation across the 17 newspapers since 2016 is almost 60%. At the same time, much of the content published in the newspapers is broadly supportive of the government, with criticism rarely extending beyond claims that it is “pursuing the right policies, but implementing them badly”. Alternative policy proposals and worldviews, such as non-racialism, subsidiarity and economic deregulation, are rarely entertained.

Similar observations can be made about the broadcast media. South Africa’s public broadcaster, the SABC, has been losing money and audiences for several years, according to its 2020/21 corporate plan. Its status as a going concern is in question and it is forced to rely on bailouts from an increasingly cash-strapped government. Only 30% of people are paying their licence fees; the default rate of 70% is creating an annual loss of R2 billion in unpaid licence fees. Not surprisingly, some eccentric ideas have been mooted to help the organisation out of trouble, including levying a charge on its streaming service competitors and using that income to subsidise the SABC; or abandoning the idea of a TV licence altogether and simply levying a charge on all South African households on the presumption that if they have the theoretical ability to receive the SABC, they should pay. Again, this is a symptom of the ANC’s inclination to centralise power and extract money from citizens through any means necessary.

While the traditional media are struggling to survive, alternative media are surging. They range from the aforementioned television streaming services to podcasts, online radio stations and newspapers to social media platforms such as Facebook, Twitter and Instagram. Over two-thirds of South Africans over the age of 15 have a smartphone, and for many of them, it is the primary way in which they receive information about the world. The IRR is following these audiences as they move online, using a variety of platforms.

The IRR's online newspaper is **The Daily Friend**. It runs daily news, opinion, podcast, and YouTube content and is focused on South Africa's liberal community and those interested in liberal ideas. It only publishes original content, although it allows third-party publications to run that content. **The Daily Friend** has its own full-time editorial staff, with various IRR staff contributing to it, and it employs a number of contracted columnists. In 2020, 1 759 op-eds, news items and cartoons were published by **The Daily Friend**, at a rate of 4.8 pieces of content per day, on average. Each piece of content was viewed 1 486 times on average, for a total number of over 2.6 million views. The site recorded over 835 000 unique visitors, while the daily e-mail newsletter had over 140 000 subscribers and the Daily Friend Facebook page had attracted over 41 000 likes.

The IRR has two online radio stations or podcasts. The first is The Daily Friend Show, a 30-minute current affairs show featuring IRR staff giving their opinions on current political and other issues. The show comes out every Monday to Thursday and is building a loyal and growing listenership. In 2020, 229 episodes were recorded and uploaded, each of which was downloaded 569 times on average – giving a total of over 130 000 listens over the course of the year. The show is published on various platforms, including iono.fm, Apple Podcasts and, since 3 August 2020, on CliffCentral, a leading online "radio" platform. In the Apple Podcasts rankings, The Daily Friend Show has consistently ranked in the Top 10 for News Commentary in South Africa, and in the Top 20 in the News category, competing with shows from the likes of CNN, *The Guardian* and *The Economist*.

The second podcast is **Two Crickets in a Thorn Tree**, a weekly long-form discussion show featuring Gabriel Crouse and Nicholas Lorimer. The show covers a wide range of topics, from pop culture, history and current affairs to geopolitics and philosophy.

The primary TV channel of the IRR on YouTube is **The Big Daddy Liberty Show**, a classical liberal weekly variety show, created in June 2018. Host Sihle Ngobese, aka Big Daddy Liberty, tackles social, political and economic issues from a liberal perspective, and by engaging the public and key freedom thinkers on everyday issues. He also records vlogs (video logs) giving an instant take on hot issues currently in the media. During 2020, BDL started his own company, which the IRR supports in terms of a service agreement. Cooperation between the Institute and Mr Ngobese remains close. During 2020, BDL posted 113 videos on YouTube, which were viewed a total of 922 726 times; the channel had attracted 31 087 subscribers by year-end. On Facebook, BDL posted 122 videos in 2020, which were viewed 1 181 478 times; the BDL Facebook page counted 54 239 likes by the end of the year. The CRA and the Daily Friend also have their own YouTube channels, with numbers of subscribers in the low thousands and rising.

As these numbers show, the IRR is reaching large and growing audiences through a variety of media and platforms, representing a form of decentralisation of the communication technologies used. This will continue into the future as new tools and channels become available.

At the same time, however, the IRR will also continue searching for ways to reach broader audiences by developing different brands that cater to different target audiences. This process has already started: the Centre For Risk Analysis (CRA), for instance, is an IRR brand specifically tailored to corporate audiences, both from the public and private sectors. The CRA is adding a new product under that brand umbrella, namely subscriptions for individual business people. The Daily Friend is a news platform that caters to news consumers and moderate centrists who enjoy reading a different perspective from that presented in most of the traditional media. Big Daddy Liberty speaks to the new media consumer and (not only) black conservatives, while the Friends programme finds its greatest support among more conservative Afrikaners. In 2021, the organisation is adding a further unit to the portfolio, the Freedom Advocacy Network (FAN). The purpose of this unit is to popularise liberal ideas and give them mass appeal through the innovative use of social media. The target group for FAN consists of both liberals and liberal sympathisers who can be brought into the fold. FAN will also incorporate a Liberal Law Centre (LLC), which will focus on legal avenues to make liberal arguments through both in-house resources and an external legal firm.

In the context of these various brands, the IRR caters for audiences in the policy and research space, while remaining the supreme source of the thinking and ideas that are applied by its various de facto subsidiaries, as well as the administrative hub and group services centre. The expectation is that the more accurate market segmentation will allow us to identify and exploit potential for growth by communicating a consistent message, but in different packages.

Throughout all this, it remains essential for the IRR group to always hold the liberal line and never waver. Both to the left and to the right, temptation lurks: the temptation to compromise just a little bit on the matter of quotas, for instance, or to pursue the illusion of separate development on the presumption that this allows for more harmonious co-existence between groups with different interests. Both of these are anathema to the liberal spirit, which holds that people should be judged and treated fairly as individuals, not as indistinguishable elements of a greater mass.

The risks of compromising, of making concessions just to make one's life a little easier, are significant. The story of the Viking invasion in the year 845 is instructive. In that year, a fleet of over a hundred Viking ships under the command of a chieftain named Ragnar entered the Seine and made its way upriver to Paris, arriving on Easter Sunday, 29 March. The Vikings struck terror into the hearts of the Franks, who could not mount a credible defence, and the raiders only withdrew after having been paid a ransom of silver and gold – amounting to an estimated 2,570 kilogrammes – by the king, Charles the Bald. In doing so, the king hoped to have got rid of the threat, but the Vikings returned time and time again in the following years, each time securing loot or ransom. Overall, thirteen payments of the so-called Danegeld were made to Viking raiders. Rudyard Kipling's poem, Dane-Geld, closes with the following stanza:

We never pay any-one Dane-geld,

No matter how trifling the cost;

For the end of that game is oppression and shame,

And the nation that pays it is lost!

The IRR, throughout its history, has been guided by its unyielding commitment to liberal values, refusing to deviate from them, no matter how trifling the cost. It will continue not paying the Danegeld.

Reports on 2020 activities

The following sections list the activities of the IRR group during 2020. As the organisation continues moving towards a divisional structure – continuing a transition that began with the establishment of the Unit for Risk Analysis, which became the Centre For Risk Analysis – the reporting will begin to reflect that change. The sections below report on the IRR, the Friends of the IRR, the CRA, The Daily Friend and Big Daddy Liberty.

IRR

Befitting its long track record and its role as the mother ship of the group, the IRR was active across a broad range of topics and media in promoting liberty and opposing harmful ideas and policies. The following section reports on IRR publications (*Free*FACTS, *@Liberty*, policy submissions and proposals, occasional papers, the *SA Survey*) and the Liberal Club.

*Free*FACTS

***Free*FACTS** is a monthly publication which is published on the IRR's website. Each month it looks at a certain aspect of policy and includes graphs and tables, presented in an easy-to-understand format. Each month it is included in a newsletter to Friends.


IRR
FreeFACTS
Education in South Africa – the outlook is bleak
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FreeFACTS on matric results: Education in South Africa: The outlook is bleak (January)
This edition of *Free*FACTS looked at the matric results. It argued that while the number of people passing matric had been declining since 2013 the number of people passing well enough to go to university was increasing, raising questions around standards. At the same time it pointed out that South Africa still had a two-tiered system, with a minority attending well-resourced schools while others were stuck in schools that did little to prepare them for university or work.


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SA's changing demographics – implications for policy
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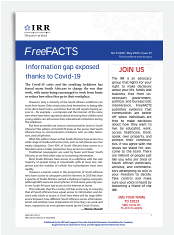
FreeFACTS on demographics: SA's changing demographics – implications for policy (February)
This issue examined how South Africa's demographics were changing. It showed how rapidly the country's population had increased since the end of apartheid, coupled with rapid urbanisation. It also flagged the large increases in population in a number of provinces, notably Gauteng and the Western Cape. It noted that the number of older people was increasing, along with a decline in average fertility, which will have serious implications for policymakers.


IRR
FreeFACTS
Is SA ready for COVID-19
JOIN US

FreeFACTS on healthcare: Is SA ready for Covid-19 (March)
This edition of *Free*FACTS examined South Africa's healthcare system and asked whether the country was ready for Covid-19. It acknowledged one of the few successes of the Zuma administration and its rollout of ARVs to combat HIV/AIDS, but also noted that South Africa faced a number of significant healthcare challenges. It provided an overview of healthcare personnel in South Africa as well as trends of diseases such as TB and HIV/AIDS.

***FreeFACTS* on the lockdown: What lockdown means for SA (April)**

The lockdown was the topic for this *Free*FACTS. It looked at opinion polls which showed that a large majority of South Africans supported the initial decision to lockdown, but also showed that many would struggle to pay for essentials as a result of it. It provided a number of economic forecasts for South Africa and other countries of what the likely impact of Covid-related lockdowns would be and argued that our country's economy needed to be opened safely.



***FreeFACTS* on communication: Information gap exposed thanks to Covid-19 (May)**

This edition looked at how South Africans accessed information and communicated with one another, especially in light of the new way many South Africans had to work as a result of the lockdown. It showed how only a relative minority had access to tools such as computers or the internet at home, which has implications for the future of work, especially in the face of potential regular lockdowns as the globe battles Covid-19.

***FreeFACTS* on economic indicators: SA – what's going wrong? (June)**

The June issue of *Free*FACTS examined a number of indicators, as well as global comparisons. It showed a significant slide on measures such as business confidence as well as global competitiveness, compared to other countries. It argued the primary reason for South Africa's poor performance on these indicators was the country's relative lack of economic freedom and called for the scrapping of policies such as BEE, to be replaced with Economic Empowerment for the Disadvantaged (EED), a policy solution that would focus on promoting growth while dealing with measurable socio-economic disadvantage.

***FreeFACTS* on crime: Latest stats show little progress on war on crime (July)**

This edition showed that South Africa was losing the war on crime. Using government statistics, it showed that since 2010 most serious crimes were increasing with no indication that this trend would reverse. The issue also pointed out that South Africa, Brazil, and Venezuela were the three most violent large countries in the world. It concluded that while the rot started under Jacob Zuma, nothing indicated that his successor, Cyril Ramaphosa, would be able to halt it.

***FreeFACTS* on the economic cost of the lockdown: Lockdown smashes SA economy (August)**

The August issue of *Free*FACTS looked at the economic cost of the lockdown. It used government figures to show the almost unprecedented damage done by the halting of large parts of the economy. It also provided data from opinion polls on public attitudes to institutions following the lockdown. These showed that while confidence in President Ramaphosa remained fairly high – perhaps surprisingly – there were very low levels of public trust in the South African National Defence Force and South African Police Service.

FreeFACTS

The unending crisis

JOIN US

FreeFACTS on unemployment: The unending crisis (September)

This edition looked at the scale of South Africa's unemployment crisis. It broke down unemployment to show the differences in strict and expanded unemployment and also looked at unemployment through the lens of various demographic indicators as well as the differences by region. It concluded by saying that tackling unemployment should be the primary, if not only, focus of policymakers, and that without solving this problem, South Africa would remain a flailing and failing state.

FreeFACTS

Corruption eats at South Africa's foundations

JOIN US

FreeFACTS on corruption: Corruption eats at South Africa's foundations (October)

Corruption was the focus of this issue. It showed how South Africa fared on the Corruption Perceptions Index and looked at various South African indicators. These included reports from Corruption Watch and reports from the Auditor-General, showing how few South African government entities managed clean audits. It argued that ordinary South Africans had to make it clear that they would not accept corruption within the government and that corruption itself posed a serious threat to the country's future.

FreeFACTS

Radio and TV still important mediums of communication in SA

JOIN US

FreeFACTS on communication: Radio and TV still important mediums of communication in SA (November)

In the light of the collapsing SABC, this edition of *Free*FACTS looked at how South Africans receive information. It showed that the entity still provided many South Africans with their only source of information and played an important role in the country. However, it also argued that the SABC had to be able to support itself and could not continue to rely on government handouts, while also having to modernise and become an organisation fit for the 21st century.

FreeFACTS

How free are we?

JOIN US

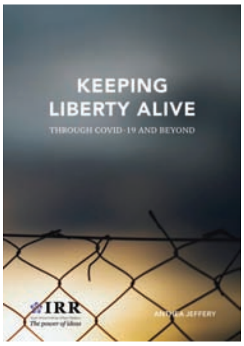
FreeFACTS on freedom: How free are we? (December)

This edition looked at South Africa's rankings on a number of indices ranking freedom, both economic and political. It noted that South Africa performs fairly well when it comes to political freedom, but less so with regard to economic freedom. It also showed that South Africa's trend with regard to economic freedom was negative which was reflected in low levels of economic growth over the past decade. The issue concluded by saying that higher levels of economic freedom were non-negotiable if South Africa wanted to become a prosperous country.

@Liberty

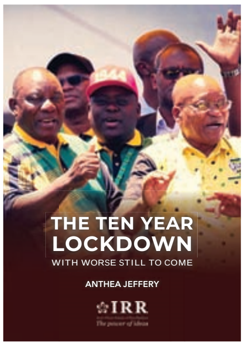
@Liberty is an occasional report which features policy analysis, proposals, and solutions for South Africa.

Keeping Liberty Alive: Through Covid-19 and Beyond (May)



This report looked at the threat to freedoms and civil liberties that the Covid-19 pandemic and the lockdown introduced. It interrogated the unaccountable institution, the National Coronavirus Command Council, that was introduced to administer the lockdown, abuses by the security forces, threats to free expression and forcing people into quarantine. It looked too at the erosion of economic freedoms. It explained how this was being used to advance the macro-ideological programme of the ANC, the National Democratic Revolution. This would cause untold damage to South Africa on top of the damage that the pandemic had done. A far more productive idea would be the IRR's National Growth Strategy, which would require an about-turn on the current trajectory of policy.

The Ten Year Lockdown, with worse still to come (June)

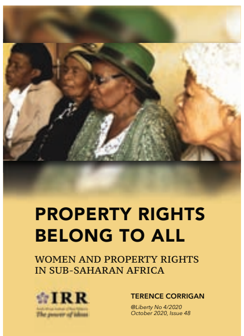


This report showed that the easing of South Africa's stringent Covid-19 lockdown occurred against the background of an unacknowledged policy "lockdown" for at least the last ten years, characterised by "radical economic transformation" policies aimed at changing the ownership, control, and very structure of the economy. It looked at the direction of policy on property rights, on empowerment, labour legislation and so on, all of which was seeking to advance the National Democratic Revolution.

Electoral reform in South Africa: The time has come (September)

This report examined the question of electoral reform in South Africa. It gave an overview of South Africa's post-apartheid political history in terms of electoral reform and proceeded to examine and critique a number of electoral systems and proposals. The report went on to provide two proposed electoral systems for South Africa, each combining elements of proportional representation and the constituency system. One recommendation was to use the multi-member constituency system proposed by the Van Zyl Slabbert Commission nearly 20 years ago and the other was to scale up the system used at municipal level (where half of representatives are elected from party lists and the other half from geographic constituencies) to provincial and national level.

Property Rights Belong to All: Women and Property Rights in Sub-Saharan Africa (November)



This *@Liberty* looked at the state – legal and actual – of women's property rights across Sub-Saharan Africa. It examined indices of gender equality across the continent and consulted experts and literature to establish a picture of the progress made, the obstacles that exist and possibilities for future advances. It argued that the rights of women in this area depend on a robust property rights regime in general, and that this in turn requires that the limits on women's participation need to be addressed.

Policy submissions

The IRR made the following submissions directly to politicians and lawmakers in pursuit of safeguarding South Africa's future as a free and open society.

Submission to the Ad Hoc Committee to Initiate and Introduce Legislation Amending Section 25 of the Constitution of the Republic of South Africa, 1996, regarding the Draft Constitution Eighteenth Amendment Bill of 2019, 28 February 2020

The IRR objected to the Draft Constitution Eighteenth Amendment Bill of 2019, which will empower the government to pay "nil" compensation on the expropriation of land as well as the "improvements" on it, which could range from homes and offices, to factories, shopping centres, and hospitals. The Bill will also empower Parliament to enact new statutes setting out the specific circumstances in which nil compensation might in future apply. This would allow the Expropriation Bill of 2019, with its nil compensation provisions, to be enacted. In time, it would also allow Parliament to adopt a statute vesting all land in the ownership or custodianship of the government against the payment of "nil" compensation.

The Bill thus threatens the property rights of all South Africans. It will also cause massive economic damage by torpedoing business confidence, deterring fixed investment, undermining the banking sector, and prompting a flight of capital and skills. Contrary to government assertions, moreover, the Bill will not "return" the land to "the people". Instead, it will allow the government to assume control over ever more land and other assets, which it will then use as a patronage tool and to deepen dependency on the ruling party. The Bill should therefore be abandoned, the IRR urged.

Submission on the Draft Framework for Consultation and Schedule of Services to be phased in per the Covid-19 Risk Adjusted Strategy, 27 April 2020

Here, the IRR urged that the Covid-19 lockdown should be lifted, rather than extended for a further six to eight months (if not longer). The lockdown was costing the economy between R13bn and R20bn a day, but had failed to stop community transmission in teeming townships and informal settlements where social distancing was not possible.

The mooted health benefits of the lockdown were therefore not being achieved and could not begin to outweigh its economic and other costs. On the contrary, the longer the lockdown lasted, the more hunger and hardship it would unleash. This could push TB deaths in 2020 far higher than the norm. Deaths from diabetes, heart disease, HIV, cancer, malnutrition, and other non-Covid causes could rise sharply too.

The key needs were to scrap the lockdown, find more effective ways to protect the vulnerable, and use private-sector skills to ramp up the country's limited capacity to test and trace. Public-private partnerships should also be entered into (through competitive tendering processes, shorn of damaging BEE requirements) to improve the management of public hospitals and clinics. This would help guard against the inefficiency, wasteful spending, corruption, and negligence that so often bedevil public healthcare. The burden on the public system should also be reduced by increasing access to private healthcare for severely ill patients. This could be achieved via tax-funded emergency Covid-19 treatment vouchers, which should be made available to all private hospitals for the treatment of qualifying patients, the IRR urged.

Submission to the Film and Publication Board regarding the Draft Films and Publications Regulations, 2020, 12 October 2020

Here the IRR objected to draft Regulations seemingly aimed at bringing all online content under the control of the government-appointed Film and Publication Board. Under the Regulations, all internet service providers may find themselves obliged to register with the Board, submit their material for pre-publication classification, and take down "prohibited" content. However, this will contravene the guarantee of free speech in the

Bill of Rights. In addition, many of the provisions in the draft Regulations are vague and contradictory, while its (conflicting) definitions of "hate speech" are significantly wider than the definition in the Constitution.

The draft Regulations are also "cumbersome and administratively burdensome", as international law firm Baker McKenzie has pointed out. They are impractical and out of step with international approaches to the regulation of content on global platforms. In addition, they go far beyond the stated purpose of the Film and Publications Amendment Act of 2019, which is to protect children from pornography and similarly damaging content. Overall, the Regulations are vague, unconstitutional, and very often ultra vires the statute under which they are to be adopted. Hence, they should simply be withdrawn.

Submission to the Portfolio Committee on Home Affairs (National Assembly) regarding the Electoral Laws Amendment Bill [B22-2020], 30 October 2020

Here the IRR objected to provisions in the Bill that sought to empower the Independent Electoral Commission (IEC) to "prescribe a different voting method" for elections at all three tiers of government. The IEC would be able to achieve this change by means of regulation, which would then also trump all existing legislation to the contrary.

This wording in the Bill was clearly aimed at empowering the Commission to introduce an electronic voting system – an option it had actively been exploring for some time. However, electronic voting systems are far more vulnerable to manipulation than traditional manual ones, which provide a paper trail and can be observed at every stage of an easily intelligible process. By contrast, electronic systems are only transparent to a tiny selection of technicians, whose access to voting procedures is controlled by the state.

The Bill's provisions on this issue were also unconstitutional, the IRR pointed out. Parliament cannot lawfully delegate the decision to introduce an electronic voting system to a body such as the IEC. In addition, Section 190(1)(b) of the Constitution requires the IEC to "ensure" that elections at all three tiers of government are "free and fair". The IEC cannot fulfil this obligation under an electronic voting system when the opportunities for the rigging of elections conducted in this manner are legion and are widely known to be so.

Submission to the Standing Committee on Finance (National Assembly) regarding the South African Reserve Bank Amendment Bill [B26-2018] Johannesburg, 16 November 2020

The IRR objected to this Bill, which proposed that the South African Reserve Bank should have only one shareholder: the state. All rights and responsibilities associated with ownership would then be exercised by the minister of finance, acting as the state's representative, rather than by a group of shareholders acting in conjunction with the minister.

Transferring the oversight power currently distributed among several hundred shareholders into the hands of a single minister would diminish existing checks and balances. There was no need for the change, moreover, as the Bank's private shareholders lacked the power to influence monetary policy, appoint executive board members, or interfere in the Bank's day-to-day management. The proposed elimination of all private shareholding could, however, undermine the Bank's independence – and would certainly create negative perceptions that this was being eroded. In addition, the Bill made no provision for the compensation of shareholders, which raised further constitutional concerns.

Submission to the National Minimum Wage Commission regarding the Commission's Report and Recommendations on the Annual Review of the Minimum Wage for 2021, 18th December 2020

Here, the IRR warned against the recommendations made by the majority of the commissioners on the National Minimum Wage Commission. The majority had proposed that the national minimum wage (NMW) be increased by some 4.5% (CPI inflation plus 1.5%) in 2021. This would increase the current NMW from R20.76 to R21.69 an hour, and take the monthly minimum amount up to around R3 800. It would also push South Africa's NMW significantly above the median wage. This was likely to be particularly harmful at a time when many businesses were struggling to recover from the prolonged Covid-19 lockdown and the havoc it had wreaked on an already crippled economy.

More worryingly still, the majority of commissioners had also proposed an increase of some 16% for farmworkers, so as to bring them up to the R21.69 an hour applicable to most employees. The majority also wanted to increase the minimum wage for domestic workers – which was also currently lower than the general NMW – by some 21% in 2021 and by much the same proportion in 2022.

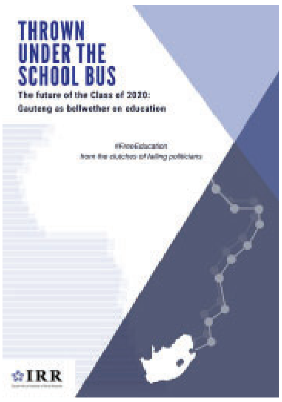
The commissioners seemed oblivious to the fact that roughly 1.7 million jobs had already been lost during 2020. The jobs lost, moreover, included 72 000 from agriculture and some 165 000 among domestic workers. In addition, the unemployment rate on the expanded definition (which counts those no longer actively looking for work) had already risen to 43.1% in general and to 74% among youths aged 15 to 24.

Since joblessness of this extraordinary magnitude was a huge source of suffering, the key policy need was to help stimulate the generation of millions more jobs. Increasing minimum wages in the ways proposed would have the opposite effect. It would lock even more unskilled and inexperienced people out of the labour market, and was likely to prompt an increase in retrenchments.

Occasional reports

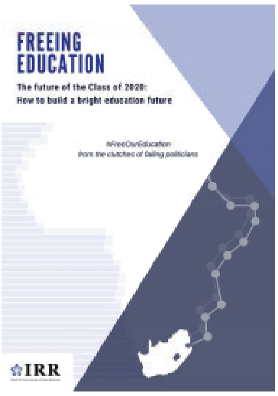
Occasional reports are analyses of topical themes or policy issues germane to any of the priorities of the Institute. They do not form part of a regular series, but are authored and published as and when appropriate.

Thrown under the school bus – the future of the class of 2020: Gauteng as bellwether on education (January)



This report examined the case of Gauteng's education department and how its problems may be representative of South Africa's broader education failures through policies of cadre deployment, financial mismanagement and using language policy for political ends. The report examined statistics on education in Gauteng with particular emphasis on student drop-out rates and the "real pass rate" of South African students from grade 1 to matric.

Freeing education – the future of the class of 2020: How to build a bright education future (January)



A follow-up to the previous report on education, this short report explained a number of simple ways in which South Africa could improve its schools based on research previously conducted by the IRR.

Synopsis: Using EWC to empower the State and impoverish the people (January)

THE DRAFT CONSTITUTION EIGHTEENTH AMENDMENT BILL OF 2019

SYNOPSIS

1. Introduction

The Draft Constitution Eighteenth Amendment Bill of 2019 ('the Draft Bill') will empower the government to pay 'nil' compensation on the expropriation of land as well as all 'improvements' on it. Such improvements would include homes, offices, factories, shopping centres, and hospitals.

The Draft Bill will also empower Parliament to enact any number of new statutes setting out 'the specific circumstances' in which nil compensation will apply. This will allow the Expropriation Bill of 2019, with its 'nil' compensation provisions, to be enacted. But it will also allow Parliament to adopt a statute vesting all land and improvements in the custodianship of the government – and stating that this vesting falls within 'the specific circumstances' where nil compensation may be paid.

The Draft Bill thus profoundly threatens the property rights of all South Africans, including:

- the 1m white families who own homes;
- the 8.5m black, 'coloured', and Indian families who also own homes (though often without the formal title deeds the government should by now have provided)
- the 17.5m or so black people with customary plots; and
- the thousands of black South Africans who have bought more than 6 million hectares of land in both urban and rural areas since 1991.

The Draft Bill will also hurt the struggling economy. It will torpedo business confidence, deter fixed investment, undermine the banking sector, and prompt a flight of capital and skills. This will cripple growth, curtail tax revenues, increase public debt, push up borrowing costs, trigger additional ratings downgrades, and cost tens of thousands of people their jobs.

In addition, the Draft Bill will not 'return' the land to 'the people', as the ANC has claimed. Rather, both land and improvements will be kept in the ownership or custodianship of the government. Instead of helping to provide redress for past wrongs, the state will use its control over land as a patronage tool and to deepen dependency on the ruling party. This is the fraud at the heart of the Draft Bill.

2. What the Draft Bill says

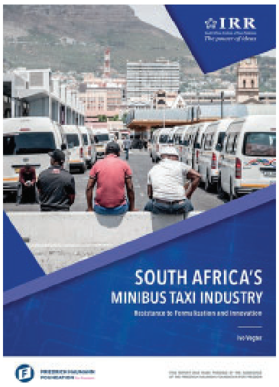
The Draft Bill has two main provisions:

2.1 Allowing 'nil' compensation for both land and improvements

1

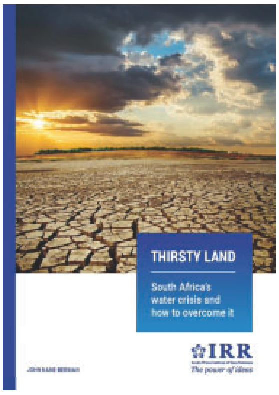
This short report summarised the IRR's submission on the draft Constitution Eighteenth Amendment Bill of 2019. It concluded: "The Draft Bill must be abandoned, the sanctity of property rights must be strongly reaffirmed, and the government must start developing sound and practical proposals to counter the problems in land reform and housing that the Draft Bill will never rectify. The ANC must also abandon the socialist goals that underpin the National Democratic Revolution (NDR) to which it has been committed for the last 50 years. If it has any regard for the welfare of the country and its people, it must withdraw all NDR policies, clamp down on corruption, improve public sector efficiency, strengthen law and order, uphold the rule of law – and strongly embrace the market-friendly reforms that are supposed to be the hallmark of President Cyril Ramaphosa's bright 'new dawn'."

South Africa's minibus taxi industry (March)



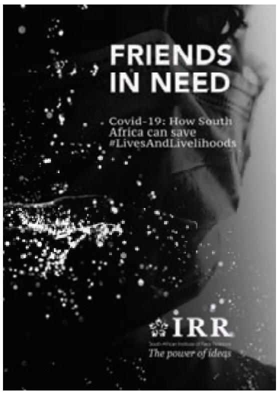
This report examined the South African minibus taxi industry, and assessed the potential for innovation and modernisation in it. It argued that the industry was actually quite efficiently operated, despite its often informal nature. Examining the prospects for innovation and formalisation, it argued that these offered little benefit. Government's role should focus on countering anti-competitive behaviour, unsafe vehicles, overloading and reckless driving. This depended on enforcement of existing law, not new regulation. In addition, reducing the cartel power of taxi associations, promoting competition, and lowering barriers to entry for new operators would bring about the largest potential improvements to the industry and the experience of passengers.

Thirsty land: South Africa's water crisis and how to overcome it (March)



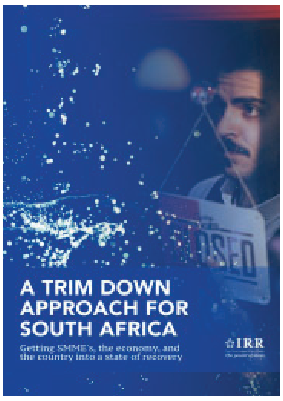
The report on South Africa's water crisis said it was essentially "man-made" and went on to identify contributory factors such as crumbling infrastructure, looming shortages, and serious contamination. The paper also pointed out that many problems were the result of governance and policy failures, including corruption, lack of accountability, cadre deployment and affirmative action. Possible solutions were put forward, including proper governance and pricing, better conservation, and the application of new technology, including desalination where appropriate. The paper argued that an independent water regulator needed to be appointed, and that the right policy environment needed to be created before private investment could be mobilised.

Friends in need – Covid-19: How South Africa can save #LivesAndLivelihoods (March)



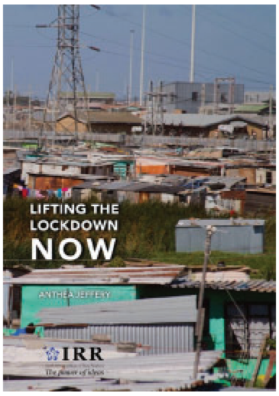
This report, published just as the Covid-19 pandemic reached South Africa (and the first of a series published in 2020 on the pandemic and associated lockdown), offered practicable solutions to the complex crisis the coronavirus was anticipated to impose. The IRR pioneered the concept captured in the #LivesAndLivelihoods element of the sub-title to convey the importance of giving equivalent attention to the health and the economic implications of the pandemic. Produced in a matter of days, the report set out executable policy proposals in the six key areas of healthcare; income security; social stability; financial stability; economic stability; and balancing state power and civil liberties. These proposals focused on mitigating the pandemic's most immediate consequences, but warned presciently that the immediate crisis should not distract attention from the equally important longer-term view of the post-crisis period.

A trim down approach for South Africa (April)



Following on from *Friends in Need*, published in March, the IRR in April published *A Trim Down Approach for South Africa: Getting SMME's, the economy, and the country into a state of recovery*. This publication sought to thread the needle between pandemic and poverty, and introduced the notion of a "risk-based" approach based on sectoral realities and opportunities. While the precise content of the policy proposals the IRR had sent to Treasury and the Presidency were not taken on board to a satisfying extent, the publication of this policy proposal achieved an ideological advance in moving the national policy discussion from an absolutist "the economy must remain in lockdown" approach, to one where it became accepted that a hard lockdown was simply not feasible. In fact, "risk-based approach" again became a staple of government communication at this time. While the publication of this policy proposal did not result in the lifting of the lockdown, it contributed to the tilting of the balance of forces within public discourse with the economy front and centre in assessing the government's handling of the Covid-19 crisis.

Lifting the lockdown now (April)



The lockdown was costing between R13bn and R20bn a day, the IRR pointed out, but was failing to stop community transmission of the virus. It was also likely to exacerbate several other serious diseases – if only by making it more difficult for people to access treatment – and so increase the overall death toll. In addition, the lockdown violated many of the rights guaranteed by the Constitution, including the rights to human dignity, life, equality, access to court, and just administrative action.

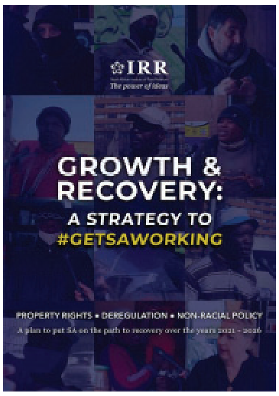
The lockdown should thus be lifted with immediate effect, but subject to certain basic principles. For example, though all businesses should be allowed to re-open, they should also shoulder the burden of safeguarding their staff, customers, and suppliers against the virus as far as was reasonably practicable. Businesses would know far more than bureaucrats about the risk factors in their operations and would be far better placed than officials to devise innovative and effective counter-measures.

In addition, the country would have to maintain social distancing for many months, especially for those people most vulnerable to the virus. Elderly or ill people unable to achieve this – often because they lived in overcrowded townships and informal settlements – should therefore be provided with tax-funded self-isolation vouchers. These vouchers would enable them to find safe temporary accommodation in empty hotels and university residences, for example.

Because #BlackLivesMatter – What institutions need to know about the BLM Global Network (July)

This report analysed the US-based #BlackLivesMatter (BLM) movement, which achieved a significant global imprint in 2020. A survey of data sets indicated that police killings of unarmed US residents dropped in the last decade, and among black Americans dropped at a faster pace since 2016. Further, data analysis by Harvard Professor Roland Fryer et al. showed no evidence of racial discrimination in police killings in the US. Most alarmingly, from a US front, Fryer et al's data showed that more black Americans had been killed due to lawlessness stoked by BLM-style protests than the worst decades of lynching by the KKK. The report unpacked the BLM movement's disturbing synergies with South Africa, and concluded by laying out more productive steps to protect the vulnerable.

Growth and Recovery (August)



The Covid-19 pandemic and lockdowns hit the faltering South African economy hard. This report proposed policy reforms aimed at getting the country back on the growth track. At its simplest, the plan sought (1) to improve capital inflows and foreign direct investment (FDI) into South Africa, so as to start raising the growth rate and expanding fixed capital formation; (2) to build and maintain essential economic and social infrastructure to stimulate growth and provide a solid foundation for further economic expansion; (3) to translate increased growth into increased employment; and (4) to help the disadvantaged climb the economic ladder to increased prosperity, while sustaining current social protection.

To achieve this, the IRR proposed: a firm commitment to property rights, implying abandoning plans such as expropriation without compensation, prescribed assets and the monopolistic nationalisation of the healthcare system; an end to race-based policies, including Black Economic Empowerment and affirmative action, and their replacement with meritocratic and race-neutral policies like Economic Empowerment for the Disadvantaged (EED); and wide-ranging liberalisation of the labour market that would remove barriers to entry for young and low-skilled individuals especially.

Most of these measures could be implemented at no or very little cost. In essence, they entailed removing impediments to economic activity and following the principle of subsidiarity: putting decision-making power closer to where those decisions had an impact; ideally, in the hands of individuals.

South Africa Survey (IRR) / Socio-Economic Survey of South Africa (CRA)

The annual *Survey* provides quantitative data on all the most important aspects of South Africa, including the economy, government finances, living standards, healthcare, crime, education, and demographics. At over 800 pages of tables and graphs, there is no more comprehensive a statistical reference guide to the country. It is an indispensable guide for any individual or organisation with interests in South Africa.

The 2021 edition – covering events in 2020 – was published in February 2021 as two different versions: the *South Africa Survey* under the banner of the IRR, and the *Socio-Economic Survey of South Africa* under the banner of the CRA. Fourteen chapters were featured, as listed below. These were also published as stand-alone PDF and Excel reports:

- Demographics
- The Economy
- Public Finance
- Employment
- Industrial Relations
- Business and Infrastructure
- Assets and Incomes
- Education
- Health
- Social Security
- Living Conditions
- Communications
- Crime and Security
- Politics and Government

Liberal Club

The Liberal Club, an informal association of (mostly) South African liberals, meets online weekly to talk about diverse topics more or less closely related to liberal concerns. Often, outside speakers are invited to present their insights, followed by questions and answers with members. The Liberal Club is hosted by Nicholas Lorimer. In 2020, the following external speakers were invited to present:

The Liberal Club external speakers 2020

Ivo Vegter	Free speech
Helen Zille	The post-crisis world and the threats to Liberalism
David Bullard	His time as an ST columnist
Dr Marian Tupy	The improving world
Chris Becker	Monetary systems and regime changes
Rob Price	Stimulus and financial crises
Waldimar Pelser	His newspaper and his thoughts on South Africa's media scene
Erin-Dianne Richards	The monster we created: The price we are paying for having surrendered our power to politicians
Brian Williams	Covid-19
Gareth Cliff	His time in media, cancel culture and his new TV show on eTV
James Lindsay	Critical Race Theory
Prof. Fransjohan Pretorius	Afrikaner nationalist historiography
Brandon Warmke	Moral grandstanding
Richard Spoor	The civil justice system, its role and limits
Barry Wood	His time as a journalist
Scott Roberts	Outcome of the DA policy conference over the weekend and what the new policy framework entails
Peter Boghossian	How to have impossible conversations
Mpiyakhe Dhlamini	Priorities for growth
Mark Oppenheimer	The future of hate speech
Tony Leon	Liberal reflections at an illiberal time
Alexander Hammond	The AfCFTA and property rights: Ramaphosa’s policy paradox
Rocio Guijarro and Andrea Isabel Rondón García	How Venezuela became what it is
Martin Plaut	Internal Labour Party politics
Nigel Bruce	Insights from his time as an editor and the international media scene today

Friends of the IRR

The Friends of the IRR are members of the public who support the Institute through small monthly donations. The relationship between the supporters and the IRR reflects an alignment of interests rather than a transactional relationship: supporters want to play a role in improving the country’s development and see the IRR as an important actor in that terrain. Through their donations, Friends are actively taking sides in the battle of ideas in support of better outcomes for South Africa.

The Friends unit within the IRR runs campaigns to create public awareness of the IRR’s focus areas. Campaigns are targeted efforts that align the full resources of the IRR behind specific policy reforms and objectives related to the battle of ideas. A dedicated campaigns staff drives and coordinates such actions; our call centre partner Libertech ably assists the IRR in contacting members of the public who want to become Friends and in signing them up.

The Friends unit campaigned on the following topics in 2020:

1. Expropriation without compensation;
2. Prescribed assets;
3. Education and the IRR’s policy advocating the rollout of school vouchers;
4. The IRR’s Growth and Recovery Strategy;
5. The IRR’s Friends In Need policy framework document setting out how South Africa could save both lives and livelihoods amidst the Covid-19 pandemic;
6. Race-based policies, especially in light of decisions by Cricket South Africa (CSA) to make appointments based on race;
7. How liberals should respond to the BLM Movement;
8. International Monetary Fund (IMF) support to South Africa within the context of the ANC’s disastrous policy framework and ambitions;
9. Electoral reform; and
10. Community and rural safety.

Friends recruitment in 2020	
Friends Initiative	**Sign-ups to end December 2020**
Opening balance, signed up Friends 2019	10 270
New Friends 1st quarter 2020	2 689
Plus reinstatement of previously cancelled Friends	569
Less cancelled Friends 1st quarter	-876
Total net number of Friends at 31 March 2020	**12 652**
New Friends 2nd quarter 2020	1 257
Plus reinstatement of previously cancelled Friends	358
Less cancelled Friends 2nd quarter	-572
Total net number of Friends at 30 June 2020	**13 695**
New Friends 3rd quarter 2020	2 225
Plus reinstatement of previously cancelled Friends	207
Less cancelled Friends 3rd quarter	-557
Total net number of Friends at 30 September 2020	**15 570**
New Friends 4th quarter 2020	2 090
Plus reinstatement of previously cancelled Friends	155
Less cancelled Friends 4th quarter 2020	-520
Total net number of Friends at 31 December 2020	**17 295**
Net sign-up growth of Friends per working day 1st quarter 2020	37
Net sign-up growth of Friends per working day 2nd quarter 2020	16
Net sign-up growth of Friends per working day 3rd quarter 2020	28
Net sign-up growth of Friends per working day 4th quarter 2020	35
Average value per sale 2020	R76.44

Centre For Risk Analysis Reports 2020

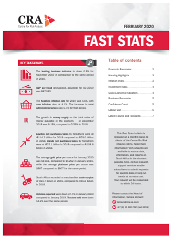
CRA
Centre For Risk Analysis

The Centre For Risk Analysis (CRA) helps business and government leaders plan for a future South Africa and identify policies that will create a more prosperous society. It provides its clients with strategic intelligence and scenario planning services to help them navigate South Africa's economic, social, policy and political landscape, using in-person briefings, reports, videos and podcasts to provide in-depth analysis on domestic and international trends affecting its clients.

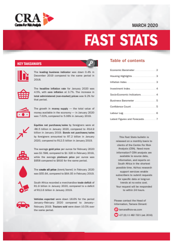
Fast Stats

Fast Stats is a monthly report which updates subscribers on over 200 indicators for South Africa, providing data-driven insights into current political and economic trends. Eleven editions of Fast Stats were published in 2020.

Fast Stats January 2020
Key takeaways:
- Employers had "soft" hiring intentions in Q1 2020, the weakest outlook in 5 years.
- Consumer confidence remained at a two-year low in Q4 2019.
- Y/Y growth in nominal house prices averaged just 4.1% in 2019, compared to 5.5% in 2018.
- The Reserve Bank resolved to reduce the repurchase (repo) rate by 25 basis points, to 6.25%.
- South Africa recorded a trade surplus of R10.5 billion for January-November 2019.



Fast Stats February 2020
Key takeaways:
- The leading business indicator was down 0.9% for November 2019.
- GDP per head (annualised, adjusted) for Q3 2019 was R87 095.
- The headline and core inflation rates for 2019 stood at 4.1%.
- Equities net purchases/sales by foreigners were at -R114.2 billion for 2019. Bonds net purchases/sales were at -R22.1 billion.
- The average gold and platinum prices per ounce for January 2020 were $1 561 and $987 respectively.

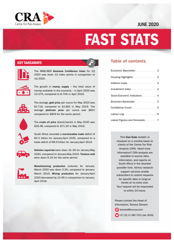


Fast Stats March 2020
Key takeaways:
- The growth in money supply in January 2020 was 7.02%, compared to 5.06% in January 2019.
- Equities net purchases/sales by foreigners were at -R6.5 billion in January 2020. Bonds net purchases/sales amounted to R7.2 billion.
- The crude oil price (Brent/barrel) in February 2020 was $55.64.
- South Africa recorded a merchandise trade deficit of R1.9 billion in January 2020.
- Vehicles exported were down 18.6% for the period January-February 2020 compared to January–February 2019.

Fast Stats April 2020
Key takeaways:
- The leading business indicator was down 0.7% for January 2020.
- The average gold and platinum prices per ounce for March 2020 were $1 593 and $761 respectively.
- The crude oil price (Brent/barrel) in March 2020 was $32.81.
- Real Gross Fixed Capital Formation (GFCF) was at just 17.9% of GDP in 2019.
- Household debt-to-disposable income was 72.8% in 2019.

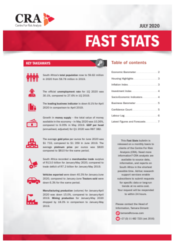
Fast Stats May 2020
Key takeaways:

- The SACCI Business Confidence Index for April 2020 was down 12.1 index points from March.
- The headline inflation rate for March 2020 was 4.1%, with core inflation at 3.7%.
- Equities net purchases/sales by foreigners were at -R32.6 billion for January-April 2020. Bonds net purchases/sales were at -R63.0 billion.
- The use of manufacturing production capacity for February 2020 was 79.3%.
- The number of working days lost to strikes for January-March 2020 was at a low 10 000.



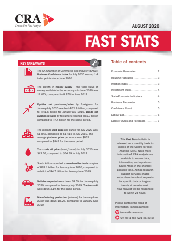
Fast Stats June 2020
Key takeaways:

- The RMB/BER Business Confidence Index for Q2 2020 was down 13 index points from Q1 2020.
- The average gold and platinum prices per ounce for May 2020 were $1 718 and $801 respectively.
- The crude oil price (Brent/barrel) in May 2020 was $29.48.
- Tractors sold were down 9.1% for January-May 2020, compared to January-May 2019.
- Mining production for January-April 2020 dropped by 13.9% compared to January-April 2019.



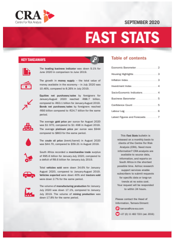
Fast Stats July 2020
Key takeaways:

- South Africa's total population rose to 59.62 million in 2020 from 58.78 million in 2019.
- The official unemployment rate for Q1 2020 was 30.1%, compared to 27.6% in Q1 2019.
- The leading business indicator was down 8.1% for April 2020 in comparison to April 2019.
- South Africa recorded a merchandise trade surplus of R13.0 billion for January-May 2020.
- Manufacturing production (volume) for January-April 2020 was down 15.0%, compared to January-April 2019.



Fast Stats August 2020
Key takeaways:

- The SACCI Business Confidence Index for July 2020 was up 1.4 index points from June 2020.
- The average gold and platinum prices per ounce for July 2020 were $1 842 and $862 respectively.
- The crude oil price (Brent/barrel) in July 2020 was $43.26, compared to $64.39 in July 2019.
- South Africa recorded a merchandise trade surplus of R63.1 billion for January-June 2020.
- Manufacturing production (volume) for January-June 2020 was down 18.2%, compared to January-June 2019.

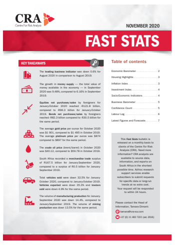


Fast Stats September 2020
Key takeaways:

- The leading business indicator was down 9.1% for June 2020 in comparison to June 2019.
- Equities net purchases/sales by foreigners for January-August 2020 reached -R88.7 billion. Bonds net purchases/sales were at -R66 billion.
- South Africa recorded a merchandise trade surplus of R95.6 billion for January-July 2020.
- Vehicles sold were down 34.6% for January-August 2020, compared to January-August 2019.
- The volume of manufacturing production for January-July 2020 was down 17.1%, compared to January-July 2019.

Fast Stats October 2020
Key takeaways:

- The official unemployment rate fell to 23.3% in Q2 2020 – from 29% in Q2 2019.
- The average gold and platinum prices per ounce for September 2020 were $1 923 and $906 respectively.
- The crude oil price (Brent/barrel) in September 2020 was $41.02.
- South Africa recorded a merchandise trade surplus of R134 billion for January-August 2020, compared to a deficit of R4.1 billion for January-August 2019.
- The volume of mining production for January-August 2020 was down 14.9% compared to January-August 2019.



Fast Stats November 2020
Key takeaways:

- The leading business indicator was down 0.6% for August 2020 in comparison to August 2019.
- The crude oil price (Brent/barrel) in October 2020 was $40.12.
- South Africa recorded a merchandise trade surplus of R167.5 billion for January-September 2020.
- Tractors sold were down 4.9% for January-October 2020, compared to January-October 2019.
- The volume of manufacturing production for January-September 2020 was down 14.4%, compared to January-September 2019.

Macro Review

The *Macro Review* is a monthly report providing in-depth assessments of the trends shaping specific current social, economic, and political risks in South Africa. It is supplemented by a monthly seminar/webinar. Eleven editions of the Macro Review were published in 2020.

Taxman at Your Door (January)
This edition of the *Macro Review* looked at South Africa's tax regime, incorporating data on government finances within the context of the country's economy, the different forms of tax collection, as well as key sources of revenue.

Kicking the can down the road (February)
This edition looked at the 2020 Budget delivered by the Minister of Finance, Tito Mboweni on 26 February 2020.

Lockdown: South Africa's capacity to deal with the Covid-19 crisis (March)
This edition highlighted the areas of vulnerability that were deemed key to determining the effectiveness of South Africa's response to the Covid-19 pandemic.

Fallout: Covid-19 and the economy (April)
This edition explored the economic consequences of the Covid-19 pandemic in South Africa and the world. Also featured was the latest data on economic growth estimates, trade and investment volumes, as well as an analysis of the fiscal and monetary policy responses to the crisis.

South Africa Unlocked (May)
This edition highlighted the devastating impact of the lockdown on the South African economy and the urgent need for re-opening.

Running Out of Road: Beyond the Supplementary Budget (June)
This edition analysed the key policy risks and macro-economic trends emerging from the June 2020 supplementary budget, including debt, deficits and growth projections.

The South African Consumer Under Lockdown (July)
This edition presented data on the effect of the extended national lockdown on consumer trends in the economy. The report revealed that rising unemployment and slow economic activity had taken their toll, resulting in increased indebtedness and reduced discretionary spending.

The Invisibles: South Africa's Underclass (August)
This edition looked at South Africa's underclass – who are poorest, have no jobs and few prospects, have little or no education, and are without decent housing and services. Of key concern were the broader socio-economic implications of a growing underclass.

A State of Corruption (September)
This edition explored South Africa's endemic corruption problem. The report drew on data sets from all spheres of government to reveal the prevalence of patronage and rent-seeking within the state.

Locked Out: South Africa's Unemployment Crisis (October)
This edition revealed that the country's structural unemployment problem was steadily worsening, showing, for instance, that the number of people with a job fell from 16.3 million in the first quarter of 2020 to 14.1 million in the second quarter – a decline of 2.2 million jobs.

South Africa: Economic Outlook (November)
This edition looked at the domestic and global trends defining South Africa's economic performance in 2021 and beyond.

Strategic Intelligence Report

These reports provide CRA users with a deep-dive analysis of the current macro socio-political and economic environment in South Africa, together with scenarios on how that environment will change over the next decade.

Covid-19: Global Scenarios (March)
This report identified fifteen key driving forces shaping the development of the Covid-19 crisis. These forces were ranked by relative impact and uncertainty to enable clients to develop immediate strategic responses to the pandemic under conditions of rapid change, great uncertainty and limited information. The CRA continued to develop and refine these scenarios in its subsequent briefings to clients.

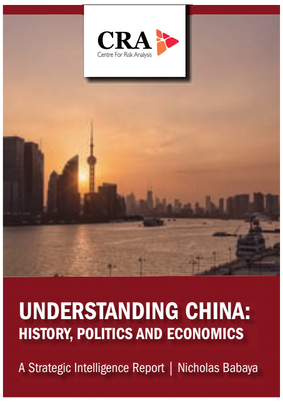
Global and South African Scenarios in the aftermath of the Covid-19 pandemic (July 2020)
This report identified ten key driving forces of the Covid-19 crisis and provided four scenarios for the future of the pandemic using the CRA's unique methodology. The report estimated the likely trajectory of Covid-19 in South Africa and worldwide, seeking to project how long the pandemic would last, what its effects on people and their health would be, its economic ramifications, and what it would take for South Africa to endure the crisis.

The Race for the White House (October)

This report analysed publicly available polling data and crafted potential scenarios for how the U.S. 2020 presidential election might play out. Noted amongst other things: the growth in support amongst Hispanic and black voters for Donald Trump since 2016, the strength of Biden amongst university-educated voters, and the huge, expected voter turnout.

The report also examined polling and the potential for polling error of the sort that occurred in 2016 and identified that the polling error would have to be greater in 2020 in Trump's favour than it was in 2016 to allow him to win the election.

The report concluded with three potential scenarios of how the election could turn out: a narrow Trump win, a clear Biden win, and a narrow Biden win as the most likely outcome.



Understanding China: History, politics and economics (November)

This report gave readers a primer to the vast complicated country that is China. It did this by giving a brief summary of China's recent history, an overview of its political system as well as a few important economic indicators to watch. The report aimed at giving clients the basic knowledge needed to understand and interpret modern-day events in China.

CRA Risk Alerts

Every Monday morning, CRA Director Frans Cronje and Analyst Bheki Mahlobo discuss the key events and trends in South Africa and the world. In no more than two pages (and under ten minutes of audio) the *Risk Alert* provides weekly cutting-edge strategic intelligence on the risks affecting CRA clients.

Socio-Economic Survey of South Africa (CRA) / South Africa Survey (IRR)

As mentioned in the section on the IRR, the annual *Socio-Economic Survey of South Africa* (published as the *South Africa Survey* by the IRR) provides primary data on South Africa's economy, government finances, living standards, healthcare, crime, education, and demographics. It is an indispensable resource for any firm with interests in South Africa. The 2021 edition, covering events in 2020, was published in February 2021, running to over 800 pages of tables and graphics on South Africa's socio-economic standing. Fourteen chapters were featured, as listed below. These were also published as stand-alone PDF and Excel reports:

• Demographics • The Economy • Public Finance • Employment • Industrial Relations

• Business and Infrastructure • Assets and Incomes • Education • Health • Social Security

• Living Conditions • Communications • Crime and Security • Politics and Government

The Daily Friend

The Daily Friend online newspaper and its accompanying podcast, *The Daily Friend Show*, are directed at the broader public of news consumers and continue to perform well. In 2020, the *Daily Friend* website attracted nearly a million users for the year and over 2.5 million views, an average of nearly 50 000 a week. At the end of 2020, the number of subscribers to the e-mail newsletter stood at 140 674. Since July, the *Daily Friend Show* podcast has consistently ranked in the Top 20 of the 'News in South Africa' category on Apple Podcasts, which includes podcasts by the likes of CNN, *The Guardian* and *The Economist*; in the News Commentary section, the show has consistently ranked in the Top 3. In November 2020, the Show performed best, with an average ranking of 12 in the News category. *Daily Friend* social media has also been strong, with strong growth on both Twitter and Facebook, with the latter showing especially impressive growth.

The Daily Friend

	Metric	Q1	Q2	Q3	Q4	Total
Website	Op eds	134	179	158	180	651
	News items	261	273	276	219	1 029
	Cartoons	19	23	20	17	79
	Total	414	475	454	416	1 759
	Articles read	209 072	718 562	896 748	788 960	2 613 342
	Unique visitors	80 281	298 011	294 837	240 938	835 129
Email	Subscribers	N/A	81.950	123.476	140 674	140 674
Twitter	Followers	907	1 534	1 927	2 178	2 178
Facebook	Page Likes	389	12 306	25 816	41 328	41 328
Podcasts	Number Uploaded	53	58	71	47	229
	Average downloads per episode	292	470	674	843	569
Videos	Number uploaded	30	48	16	8	102

Big Daddy Liberty

The Big Daddy Liberty channel on YouTube was created by Sihle Ngobese in June 2018 and primarily addresses conservative-leaning liberals. Since November 2020, the IRR has been cooperating with and supporting BDL under a service agreement. Cooperation between the Institute and Mr Ngobese remains close. The following table provides an overview of some of the key BDL metrics.

Big Daddy Liberty metrics

Platform	Metric	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total year end 2020
YouTube	Number of videos posted	26	35	30	22	113
	Number of views	29 892	303 465	191 697	397 672	922 726
	Channel subscribers	2 284	11 192	17 437	31 087	62 000
Facebook	Number of videos posted	33	36	29	24	122
	Number of views	34 326	572 910	473 186	1 181 478	2 261 900
	Page likes	4 316	23 248	96 014	54 239	177 817

Governance and compliance

Elections

Council election: Council elections were held early in 2020 and new Office-Bearers were nominated. The new Council reflected a meshing of many of the stalwarts of South Africa's liberal tradition together with a now small majority of younger liberal leaders. Mr Russell Lamberti was congratulated on becoming the new President of the IRR. The meeting of the new Council was held online on Saturday 6 June 2020.

New Board and election of Board Chairman: At the Council meeting on 6 June 2020, a new Board was nominated, and subsequently elected at the AGM of Members on 8 June 2020. At its first ensuing meeting, the Board re-elected Mr Roger Crawford as its Chairman for another year.

Appointment of members of all Committees: At its first meeting on 17 August 2020, the new Board re-appointed the members of the Audit, Remuneration, and Social and Ethics Committees – all mandated committees of our Memorandum of Incorporation – for a period of three years.

Honorary Life Members: Mr Graham McIntosh has been elected as an Honorary Life Member.

Finance, administration

Finance

The IRR has been working remotely for over a year now and the challenging state of the South African economy has had an impact on its financial performance in 2020.

Going into Covid-19, the financial position of the organisation was strong and it had budgeted for an operating surplus of almost R2 million – which would have allowed it to replace some of the capital spent since 2015.

The IRR entered 2020 in a strong position because its funding base was very broad and very diverse, with only the most limited exposure to traditional donors. Crowd financing, as the now dominant source of income, keeps the IRR honest in living up to the ideals and principles that its supporters would like to see upheld. At the end of the first quarter of 2020, as the looming impact of the Covid-19 pandemic became apparent, the IRR revised its budgets via a forecast that suggested a near break-even result could still be achieved without the need to adjust staff levels. A second set of "disaster forecasts" was also produced in the event that the pandemic triggered a cataclysmic economic meltdown. This second set of forecasts, based on deep cost-cutting and other mitigation strategies, produced a still highly effective liberal think-tank, albeit one smaller than the IRR is today.

Below follow the financial statements for 2020, which show that the IRR secured income from projects, donors, and sales of R23 098 735 in 2020, an increase of 1.8% over 2019, and had expenses of R30 475 053 in 2020 against R27 544 937 in 2019, an increase of 11%. This amounts to an operating deficit of R7 376 318. When interest and dividends are added, the operating deficit reduces to R6 735 813. When unrealised income on investments and gain on trade of investments are included, the deficit for the year after comprehensive income is R3 652 156.

Administration

The decision was made to close the offices at No 2 Clamart Road in Richmond, Johannesburg, towards the end of 2020. The Board therefore suggested trying a virtual office option to the end of 2021 and then evaluating that experience. The library and all valuable files together with some furniture have been stored with easy access. During 2021, a major scanning exercise will be conducted.

Staff

During 2020, we made 5 new appointments of younger analysts and Friends support staff. Mr Sihle Ngobese entered into a service provider agreement between *Big Daddy Liberty* and the IRR from November 2020. John Endres was appointed Chief of Staff to assist the Chief Executive and Chief Financial Officer and to bring expertise we did not have.

We retained a number of consultants and contributors, who are not staff.

Three members of staff celebrated long-service awards: Thuthukani Ndebele 10 years, Pule Motaung 25 years, and Anthea Jeffery 30 years of service.

We transitioned successfully to working from home. The initial urge of staff to return to the offices after the first lockdown dissipated, and most staff members were open to the possibility of working from home permanently.

Thanks

I am immensely grateful to our Friends and supporters and to my colleagues who have collectively done such a heroic job in upholding liberal principles in South Africa. The nature of our work is that it is seldom possible to report our greatest successes. But there must be no doubt that over recent years the IRR has won some very important battles, holding the line in favour of a market economy, property rights, freedom of speech and the rule of law. Those who supported and fought those battles may never get the credit due to them.

Johannesburg

May 2021

F J C Cronje

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

ANNUAL FINANCIAL STATEMENTS for the year ended 31st December 2020

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

CONTENTS

The annual financial statements set out on pages **49-62** were drawn up by R D le Roux BCom (Acc), audited as required by the Companies Act, and have been approved by the Board of Directors.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

ANNUAL FINANCIAL STATEMENTS

for the year ended 31st December 2020

COMPANY INFORMATION

Country of incorporation	South Africa	
Registration numbers:		
Company registration number	1937/010068/08	
Non-Profit registration number	000-709-NPO	
Public Benefit Organisation number	930006115	
Nature of business	Research and bursary administration	
Postal address	P O Box 291722 Melville 2109 Johannesburg	
Registered address	222 Smit Street Braamfontein 2000 Johannesburg (Virtual Office)	
Auditors	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors	
Bankers	First National Bank	
Council Office Bearers	R Lamberti	President
	T Coggin	Vice President
	R D Crawford	Vice President
	P G Joubert	Vice President – Retired 8/6/2020
	I Mkhabela	Vice President – Retired 29/7/2020
Non-Executive Directors	R D Crawford	Chairman of Board of Directors
	T A Wixley	Audit Committee Chairman – Retired 8/6/2020
	A Patel	Audit Committee Chairman – Elected 8/6/2020
	P Leon	Honorary Legal Adviser
	W C Bishop	– Elected 8/6/2020
	P L Campbell	
	J A Elgie	
	P G Joubert	– Retired 8/6/2020
	P Letselebe	– Retired 20/9/2020
	I Mkhabela	– Retired 29/7/2020
	D F P Taylor	
	G N Towell	
Executive Director	F J C Cronje	Chief Executive
Company Secretary	R D le Roux *Business address:* 4 Chichester Road Westdene 2096 Johannesburg	*Postal address:* P O Box 291722 Melville 2109 Johannesburg

CORPORATE GOVERNANCE

The South African Institute of Race Relations NPC (the Institute) applies the principles set out in the King Report on Governance for South Africa 2009 (King IV) except for those principles that are inappropriate because of its nature and limited size. Exceptions are explained below.

Board of Directors

The Institute is controlled by the Board, which meets quarterly. The roles of Chairman and Chief Executive do not vest in the same person. Directors are appointed annually and re-appointment is not automatic. New members of the Board are appropriately inducted and the Board and its committees are evaluated annually. Membership of the Board is set out on page **42** of the annual financial statements. The Board is assisted by the Audit, Remuneration, and Social and Ethics Committees, whose members are listed on page **5**.

Audit Committee

The Audit Committee, which is not a statutory committee but established by a decision of the Board, assists the Board by reviewing the annual financial statements and obtaining assurance from management, supplemented by external audit, regarding the effectiveness of internal controls, the management of risk, and compliance with relevant laws and regulations. The small size of the Institute's administrative structures makes it unnecessary to establish formal risk management or an internal audit function. The Committee satisfies itself regarding the effectiveness of the Institute's finance function. The Committee, consisting of 4 independent non-executive directors, meets at least twice a year.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of executive management and recommending overall remuneration policies to the Board. The Committee consists of no fewer than 4 independent non-executive directors appointed by the Board. The remuneration of the Chief Executive and the Prescribed Officer is disclosed. Members of the Institute are asked to approve the remuneration policy at the Annual General Meeting.

Social and Ethics Committee

To advise the Board on social and ethical matters in accordance with the Companies Act, the Board appointed a Social and Ethics Committee. The Committee reported during the year to the Annual General Meeting of Members and the Board.

Company Secretary

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

Financial control

The Institute maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are appropriately executed and recorded. These controls include proper delegation of responsibilities, effective accounting procedures, and adequate segregation of duties, which are monitored regularly.

Sustainability

The main object of the Institute is to promote democracy, human rights, development, and reconciliation between the various peoples of South Africa through the conduct and publication of relevant political and socio-economic research and the provision of bursaries on the basis of merit and need. The sustainability of the Institute itself depends on careful management of its financial resources as reflected in its annual financial statements. The effect of the Institute's operations on the physical environment is immaterial and is not separately dealt with in this report.

Code of ethics

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

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the Institute's cash-flow forecast for the year to 31st December 2021 and, in the light of this review and the current financial position, they are satisfied that the Institute has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditors and their report is presented on page **47-48**.

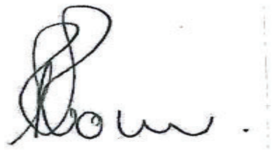
The annual financial statements set out on pages **49** to **62**, which have been prepared on a going concern basis, as well as the Directors' report presented on pages **45** and **46**, were approved by the Board, and were signed on its behalf by:

F J C Cronje

A Patel

CERTIFICATE BY THE COMPANY SECRETARY

In accordance with the provisions of section 88(2)(e) of the Companies Act, I certify that to the best of my knowledge and belief, the company has filed for the financial year ended 31st December 2020 all such returns and notices as are required of a non profit company in terms of the said Act, and all such returns and notices appear to be true, correct and up to date.



R D le Roux

DIRECTORS' REPORT

The directors submit their report for the year ended 31st December 2020.

Review of the Institute's business and operations

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

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

Going concern

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

Dividends

The Institute is a non-profit organisation. It has no shareholders and is not permitted by its memorandum of incorporation to distribute profits to its members.

Auditors

The directors recommend that BDO South Africa Incorporated be appointed to office as auditors in accordance with Section 90 of the Companies Act of South Africa. Ana Phillips is the designated director.

Secretary

R D le Roux served as secretary of the Institute for the year ended 31st December 2020.

Directors

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

Non-Executive Directors	R D Crawford	Chairman of the Board of Directors
	T A Wixley	Audit Committee Chairman – Retired 8/6/2020
	P Leon	Honorary Legal Adviser
	W C Bishop	– Elected 8/6/2020
	P L Campbell	
	J A Elgie	
	P G Joubert	– Retired 8/6/2020
	P Letselebe	– Retired 20/9/2020
	I Mkhabela	– Retired 29/7/2020
	A Patel	– Audit Committee Chairman – Elected 8/6/2020
	D F P Taylor	
	G N Towell	
Executive Director	F J C Cronje	Chief Executive

Remuneration policy

The Remuneration Committee operates in terms of a charter approved by the Board. All members are non-executive directors. The committee meets in time to approve remuneration adjustments normally due on 1st October each year. Pay rises of senior management are determined by the committee in consultation with the Chief Executive. The Chief Executive's own salary is determined by the committee in his absence. Salaries of other staff members are decided by the Chief Executive after consulting the committee and his senior colleagues. All pay rises are performance-based, while also taking into account affordability and increased responsibility. Remuneration consists entirely of a fixed salary except in the case of a few individuals whose remuneration is partly dependent on success in marketing Institute services or raising funds for special projects (excluding the Chief Executive and Head of Finance).

The Chief Executive is authorised to grant pay rises during the year at his discretion, except where it involves senior management, in which case he obtains permission from the Chairman of the committee.

Report of the Audit Committee

The Audit Committee has five members, all of whom are independent non-executive directors of the Institute. The committee has met twice since the previous Annual General Meeting of Members and has performed the following functions:

- Recommended BDO South Africa Inc. as auditors and Ana Phillips as the designated director for the 2020 financial year;
- Satisfied itself that the auditors are independent;
- Approved the annual financial statements of the Institute for 2019, prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), and recommended them to the Board for approval;
- Satisfied itself, based on information received from management and the auditors, that the internal control of the Institute is adequate, that the accounting policies followed are appropriate and that the audit was properly carried out.
- The Audit Committee evaluates and considers the risks facing the Institute of Race Relations from time to time.

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Private Bag X60500
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South Africa

Independent Auditor's Report
To the members of
South African Institute of Race Relations NPC

Opinion
We have audited the financial statements of South African Institute of Race Relations NPC (the company), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Institute of Race Relations NPC as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the document titled "South African Institute of Race Relations NPC Financial Statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

BDO

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO South Africa Inc

BDO South Africa Inc.
Registered Auditors

ACM Phillips
Director
Registered Auditor

26 May 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

as at 31st December 2020

	Notes	2020 R	2019 R
ASSETS			
Non current assets			
Furniture and equipment	2	1 513 639	2 135 585
Intangible assets	3	83 375	112 051
		1 597 014	2 247 636
Investments			
Special Funds			
– Bursary	19.1	13 980 209	12 768 749
Other Institute investments	19.2	20 991 873	28 606 429
		34 972 082	41 375 178
Current Assets			
Trade and other receivables	5	2 589 750	1 803 428
Cash resources	6	3 793 213	266 164
		6 382 963	2 069 592
TOTAL ASSETS		**42 952 059**	**45 692 406**
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated funds		23 669 891	27 322 047
		23 669 891	27 322 047
Special funds			
– Bursary	17/18	13 980 209	12 768 749
		13 980 209	12 768 749
Non current liabilities			
Finance leases	8	22 053	390 019
Instalment lease	9	162 322	222 790
		184 375	612 809
Current liabilities			
Finance leases	8	355 612	298 844
Instalment lease	9	72 785	66 074
Income received in advance		1 187 924	1 847 339
Trade and other payables	7	3 501 263	2 776 544
		5 117 584	4 988 801
TOTAL FUNDS AND LIABILITIES		**42 952 059**	**45 692 406**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2020

	Notes	2020 R	2019 R
INCOME			
Administration fees received		422 594	756 989
Bequest		–	42 697
Grants and donations		14 945 726	14 542 782
Membership fees and subscriptions		7 604 800	7 212 296
Publication sales		125 615	133 523
		23 098 735	**22 688 287**
EXPENSES			
Amortisation	3	143 376	95 312
Auditors' remuneration			
– Fees for the audit	12	312 860	295 296
Bad debts		270 308	97 752
Outsourced contributors		6 132 172	4 596 548
Depreciation	2	668 488	661 015
Finance cost	11	76 751	169 516
Legal costs		239 830	147 770
Loss on disposal of plant and equipment		256 231	10 584
Overheads and administration		1 394 236	1 317 892
Personnel		18 420 799	16 346 833
Postage		96 538	112 848
Printing		278 838	312 523
Rent and utilities		1 038 657	1 080 592
Survey/Polling cost		50 000	615 217
Telecommunications and social media		772 777	541 102
Travel		323 192	1 144 138
		30 475 053	**27 544 937**
OPERATING DEFICIT FOR THE YEAR		**(7 376 318)**	**(4 856 650)**
INCOME FROM INVESTMENTS			
Dividends from investments		116 631	–
Realised gain on disposal of investments		188 131	–
Unrealised gain on investments		2 895 526	1 860 710
Interest received		523 874	1 382 379
		3 724 162	**3 243 089**
DEFICIT FOR THE YEAR		**(3 652 156)**	**(1 613 561)**
Other comprehensive income		–	–
DEFICIT FOR THE YEAR AFTER OTHER COMPREHENSIVE INCOME		**(3 652 156)**	**(1 613 561)**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2020

	Accumulated funds R
Balance at 1st January 2019	28 935 608
Deficit for the year	(1 613 561)
Balance at 31st December 2019	**27 322 047**
Balance at 1st January 2020	27 322 047
Deficit for the year	(3 652 156)
Balance at 31st December 2020	**23 669 891**

STATEMENT OF CASH FLOWS

for the year ended 31st December 2020

Cash flows from operating activities	***2020 R***	***2019 R***
Deficit for the year	(3 652 156)	(1 613 561)
Adjustments:		
Depreciation/Amortisation	811 864	756 327
Interest received	(523 874)	(1 382 379)
Fair value (gain)/loss on investment	(3 083 657)	(1 860 710)
Straight-lining of office lease	–	(109 461)
Loss on disposal of plant and equipment	256 231	10 584
Decrease sales prepaid	(659 415)	(233 023)
Finance costs	76 751	–
Movement in working capital		
– decrease/(increase) in trade and other receivables	(786 322)	45 818
– increase/(decrease) in trade and other payables	724 719	493 559
Sub total	(6 835 858)	(3 892 848)
Interest received	523 874	1 382 379
Finance costs	(76 751)	–
Net cash outflow from operating activities	**(6 388 735)**	**(2 510 469)**
Cash flows from investing activities		
Net (sale)/acquisition of investments	15 498 213	6 967 199
Net (acquisition)/sale of shares	(4 800 000)	(3 900 000)
Acquisition of plant equipment and other intangible assets	(417 474)	(483 253)
Net cash generated/(utilised)	**10 280 739**	**2 583 946**
Net cash flow from financing activities		
Payments of finance lease arrangements	(364 956)	(325 303)
Net cash generated/(utilised) for the year	3 527 048	(251 825)
Cash resources at beginning of the year	266 165	517 990
Cash resources at end of the year	**3 793 213**	**266 165**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31st December 2020

1. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Financial assets measured at cost and amortised cost

The Institute assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Institute makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period date that correlate with defaults on the portfolio.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the residual value assumption may change which may then affect the estimations and require a material adjustment to the carrying value of tangible assets.

The Institute reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including political stability, foreign sponsor contributions and demand for research as produced by the Institute, together with economic factors such as exchange rates, inflation, and interest rates.

Taxation

The Institute is a Public Benefit Organisation in terms of section 30 (cN) of the Income Tax Act No. 58 of 1962, ('the Act') and the receipts and accruals are exempt from Income Tax in terms of Section 10(1) (cN) of the Act.

Fair value measurement

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

1.2 Furniture and equipment

Library books are not depreciated. Library books are stated at cost and the archives, which are housed at the University of the Witwatersrand, are carried at no cost. Other assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the depreciable value of each asset over its estimated useful life as follows:

Furniture and equipment	3–6 years
Motor vehicles	5 years

The depreciable value is the cost less the residual value. The residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (thus impairment losses are recognised).

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

1.3 Accumulated Funds

All reserves are reflected under accumulated funds.

1.4 Impairment

The Institute assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Institute estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, a recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of the fair value less cost to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss and is charged to profit and loss.

1.5 Contingencies and commitments

Transactions are classified as contingencies where the Institute's obligations depend on uncertain future events. Items are classified as commitments where the Institute commits itself to future transactions with external parties.

1.6 Financial instruments

Initial recognition

The Institute classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the agreement.

Financial assets and financial liabilities are recognised on the Institute's statement of financial position when the Institute becomes party to the contractual provisions of the instrument.

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include accounts receivable, accounts payable, and instalment sale agreement liabilities. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

NOTES (continued)

Investments

Investments are stated at fair value. For Bursary Funds, the increase or decrease in fair value is capitalised. For the Institute, the increase or decrease is recognised as a fair value adjustment through profit and loss in the Statement of Comprehensive Income.

Special Funds

Funds specifically designated by donors may, at the discretion of the Institute, be retained and invested by the Institute pending disbursement.

Bursary Funds and Special Research Projects

The Funds and Projects administered by the Institute are disclosed in these financial statements in Note **17/18**.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. These are initially and subsequently recorded at fair value.

1.8 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Institute; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Institute;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and valued added tax.

Interest income is recognised on an accrual basis, using the effective interest rate method. Dividends received are recognised when the right to receive payment is established.

Membership fees and subscriptions

Membership fees are recognised in the accounting period in which the services to members are rendered.

For membership fees collected in advance, the revenue is deferred to income received in advance in the statement of financial position.

Donations and grants

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

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

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property, or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction in outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return over the remaining balance of the liability.

1.10 Investment policy

Investment income consists of net realised surpluses and deficits on the sale of investments, net unrealised surpluses and deficits on the valuation of investments at fair value, interest, and dividends.

Realised and unrealised surpluses and deficits are recognised in the profit or loss.

1.11 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accrual for employee entitlements to annual leave represents the amount which the Institute has a present obligation to pay as a result of employees' service provided up to the reporting date. The accrual has been calculated at undiscounted amounts based on current salary rates.

1.12 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.13 Trade and other payables

Trade and other payables are recognised at amortised costs. Where there is no discount or it is immaterial, trade payables with no stated interest rate are measured at original invoice amount.

1.14 Trade and other receivables

Impairment of trade and other receivables required the consideration of the impairment indicators, namely significant financial difficulties of the debtor, or delinquency in payments.

NOTES (continued)

2. PLANT AND EQUIPMENT

	Furniture and equipment *R*	*Motor vehicles* *R*	*Library* *R*	*Total* *R*
Year ended 31st December 2020				
Opening net carrying amount	1 413 255	318 329	404 000	2 135 584
Additions	281 656	21 118	–	302 774
Disposals	(256 231)	–	–	(256 231)
Depreciation	(624 155)	(44 333)	–	(668 488)
Closing net carrying amount	**814 525**	**295 114**	**404 000**	**1 513 639**
Year ended 31st December 2020				
Cost	3 275 359	580 973	404 000	3 997 938
Accumulated depreciation	(2 460 834)	(285 859)	–	(2 484 299)
Closing net carrying amount	**814 525**	**295 114**	**404 000**	**1 513 639**
Year ended 31st December 2019				
Opening net carrying amount	1 575 420	369 988	404 000	2 349 408
Additions	467 258	–	–	467 258
Disposals	(20 066)	–	–	(20 066)
Depreciation	(609 356)	(51 659)		(661 015)
Closing net carrying amount	**1 413 255**	**318 329**	**404 000**	**2 135 584**
Year ended 31st December 2019				
Cost	3 742 143	559 855	404 000	4 705 998
Accumulated depreciation	(2 328 888)	(241 526)	–	(2 570 414)
Closing net carrying amount	**1 413 255**	**318 329**	**404 000**	**2 135 584**

Certain office equipment and motor vehicles are held under finance lease (refers to Note 8).
Book value of assets held under finance lease cost R304 096.58 (2019: R547 373.)
A register with details of Plant and Equipment is available for inspection by members or duly authorised representatives at the registered office of the company, in terms of Regulations 25(3) of the Companies Act, 2011.

3. INTANGIBLE ASSETS – WEBSITE DEVELOPMENT AND COMPUTER SOFTWARE

Website development and computer software:	***2020***	***2019***
Year ended 31st December 2020		
Opening net carrying amount	112 051	191 368
Additions	114 700	15 995
Amortisation	(143 376)	(95 312)
	83 375	**112 051**
Year ended 31st December 2019		
Cost	844 188	729 488
Accumulated depreciation	(760 813)	(617 437)
	83 375	**112 051**

4. RELATED PARTIES

Board of Directors:
Full details of all the directors of the Institute are set out under the Report of the Directors on pages 45 and 46 of this annual report. With the exception of one executive director, whose remuneration is set out in Note 13, there have been no transactions with the executive and non-executive directors of the Institute.

NOTES (continued)

5. TRADE AND OTHER RECEIVABLES	*2020* *R*	*2019* *R*
Receivables	2 310 869	1 411 262
Receiver of Revenue – VAT	137 575	260 036
Staff debtors	141 306	132 130
	2 589 750	**1 803 428**

6. CASH RESOURCES

Cash on hand	–	549
Current account	99 056	265 443
Call account	3 694 157	172
	3 793 213	**266 164**

7. TRADE AND OTHER PAYABLES

Payables	1 960 248	1 947 626
Accrual for leave pay	1 541 015	828 917
	3 501 263	2 776 543

8. FINANCE LEASES

The Institute has certain finance leases on office equipment. In terms of the leases the Institute's commitments are as follows:

Office equipment:	*2020* *R*	*2019* *R*
Minimum lease payments:		
– within a year	355 612	298 844
– within second to fifth year	40 609	554 944
	396 221	**853 788**
Less future lease charges	(18 556)	(164 925)
Present value of minimum lease payment	**377 665**	**688 863**
Current liabilities	355 612	298 844
Non current liabilities	22 053	390 019
	377 665	**688 863**

The book value of the assets held under finance leases is detailed in Note 2 of the financial statements.

9. INSTALMENT SALE

Motor vehicle:	*2020* *R*	*2019* *R*
Minimum instalment payments:		
- within a year	72 785	66 074
- within second to fourth year	198 197	286 134
	270 982	352 208
Less future lease charges	**(35 875)**	**(63 344)**
Present value of minimum lease payment	**235 107**	**288 864**
Current liabilites	72 785	**66 074**
Non current liabilites	162 322	**222 790**
	235 107	**288 864**

NOTES (continued)

10. OPERATING LEASE COMMITMENTS

The Institute had an operating lease on office premises which ended in April 2020. In terms of the lease the Institute's commitments are as follows: The office premises were occupied on a month to month basis until closing of the office in November 2020.

Premises:	***2020 R***	***2019 R***
Minimum lease payments:		
– within a year	–	324 484
	–	**324 484**

Operating lease payments represent amounts payable by the Institute for its office premises. The office premises were vacated in November 2020. The lease expired at the end of April 2020 and thereafter it was, to the understanding of the IRR, rolled over on a month-to-month basis until November 2020. There is currently a dispute about whether the IRR in fact entered into a new 5-year lease, as the landlord claims. We are taking legal advice and have in the meantime set aside 6 months' rental in case funds are needed to settle the dispute. The funds are being held in a trust account.

11. FINANCE COST

	2020 R	***2019 R***
Finance lease charges	76 751	169 516
	76 751	**169 516**

12. AUDITOR'S REMUNERATION

	2020 R	***2019 R***
For audit services rendered	312 860	295 296
	312 860	**295 296**

Audit fees paid in the 2020 financial year to BDO South Africa Inc are for the audit of the 2019 financial year. The 2020 audit fees to BDO South Africa Inc will be paid in 2021 and will reflect as such in the financial statements.

13. DIRECTORS' REMUNERATION

The director's emoluments in connection with the affairs of the Institute were as follows:	***2020 R***	***2019 R***
FJC Cronje – Salary	2 096 140	1 958 445

13.1 PRESCRIBED OFFICERS' REMUNERATION

The two prescribed officers' emoluments in connection with the affairs of the Institute were as follows:

RD Le Roux – Salary	1 247 888	1 233 872
J Endres – Salary (Start 1 July 2020)	782 092	–
	2 029 980	**1 233 872**

Dr Endres joined the IRR in July 2020 as the Chief of Staff.

14. TAXATION

The Institute is exempt from tax in terms of Section 10(1) (cN) of the Income Tax Act No: 58 of 1962 ('the Act') for the period under review.

NOTES (continued)

15. RETIREMENT BENEFITS

Defined contribution plan

Three staff members are currently covered by an umbrella fund under the SA Welfare Consolidated Investment Portfolio. The Company is under no obligation to cover any unfunded benefits.

	2020 ***R***	***2019*** ***R***
The total contribution to such schemes	156 329	148 573

16. CAPITAL EXPENDITURE	***2020*** ***R***	***2019*** ***R***
Authorised but not yet contracted for	700 000	250 000

The future capital expenditure is for computer equipment and software and will be funded out of cash resources.

17. SPECIAL FUNDS

Bursary	***2020*** ***R***	***2019*** ***R***
Donations and grants	3 908 654	3 701 046
Interest	29 845	56 189
Dividends	267 578	286 778
Unrealised – Surplus on investments	650 300	1 014 403
	4 856 377	**5 058 417**
EXPENSES		
Administration fees and running costs	507 832	822 351
Bursaries and grants	2 592 177	4 934 405
Realised loss on investments	544 908	186 870
	3 644 917	**5 943 626**
(LOSS)/SURPLUS FOR THE YEAR	1 211 460	(885 210)
Accumulated funds at beginning of year	12 768 749	13 653 959
NET ACCUMULATED FUNDS	**13 980 209**	**12 768 749**

During 2018 one of the dormant bursary funds was combined with a current fund, the Isaacson Foundation Bursary Fund. The accumulated profit in the dormant fund, an amount of R216 052, was carried forward to 2019. An error occurred in 2019 when the dormant fund set of accounts was duplicated by bringing it back in after it had already been added to Isaacson. The error was picked up after the closing of the 2019 financials, when the bursary set of accounts was transferred to a new individual account reporting approach. The accumulated profit then differed by R216 052, this error has now been corrected.

NOTES *(continued)*

18. SPECIAL FUNDS

Bursary Funds

	Capital ***R***	***Amounts held for Bursary awards*** ***R***	***2020*** ***R***	***2019*** ***R***
Amcham Fund	–	883 557	883 557	1 103 919
Clive Beck Education Trust	–	324 819	324 819	307 004
Durban Thekwini Bursary Fund	–	42 676	42 676	42 640
Giannopoulos Bequest	322 000	388 557	710 557	577 470
Horace Coaker Fund	500	1 169 168	1 169 668	1 116 155
Hungjao Bequest	821 831	323 371	1 145 202	1 126 181
Isaacson Foundation Bursary Fund	–	216 052	746 507	619 177
Johnson and Johnson Medical Bursary Fund	–	253 646	253 646	492 900
Luthuli Memorial Foundation Fund	107 883	57 276	165 159	165 159
Oppenheimer Memorial Trust	–	3 026 137	3 026 137	1 591 683
Reginald Smith Memorial Trust	10 000	4 521	14 521	14 390
Robert Shapiro Trust	–	3 336 573	3 336 573	3 444 242
Senior Bursary Fund	50 000	33 973	83 973	83 907
Shirley Simons Fund	772 778	1 304 437	2 077 215	2 083 922
TOTAL BURSARY FUNDS	**2 084 992**	**11 895 217**	**13 980 209**	**12 768 749**

NOTES (continued)

19. INVESTMENTS

19.1 Bursary funds (Note 18)	2020 R	2019 R
Equities and other investments		
Listed Investments (Note 20)	8 980 333	10 401 435
Cash deposits	4 999 876	2 583 367
	13 980 209	**12 768 749**

19.2 Other Institute Investments		
Investec Fixed Deposit	–	10 419 090
FNB Fixed Deposit	–	5 079 123
Listed Investments (Note 21)	20 991 873	13 108 216
	20 991 873	**28 606 429**
TOTAL INVESTMENTS	**34 972 082**	**41 375 178**

20. LISTED INVESTMENTS OF BURSARY FUNDS

	2020 Qty	2020 R	2019 Qty	2019 R
Chemicals, Oils and Plastics				
Sasol Limited	3 060	409 826	3 060	928 649
Clothing and Accessories				
Compagnie Financière Richemont SA	12 450	1 632 195	12 450	1 363 649
Compagnie Financière Richemont Warrant Receipts	24 900	10 956	–	–
Food Retailers and Wholesalers				
Bid Corporation Limited	–	–	6 344	2 094 852
Internet and Staples Retailing				
Prosus N.V. - N ordinary	1 880	3 019 581	1 880	1 981 520
Metals and Mining				
Anglo American Plc	2 064	1 001 040	2 000	797 680
Paper				
Mondi Plc	3 000	1 029 360	3 000	978 870
Preference Shares				
Firstrand B-Preference shares	16 000	1 059 200	16 000	1 360 160
Tobacco				
British American Tobacco Plc ADR's	1 500	818 175	1 500	896 055
		8 980 333		**10 401 435**

The fair values of listed investments are based on the quoted market price at the reporting period date.

NOTES (continued)

21. LISTED INVESTMENTS OF OTHER FUNDS

	Currency	Foreign Value 2020	2020	2020	2019	2019
		$	Qty	R	Qty	R
Alphabet Inc	USD	210 226	120	3 089 281	120	2 243 950
Alibaba Group Holding Limited	USD	102 401	440	1 504 794	440	1 305 231
Apple Inc	USD	132 690	1 000	1 949 890	–	–
Berkshire Hathaway Class 'B'	USD	150 716	650	2 214 776	650	2 059 091
Microsoft Corporation	USD	222 420	1 000	3 268 479	1 000	2 205 594
Nestlé Corporation	CHF	141 555	1 200	2 078 272	–	–
Pfizer Inc	USD	110 430	3 000	1 622 777	–	–
Roche Holdings AG	CHF	143 340	410	2 104 485	410	1 859 061
Toyota Motor Corporation	JPY	–	–		1 400	1 389 463
Vanguard 500 Index Fund	USD	41 243	120	606 066	–	–
Walt Disney Co	USD	172 121	36 390	2 529 331	950	1 921 657
Cash held for investments	USD	70	-	1 036	–	124 169
Cash held for investments	JPY	1 545	–	22 686		-
				20 991 873		**13 108 216**

The fair values of listed investments are based on the quoted market price at the reporting period date, and translated into South African Rand at the exchange rate as at 31 December 2020.
The exchange rates used at the year end: ZAR/US$ 14.6924; US$/CHF 1.13143: US$/JPY 0,00969.

22. GOING CONCERN

Specific consideration has been given to the impact of the COVID-19 outbreak on the annual financial statements as at 31 December 2020. The directors have satisfied themselves that the company has sufficient resources to meet its cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or any pending changes to legislation which may affect the company. Other than as disclosed above, there has been no material change in facts or circumstances between the date of the annual financial statements and the date of this report, that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or its state of affairs in future financial years.

23. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed above, there has been no material change in facts or circumstances between the date of the annual financial statements and the date of this report, that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or its state of affairs in future financial years.

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The power of ideas

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