



**IRR**

South African Institute of Race Relations  
*The power of ideas*

**2021**

**92<sup>ND</sup> ANNUAL REPORT**



SOUTH AFRICAN INSTITUTE  
OF RACE RELATIONS NPC

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# CONTENTS

<b>Chief Executive’s Report to Members</b> .....	11
<b>IRR Departments</b> .....	16
<b>IRR Policy Research and Projects</b> .....	16
IRR reports and publications .....	17
<i>FreeFACTS</i> .....	17
<i>@Liberty</i> .....	19
Submissions to Parliament and government departments .....	20
Occasional reports .....	25
South Africa Survey (IRR) / Socio-Economic Survey of South Africa (CRA) .....	28
<b>IRR Media</b> .....	28
<b>IRR Campaigns</b> .....	29
<b>IRR Bursaries</b> .....	31
<b>IRR Platforms</b> .....	32
<b>The Daily Friend</b> .....	32
<b>The Daily Friend Show</b> .....	32
<b>Two Crickets in a Thorn Tree</b> .....	33
<b>Liberal Club</b> .....	33
<b>Big Daddy Liberty</b> .....	35
<b>Educate Don’t Indoctrinate</b> .....	35
<b>Freedom Advocacy Network (FAN)</b> .....	36
<b>Centre For Risk Analysis</b> .....	36
Fast Stats .....	37
Macro Review .....	39
Strategic Intelligence Report .....	41
CRA Risk Alerts .....	41
Socio-Economic Survey of South Africa (CRA) / South Africa Survey (IRR) .....	41
<b>IRR Head Office</b> .....	43
<b>Governance and compliance</b> .....	43
Elections .....	43
Resignations .....	43
<b>Finance and administration</b> .....	43
Finance .....	43
Administration .....	44
<b>Staff</b> .....	42
<b>Thanks</b> .....	42
<b>Annual financial statements</b> .....	45

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# CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING OF MEMBERS OF THE IRR ON MONDAY 6 JUNE 2022

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 2021. The narrative report focuses on developments in 2021, with some limited comments on developments in early 2022. We will first discuss the two most significant events to occur in South Africa in 2021 – the outcome of the local government elections and the large-scale unrest and looting in KwaZulu-Natal – before turning to the role and activities of the Institute.

In last year's annual report, we wrote:

*[The ANC] 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. 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?"*

As it turns out, we were off by three years: the ANC managed to secure only 46% of the vote nationally in the local government elections held on 1 November 2021, the first time that it failed to secure a majority in a nationwide election – as we predicted before the elections, based on polling we conducted in September.

Although this underperformance prompted only a muted response from the party itself, it represents a landmark event in South African history, the effects of which continue to reverberate through our politics. The loss of an electoral majority in 2021 creates the realistic prospect of a political realignment in the 2024 national and provincial elections, which could see the ANC removed from power. If this transition fails to occur in 2024, and if South Africa remains a free and open society dominated by the moderate values we find in our polling, the shift is now very likely to happen in 2029 – as the Institute has been predicting since 2012.

In the past, any discussions of an ANC loss of power inevitably prompted the question: "But who will replace them?" The historic weakness of the opposition – limited to a narrow range of a combined 30% to 40% in electoral support across all opposition parties, excluding the Economic Freedom Fighters (EFF) – made it difficult to imagine who could challenge the ANC juggernaut.

The outcome of the 2021 election leads us to believe that no single dominant challenger will emerge to defeat the ANC. Instead, if the political transition is to occur, it will be a grouping of smaller parties that will make it happen. These parties will be united in their opposition to the ANC/EFF collaboration and held together by a set of fundamental values including respect for property rights, support for a market economy, a desire to see the rule of law upheld, and a non-racial approach to governance questions. In our post-election analysis, we described these parties as the "wild dog" parties that could together bring down the mighty old buffalo that is the ANC, along with its hapless offspring, the EFF.

The cause underlying the ANC's loss of majority support has not changed: as the IRR has pointed out in its analyses for many years, South African voters behave rationally. When they see their personal circumstances and prospects improve, the party in power is rewarded with an increase in support; when things get worse, it is punished as voters

abandon it for other parties or – as is increasingly the case – just don't vote. The ANC's catastrophic underperformance in governance, in economic matters and not least its enablement of pervasive corruption over the past decade all contributed to a loss of voter support, with many voters boycotting the 2021 local government polls. Of the 40m South Africans eligible to vote in the elections, only 26m registered to do so and only 12m actually participated.

The low voter turnout was exacerbated by several factors specific to these elections: firstly, there was considerable uncertainty about whether the elections would be held within the constitutionally mandated timeframe or be postponed beyond that window, as the Electoral Commission (IEC) wanted to do (the IRR joined those opposing the postponement as an *amicus curiae* at the Constitutional Court). Secondly, voters were only offered one registration weekend instead of the usual two, as the IEC had to scramble to organise the elections. Thirdly, load-shedding hit South Africa in the week of the elections. And lastly, concerns about the risk of being exposed to SARS-CoV-2 (the virus that causes Covid-19) likely prompted some voters to avoid the queues on voting day.

The final results saw the ANC obtaining 46% of the vote (our prediction, based on our September polling, had been 49%); the Democratic Alliance secured 22% (22%); the Economic Freedom Fighters 10% (12%); and all other parties cumulatively 22% (17%).

Each of those numbers is meaningful. The ANC's drop below 50% was historic and dented the aura of invincibility that had long surrounded the party, exposing its vulnerabilities. The DA did well to improve on its performance in the 2019 national elections (21%), although it came in far below its 2016 local government results (27%). The party is undergoing a process of internal reform and renewal that prompted critics to write it off, predicting a catastrophic drop to 15% or below; but that didn't materialise. The EFF has now become firmly stuck in the 10-12% range and seems unable to move beyond it; a reflection, we believe, both of a mismatch between the party's radical message and the electorate's moderate principles, and of a lack of credibility of the party's revolutionary credentials, given its embroilment in multiple scandals.

Finally, the cumulative percentage of 22% obtained by all other opposition parties was also significant and signposts South Africa's electoral future. In the 2016 local government elections, the comparable collective of parties had secured only 11% of the vote; in 2021, it doubled that share and became equivalent in size to the official opposition. Our expectation is that the era of dominant parties in South Africa is over; the dominance of the ANC over the past almost three decades was anomalous and a similar configuration is unlikely to reoccur.

Instead, we expect electoral support being distributed across a far greater number of parties, each catering to a specific constituency. Just as a coffee shop offers options beyond just tea or coffee – but rather filter, espresso, cappuccino, latte, americano on the coffee menu or rooibos, Darjeeling, Earl Grey, Oolong and herbal as the tea selections – so will the political market in South Africa in future offer a greater variety. But voters, much like aficionados of hot beverages, will still find themselves in the tea camp or the coffee camp, whatever their preferences within that category are.

In the aftermath of the elections, wild dog parties assumed a governing role in the three metros of South Africa's economic heartland: the Cities of Johannesburg, Ekurhuleni and Tshwane. That this would happen was by no means self-evident, as the parties are used to competing and to emphasising their differences over their commonalities. But they managed to get into office and have (so far) made it work. This marks a promising starting point. If the wild dog parties manage to sustain their coalitions for the next two years, and impress voters with high levels of service delivery, this will create a strong platform from which to challenge the ANC in the 2024 national elections.

We turn now to the second landmark event of 2021: the unrest and looting that swept across KwaZulu-Natal and parts of Gauteng in July. Following the arrest and jailing of former President Jacob Zuma for contempt of the Constitutional Court's instruction to appear before the Zondo commission, prominent supporters of the former president instigated their followers on social media to set fires and protest against the arrest. From there, things escalated rapidly, and a wave of looting, arson and violence spread across KwaZulu-Natal and parts of Gauteng. Over 350 people lost their lives, while the economic damage amounted to over R50 billion, according to estimates by the South African Special Risks Insurance Association (Sasria).

Based on a steep rise in the number of violent protests in South Africa in the recent past, the IRR had predicted that a blow-out such as this was likely to occur. Socio-economic conditions in South Africa – marked by high unemployment and pervasive poverty, exacerbated by the lockdowns imposed by the government in response to the Covid-19 pandemic – were so combustible that all it took was a spark to set the country alight. In this case, the Zuma arrest – a reflection of factional tensions within the ruling party – was the spark, but the trigger could just as easily have been something different.

The repercussions of the event extend far beyond its immediate impact because they illustrate the rapid weakening of the South African state. As set out in detail in a government-commissioned expert report, the intelligence services were taken by surprise by the violence, the law enforcement agencies proved ineffective in quelling the lawlessness, and the various departments involved failed to communicate with one another and worked at cross purposes. In their hour of need, when ordinary South Africans most depended on the state to protect their property and maintain order, the state was nowhere to be found. Instead, it was left up to ordinary people to defend themselves and their property. Iconic images show South Africans erecting barricades and attempting to hold off rampaging mobs, guns in hand.

The July unrest stripped many South Africans of their illusions. South Africa is increasingly becoming a country under a government whose authority daily ebbs away, together with its competence and its credibility. The resulting power vacuum will not endure for long. Unless state decline is reversed soon, a motley crew of powerful actors will emerge to fill the local power vacuums. Their identity will vary from place to place, but may include taxi associations, crime bosses, residents' associations and farmers' unions, collaborating with state institutions when it is opportune to do so and ignoring them when it is not. In this environment, might makes right, and life will become even harder for those without resources or power. The economic cost imposed by the falling away of norms and institutions governing commercial transactions will be high, as local bosses can charge gatekeeping fees for access to business opportunities, or demand protection money in return for letting businesses live.

It is against this backdrop that the opportunity of the political transition sketched out above gains even greater urgency. To avoid a further descent into failing state status – an expression used in early 2022 by Dondo Mogajane, the Treasury's director-general – South Africa needs a political transition. We rate the chances of a turnaround being led by the ANC as being close to non-existent at this stage. Over the coming two years, the IRR will therefore broadly do three things: remind the wild dog parties of the opportunity that lies ahead; continue to put forward reform proposals to get South Africa back on track; and play "whack-a-mole" with the harmful policies the government is intent on introducing.

We highlight some aspects of our work below, with more detailed information on the IRR's varied activities in 2021 in the latter parts of the report.

In the area of finance, we recorded revenue of R20 049 526 in 2021, a decline of 13.2% compared to 2020 as the repercussions of the Covid-19 pandemic continued to be felt. Expenditure dropped by 5.7%, to R28 726 734. The IRR thus finished the year with an

operating deficit of R8 677 208. Income on investments of R8 241 835 reduced the overall deficit for the year to R453 373, bringing the bottom-line loss as share of revenue to 2.2%, down from 16% in 2020. For 2022, the IRR has budgeted to break even, even as the external environment remains volatile.

We recorded encouraging gains in the size of the audiences that we reach across our platforms. Our online newspaper, the Daily Friend, attracted 901 506 unique website visitors, who cumulatively read our articles 3.84 million times. The related Daily Friend Show, a half-hour podcast published both on podcast platforms and on YouTube, recorded 232 185 episode downloads and 639 044 YouTube views in 2021. The programme was ranked 5th in the Apple Podcasts rankings in South Africa in the News Commentary section. The Two Crickets in a Thorn Tree podcast produced 42 episodes, each over an hour long, which were cumulatively downloaded 31 130 times. Big Daddy Liberty, produced in association with the IRR, now has 119 342 subscribers across YouTube and Facebook. His videos were viewed 1 613 537 times between January and the end of December. The Centre For Risk Analysis increased the number of its YouTube subscribers from 2 000 at the end of 2020 to 28 500 by 31 December 2021, as against a target of 25 000 by year-end. The videos were cumulatively viewed 2.2 million times in 2021.

In addition, the IRR also made 9 submissions to Parliament, placed 1 334 opinion pieces in the media, was cited 560 times, provided 372 interviews, issued 95 press releases, published 22 papers and reports, and held 45 formal briefings. Over these and above, the CRA published 240 videos, 10 opinion pieces and 33 reports, while conducting 95 formal briefings for CRA subscribers. During 2021, the IRR also launched two new platforms: the Freedom Advocacy Network (FAN), a social-media focused brand aimed at the youth, with a legal component; and Educate Don't Indoctrinate (Edonti), aimed at countering the pernicious influence of Critical Race Theory in schools.

Across all platforms, the number of subscribers now stands at 568 148, as shown in the table below.

<b>Subscribers, by platform, 2021</b>									
	Facebook	Twitter	YouTube	Linkedin	Instagram	WhatsApp	E-mail	Friends/ sub- scribers	Total
IRR	104 780	33 186	–	1 640	–	–	–	18 993	158 599
TDF	62 208	3 213	7 721	–	541	1 567	119 298	–	194 548
FAN	42 146	–	–	–	–	–	13 865	–	56 011
BDL	85 342	–	34 000	–	–	–	–	–	119 342
CRA	11 393	913	26 940	–	–	–	–	402	39 648
<b>Total</b>	<b>305 869</b>	<b>37 312</b>	<b>68 661</b>	<b>1640</b>	<b>541</b>	<b>1 567</b>	<b>133 163</b>	<b>19 395</b>	<b>568 148</b>

As the table shows, and as announced in the previous annual report, the IRR is pursuing a policy of divisionalisation, which is reflected throughout the rest of this report. Under this approach, the core elements of the Institute – research, media, campaigning and bursaries – are complemented by a variety of platforms designed to disseminate information and liberal thought to diverse target groups, while making use of both traditional and modern media. All of this is in support of liberal arguments in the great ideological struggle that is playing out in South Africa and across the rest of the world. Here in South Africa, it is the outcome of that contest that will determine whether the country continues its precipitous decline or manages to correct course.

Here, I quote my colleague Terence Corrigan (2019): ‘Whether the dangers can be countered, and later reversed, depends on one thing alone; the ability to force a new balance of power in South Africa’s battle of ideas. “Battle-of-ideas” theory, in which we are much practised, holds that the winner in any great ideological struggle will ultimately be the side that injects the greatest volume of compelling argument into the public domain. Our methods are aligned very closely to the idea that the war in Vietnam was lost in America’s living rooms and not in the jungles of Southeast Asia. Put differently, it is the ability to shape and command public opinion that determines public policy.’

This was a concept practised and admirably embodied by my two immediate predecessors, John Kane-Berman and Frans Cronje, to whom I owe a great debt of gratitude. Their stewardship of the Institute made it into the influential and resilient organisation it is today. As it approaches its centenary in 1929, the IRR will continue to uphold classical liberal values resolutely and unapologetically. It is those very values that, when translated into policy, will provide all South Africans with the prospect of a more prosperous, freer life in which they are accorded the equal respect and dignity which they deserve.

### **A note on this Annual Report**

For this annual report, we have changed the format to reflect the transition to a more divisionalised structure for the Institute. The new format is a work in progress and will evolve over time as we refine our approach, and as the organisation continues to develop. In terms of organisational structure, we see the IRR as being made up of three types of entity:

- The IRR departments, which include policy research and projects, media, campaigns (Friends) and bursaries
- The IRR platforms, which include the Daily Friend, The Daily Friend Show, Two Crickets in a Thorn Tree, the Liberal Club, Big Daddy Liberty, Educate Don’t Indoctrinate, the Freedom Advocacy Network, and the Centre For Risk Analysis
- The IRR head office, which houses the executive management, finance, HR and governance functions

## IRR Departments

### IRR Policy Research and Projects

*Objective: To influence the public debate through robust criticism of bad policy and put forward proposals for better policies; to act as a source of liberal ideas and orientation for the entire group.*

2021 was dominated by the issue of property rights and our ongoing work on property rights and in opposition to Expropriation without Compensation (EWC). Strategically, it was necessary to keep the issue in focus as the relevant committee was concluding its work on the Constitutional Amendment, and the issue had encountered a degree of media exhaustion.

One part of the issue – the amendment of Section 25 of the Constitution – came to a head in December, when the corresponding legislation was debated and voted on in Parliament. That the ANC was unable to muster the two-thirds majority it needed was a testament to our advocacy, especially putting the prospect of a mass custodial seizure of land into public focus. (The final version of the Constitutional Amendment looked set to introduce the concept of custodianship of land as a constitutional requirement, and although this was qualified by the word ‘certain’, it set out a path to the custodial seizure of land. The IRR had long warned of this.) However, it would be naïve to believe that this is the end of the matter, as the EWC agenda is being pursued simultaneously through several pieces of legislation.

This legislation was a focus of Dr Anthea Jeffery’s work. The Land Court Bill meanwhile, which forms part of the expropriation agenda, would probably take all disputes over compensation for confiscated land to a specialist court operating under procedural rules skewed in favour of the state. Dr Jeffery thus made a submission on this Bill. In addition, the Expropriation Bill looks set to be returned to Parliament.

Members of the IRR have frequently been called upon to speak on questions of land reform, property rights, and expropriation without compensation. IRR inputs were generally provided via numerous individual and group engagements as well as at conferences.

Terence Corrigan wrote and spoke extensively about the Firearms Control Amendment Bill and the associated politics of firearms ownership. This is important as the Bill itself is badly formulated and poorly justified. It also recasts the government’s thinking around individual ownership of firearms: from a focus on need qualified by responsibilities, to one defined in terms of state security. We decided to oppose this for several reasons, ranging from our support for the reasonable rights of people to protect themselves to our concern about the extremely poor quality of the impact assessment that informs the Amendment Bill.

Dr Jeffery warned that the Hate Crimes and Hate Speech Bill, although rather less intrusive than it might be, nevertheless constricts the free flow of ideas, particularly as regards identitarian issues. She also warned against the unduly onerous obligations to be placed on business, in particular under the Promotion of Equality and Prevention of Unfair Discrimination (Pepuda) Amendment Bill of 2021.

In addition, race-based policy and our work on Critical Race Theory have attracted a good deal of attention, and we have found much interest in our work – as well as criticism to be combated.

In 2021, the policy and projects department produced 289 opinion articles and letters, 30 press releases, was cited 71 times, gave 70 interviews and produced 80 audio/visual clips. In total this represents 540 media appearances during the year, or 1.5 per day on average. Adding social media posts, the tally rises to 1 625, or 4.4 a day.

The IRR has worked with the Eric Thorrington-Smith Trust (ETST) on digitising the Mangosuthu Gatsha Buthelezi archives, using the services of Africa Media Online, a specialist service provider. ETST is providing the funding, while the IRR is assisting with oversight. We supported the project through Phases 2 and 4A. Phases 4B and 4C are

being funded by matching funding from the ETST and from the Prince Mangosuthu Buthelezi Foundation Trust (PMBFT). The project has now also been adopted by the PMBFT, the Buthelezi Family Trust, and the Prince Mangosuthu Buthelezi Museum and Documentation Centre Trust as joint custodians.

## IRR reports and publications

### FreeFACTS

**FreeFACTS** 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.



#### **FreeFACTS on living standards: Quality of life still shows racial, regional cleavages (January)**

This edition of *FreeFACTS* looked at regional and regional cleavages in living standards in South Africa. It used the CRA's Quality-of-Life Index (QOLI) to determine where differences lay and how pronounced they were. The report argued that differences in quality of life in South Africa were due to two factors – South Africa's history on the one hand, and growth-destroying policies implemented by the ANC government on the other.



#### **FreeFACTS on education: Matric results stable after tough year (February)**

This edition of the *FreeFACTS* bulletin focused on the matric results. It looked at the 2020 results as well as historical trends. It was noted that there was a slight decrease in the proportion of people passing matric, as well as a decline in the proportion of people passing well enough to go to university, but this could be attributed to the Covid-19 pandemic and the various disruptions to schooling. The paper concluded that it was doubtful that South African schooling prepared learners adequately for the post-school world.



#### **FreeFACTS on tax: South Africans face high tax burden (March)**

The tax burden that South Africans face was the subject of this edition of *FreeFACTS*, which compared tax rates in South Africa with those abroad. The paper concluded that South Africans generally received little return on their tax investment. It also flagged the risk of an increasing number of taxpayers emigrating. Finally, it noted that the low-growth economic environment had implications for how much tax could be raised.



#### **FreeFACTS on the political landscape: The current political landscape (April)**

This edition of *FreeFACTS* analysed political trends in South Africa ahead of the local government poll in November. It examined IRR polls to show party political support as well as looking at by-election results to delineate trends in South African politics. It also pointed out that the single biggest voting bloc in South Africa were non-voters.



#### **FreeFACTS on cities: Vital to get South Africa's cities working (May)**

The state of South Africa's cities was the topic of this edition of *FreeFACTS*. It noted that around the world cities had outsized economic and cultural clout. While about 40% of South Africans lived in the eight metros, these eight cities accounted for 60% of South African economic output. The paper argued that for South Africa to become successful and prosperous the success of the country's cities was non-negotiable.



### **FreeFACTS on population: 60 million of us – what it means (June)**

This edition of *FreeFACTS* looked at findings around South Africa's population. It noted that while South Africa's population had now breached the 60-million mark the country's fertility rate was dropping. It argued that a key challenge for policymakers would be to ensure that there were opportunities for young people. It also noted the impact of the Covid-19 pandemic on South Africa's average life expectancy.



### **FreeFACTS on healthcare: Some good news on the health front, but NHI looms (July)**

This edition of *FreeFACTS* was a companion issue to the previous month's brief. It looked at a number of other health indicators, such as the infant and under-five mortality rate. It also provided data on vaccinations and showed how South Africa had succeeded on a number of important health outputs. However, it also warned about the spectre of the proposed National Health Insurance (NHI) scheme, which would deal a deathblow to South African healthcare.



### **FreeFACTS on the economy: Indicators not positive for SA (August)**

The economy was the subject of this edition of *FreeFACTS*. It noted that while macro indicators such as the total size of Gross Domestic Product (GDP) or annual economic growth were important in determining the health of an economy, micro indicators also had to be taken into account. It showed that on some of these indicators, such as the number of new cars sold annually, South Africa's economy was facing severe economic headwinds.



### **FreeFACTS on the economy: Macro indicators reflect SA's decline (September)**

This edition was another companion piece, following on from the findings of the previous month's *FreeFACTS*. While the previous month's bulletin had examined a number of micro indicators to raise warning flags about South Africa's economy, the same was done in this issue, based on macro indicators. It showed the economy's lacklustre growth as well as the fact that South Africans were becoming poorer on a per capita basis. It concluded that the only way for the twin evils of poverty and unemployment to be beaten was through sustainable economic growth.



### **FreeFACTS on trade: Trade figures show where SA must focus (October)**

Trade was the focus of this edition of *FreeFACTS*. It showed that South Africa's trade balance with a large number of African countries was positive, with many of the goods which South Africa exports to the rest of the continent being finished goods. It was argued that South Africa should concentrate on its trade with other African states and that the African Continental Free Trade Area could be very beneficial for South Africa, if implemented properly and harnessed sensibly.



**FreeFACTS on politics: New paradigm for SA as political land shifts (November)**

The second last *FreeFACTS* for 2021 provided an analysis of the local government elections, held on 1 November. It identified a number of key trends, such as the ANC’s rapidly shrinking vote share in South Africa’s metros as well as the growing proportion of voters who opted to vote for a party other than the ANC, DA, or EFF. It also noted the significance of the ANC’s national vote share dropping below 50% for the first time and that this could be a watershed in South African history.



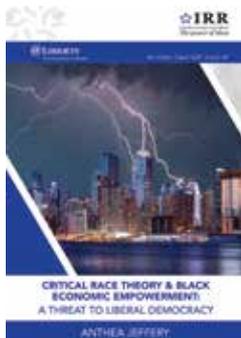
**FreeFACTS on assets and incomes: South Africans have assets but they’re getting poorer (December)**

This edition of *FreeFACTS* looked at the assets and incomes of South Africans. It showed that while South Africans, in general, had access to assets such as fridges or televisions, it was becoming increasingly difficult for them to make ends meet. It also showed that, in dollar terms, a South African in 2021 was poorer than his 2015 counterpart. The report pointed out that while South Africa, like many other countries, had been adversely affected by the Covid-19 pandemic, this was exacerbated by poor economic policies which had been implemented before the virus swept the world.

**@Liberty**

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

**Critical Race Theory & Race-Based Policy: A Threat to Liberal Democracy, 17 May 2021**



This issue of @Liberty:

- describes the outcomes of the IRR’s 2020 opinion poll on racism and race-related issues;
- describes how two key race-based policies – employment equity (EE) and black economic empowerment (BEE) – have failed to achieve their stated aims while actively harming the black majority;
- analyses the constitutionality of EE and BEE requirements and finds both wanting on the tests laid down by the Constitutional Court;
- proposes a race-neutral alternative which most black South Africans believe would be more effective than EE and BEE in helping them to get ahead; and
- cautions that this much-needed reform will be harder to achieve because of recent developments in the United States (US), where Critical Race Theory (CRT) has moved out of the universities into the mainstream media, big business – and the Democratic administration of President Joe Biden.

The IRR’s 2020 opinion poll found that most black South Africans:

- regard racism as a relatively insignificant problem and want ‘full opportunity for people of all races’, who ‘need each other’ to make progress;
- generally agree that ‘all this talk about racism and colonialism is by politicians trying to find excuses for their own failures’;

- see ‘better education and more jobs’ as the keys to reducing inequality;
- recognise that EE and BEE help only a small minority (about 15%) of black people; and
- believe that tax-funded vouchers for education, healthcare and housing would be more effective in helping the majority of disadvantaged South Africans to get ahead.

As regards this last point, some 80% of black respondents said they would ‘like to have tax-funded education vouchers so they could send their children to the schools of their choice’. Black support for tax-funded healthcare vouchers, so people could ‘buy medical aid or health insurance’, came in at 74%, while support for tax-funded housing vouchers – to help people ‘build, buy, or rent their own homes’ – stood at 75%. In addition, 74% of black respondents said these vouchers would ‘help them to get ahead more effectively’ than current EE or BEE policies.

The IRR has for some years been developing an alternative approach to empowerment which builds on these widely held views. It is called ‘Economic Empowerment for the Disadvantaged’ (EED), and has three key features.

First, EED would recognise and reward firms for their vital contributions to investment, growth, employment, innovation, tax revenues, and export earnings. Second, it would reach right down to the grassroots by equipping poor households with tax-funded vouchers so they could purchase the schooling, housing, and healthcare of their choice from suppliers competing for their custom. Third, it would rely on a non-racial means test to determine disadvantage, thereby dispensing with race classification and racial preferences and bringing empowerment into line with the Constitution.

However, a necessary shift from BEE to EED flies in the face of ANC ideology and the vested interests of a narrow political elite. Change will also be more difficult to achieve as Critical Race Theory (CRT) takes hold in the US and elsewhere.

Like BEE here, CRT overlooks the limited skills, pervasive family breakdown, and other barriers to upward mobility that often hold black people back. Instead of seeking practical ways to overcome these barriers, CRT blames them on a supposedly pervasive racism and demands ‘anti-racist’ laws that will achieve ‘equality of outcome’.

However, this goal is impossible to achieve in practice and is really aimed at helping to bring about CRT’s longer-term objectives. These are to erode the principle of equality before the law, destroy other core elements of Western democracy, and replace the capitalist system with a socialist ‘nirvana’.

CRT aims and tactics are very much the same as those underpinning the national democratic revolution (NDR) to which the ANC and its allies have long been committed. The NDR has the same anti-democratic and anti-capitalist goals. Like CRT, moreover, it uses the (supposed) fight against racism to fuel polarisation, silence dissent, hobble growth, worsen poverty, entrench dependency, build state power – and incrementally bend society to its destructive goals.

### ***Submissions to Parliament and government departments***

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.

#### **Employment Equity Amendment Bill of 2020, 19 February 2021**

This Bill empowers the minister of employment and labour to set ‘numerical targets’ – racial quotas in all but name – for job appointments at all levels for designated businesses in specified sectors of the economy. It also bars such businesses from contracting with the government unless they have complied with the minister’s quotas or ‘justified’ their failure to do so on ‘reasonable’ grounds.

Compliance will be enforced via fines of up to 10% of annual turnover for those found guilty of repeat offences. Fines of this magnitude will often exceed annual profits and could severely damage many businesses. Non-compliant firms will also be excluded from state contracts, which could 'destroy their revenue lines, resulting in liquidation and job losses', as Business Unity South Africa (Busa) and the SA Forum of Civil Engineering Contractors (Safcec) have warned.

The exclusion of many experienced businesses will leave the field open to many BEE 'tenderpreneurs' less able to compete on price and efficiency. It will also allow the ANC to allocate contracts at inflated prices to pre-selected BEE companies, who may then be expected to divert some of their tender proceeds back to the ruling party.

The Bill is also unconstitutional. Among other things, it is inconsistent with Section 195 of the Constitution, which calls for 'broad' representivity in the 'public administration' but not the private sector. In addition, it fails the three Van Heerden tests for valid affirmative action measures (as laid down by the Constitutional Court in 2004) because it targets the skilled and politically connected rather than 'the disadvantaged'; will harm rather than 'advance' the great majority; and will increase inequality by widening the gap between a small black elite and the 10.7 million black people now jobless and destitute.

#### **Expropriation Bill of 2020, 26 February 2021**

This Bill expressly allows 'nil' compensation on land expropriation in five listed circumstances. Among other things, nil compensation may be paid for:

1. unused land which is being held in the hope it will appreciate over time;
2. property which is unsafe and poses a risk to others; and
3. land which has supposedly been 'abandoned' by owners who are failing to 'exercise control' over it.

In a country where land invasions and building hijackings are rife – and generally go unchecked and unpunished – this last provision is particularly dangerous as it could encourage land seizures. Worse still, the circumstances in which 'nil' compensation may be paid are expressly 'not limited' to the five listed in the Bill. Hence, no one can tell how far nil compensation may in time extend.

The Bill's procedures for expropriation are also heavily skewed in favour of the state. The Bill empowers hundreds of state entities, once they have completed various preliminary steps, to serve the owner with 'a notice of expropriation'. Under that notice, both ownership and the right to possess the property will automatically pass to the expropriating authority on specified dates. Those dates could be set very soon: within a week or a fortnight of the notice being served.

In theory, the Bill allows expropriated owners to approach the courts to contest both the validity of an expropriation and the amount of compensation offered. In practice, however, people who are already reeling from the loss of their homes, business premises, or other assets will generally find it too difficult and costly to litigate.

The Bill is also inconsistent with many guaranteed rights. The IRR has therefore drafted an alternative measure which scraps the vague 'nil' compensation clauses, and confirms that compensation on expropriation must be just, promptly paid, and include damages for all direct losses.

#### **Promotion of Equality and Prevention of Unfair Discrimination (Pepuda) Amendment Bill of 2021, 30 June 2021**

The Promotion of Equality and Prevention of Unfair Discrimination (Pepuda) Amendment Bill of 2021 is extraordinarily far-reaching in its terms and potential impact. Among other things, it requires companies, as part of a 'general responsibility to promote equality', to:

1. 'eliminate discrimination' that is 'related to' 18 listed grounds and an indefinite number of 'comparable' grounds, even if that discrimination is neither 'intentional' nor 'unfair' nor 'the dominant reason' for the conduct in question;
2. provide 'equal...access to resources, opportunities, benefits and advantages'; and/or
3. achieve 'equality in terms of impact and outcome'.

Requiring business to 'eliminate' all discrimination, irrespective of whether it is unfair or not, is extraordinarily onerous. It is also unconstitutional.

Under the Bill, businesses will also be obliged to 'achieve equality in terms of impact and outcome'. They will have to ensure this equality of outcome as between white and black South Africans, groups distinguished from one another on 17 other listed grounds of unfair discrimination, and groups distinguished on many 'comparable' grounds too. Comparable grounds could easily include poverty or 'socio-economic status', as the Pepuda Act of 2000 envisages and a 2019 Cape Town high court judgment has confirmed.

The IRR called for the Bill to be withdrawn in its entirety. It also recommended that any amendment to Pepuda should focus primarily on removing any obligation to promote equality. An objective of this kind can never be achieved by legislative fiat. By contrast, the investment and growth essential to upward mobility can easily be curtailed by damaging dirigisme of the kind contained in the Bill.

#### **The Land Court Bill of 2021, 23 July 2021**

Many commentators on the Expropriation Bill have tried to downplay its damaging provisions by stressing that the state's decisions on 'nil' or other compensation, if not agreed with owners, will have to be 'approved or decided' by the courts. However, the government now plans to oust the jurisdiction of the ordinary courts by setting up a new Land Court with the sole power to decide on the compensation, if any, to be paid.

Many of the judges appointed to the Land Court will be new to the bench and lacking in judicial experience. In addition, where two people are appointed as 'lay assessors' to help decide a dispute, they will be empowered to overrule the presiding judge on all questions of fact.

Decisions on the amount of compensation to be paid are likely to be tagged as questions of fact to be decided by these potentially partisan assessors. Whether the criteria for the payment of 'nil' compensation under the Expropriation Bill have been met – for example, whether owners have 'abandoned' their land and buildings by 'failing to exercise control' over them – may also be regarded as questions of fact to be decided in the same way.

In addition, the Land Court will be authorised to admit hearsay and other evidence that is normally excluded as unreliable. It will also be required to refer the land disputes before it to potentially partisan mediators and arbitrators of its own choosing – while litigants (and their lawyers) who reject flawed proceedings of this kind will be penalised via costs orders.

#### **Submission to the Civilian Secretariat for Police Service regarding the Draft Firearms Control Amendment Bill of 2021, 2 August 2021**

The draft amendment to the Firearms Control Act sought radically to limit access to firearms, by restricting the ground on which people could obtain legal authorisation to own them. This included removing self-defence as a motivation for ownership, abolishing firearm collecting and significantly reducing the ownership of sporting firearms.

Our submission argued that the Socio-Economic Impact Assessment (SEIA) was flawed, making a number of unsupported claims. Our submission also drew attention to a document from the Ministry of Police entitled 'Report of the Committee on Firearms

Control and Management in South Africa'. It made highly selective references to a report on the Firearms Control Act produced by the Wits School of Governance, ignoring many of its main conclusions, and even misrepresenting factual data at times.

We further drew attention to the deficient consultation around the Bill, the arbitrariness inherent in its provisions and its questionable constitutionality.

In respect of the substance of the Bill, our submission argued that the removal of self-defence was unjustifiable given the evident incapacity of the law enforcement authorities to provide protection to South Africa's people. It noted that even the Police Commissioner had conceded the limits of the police's capacity to do so.

The submission further pointed out that firearm collecting is an invaluable part of preserving heritage, acknowledged in other South African legislation. No justification for the effective ban on collecting is provided in the SEIA, while the Police report merely referred to vague perceptions. Sports shooting too would be undermined without proper, rational reasons being evident.

It noted too that the Bill failed to address any of the major failings of current firearm control measures, such as the state of the Firearms Registry. In view of all of this, the submission called for the Bill to be scrapped.

### **Constitution Eighteenth Amendment Bill of 2021, 13 August 2021**

This Bill was a successor to the draft measure gazetted by a parliamentary ad hoc committee in December 2019. The 2021 Bill proposed even more sweeping amendments to Section 25 of the Constitution (the property clause) than had earlier been suggested.

Like its predecessor, the 2021 Bill provided that the amount of compensation on the expropriation, for land reform purposes, of land and 'any improvements thereon', may be 'nil'. It also echoed the 2019 version in stating that national legislation, as adopted from time to time, would set out the circumstances in which 'the amount of compensation is nil'.

Thereafter, however, the 2021 Bill broke new ground by proclaiming all land to be 'the common heritage of all citizens that the state must safeguard for future generations'. It also obliged the state to take reasonable measures to bring about 'state custodianship of certain land', so as to give citizens 'access to land on an equitable basis'.

The Bill was silent as to how much land might in time be taken into state custodianship. However, 'certain' land could be defined in a myriad of ways and could include all agricultural land, all urban land, or all land that was privately owned.

Depending on the scale of the custodianship taken, the ramifications could be enormous, the IRR warned. State custodianship would effectively extinguish existing ownership rights and make title deeds meaningless, as the Economic Freedom Fighters (EFF) have said. Erstwhile owners would then need land-use licences from the government for the homes or buildings in which they lived or worked. These licences would be revocable 'in the public interest' and would provide very little security of tenure.

This would undermine the use of land as collateral for bank loans and erode the stability of the banking system. It could also trigger a Zimbabwe-style economic implosion that would be devastating to South Africa and all its people.

The Bill lapsed when it was put before the National Assembly for adoption on 7th December 2021 and failed to achieve the necessary two-thirds majority. This majority proved unattainable because the EFF wanted state custodianship over 'all' land – not merely 'certain' land – and refused to endorse the Bill. However, the ANC remains committed to land expropriation without compensation and now plans to pursue this objective via the Expropriation Bill of 2020, the Land Court Bill of 2021, and other measures.

### **Hate Speech and Hate Crimes Bill of 2018, 1 October 2021**

The Bill has been significantly improved since it was first gazetted for public comment in 2016, as the IRR noted in its submission. Positive changes include a significantly narrower definition of hate speech, a reduction in the maximum penalty for a second (or subsequent) hate speech offence from ten to five years' imprisonment, and the introduction of important defences for journalists reporting in the public interest or academics engaged in scientific inquiry.

However, as the IRR also pointed out, these defences do not go far enough. In addition, any definition of hate speech must comply with Section 16 of the Constitution, which guarantees the right to free speech. Section 16 protects all speech other than 'propaganda for war, incitement of imminent violence, or the advocacy of hatred that is based on race, ethnicity, gender or religion and that constitutes incitement to cause harm'.

The Bill's definition of hate speech is far broader. Nor can it be saved from invalidity by the flawed Constitutional Court judgment in the Qwelane case in July 2021 as this concerned civil liability under *Pepuda*, rather than the draconian jail terms envisaged here. The criminalisation of speech is particularly damaging, moreover, because it exposes journalists to the trauma of arrest, detention, remand, and trial even for speech unlikely to merit conviction at the end of the day.

The IRR urged that the Bill be withdrawn in its entirety. Its hate speech provisions are unconstitutional and also unnecessary, as common law rules on defamation and *crimen injuria* are available and effective.

The same applies to the Bill's clauses on hate crime. These provisions are too vague to pass constitutional muster, while the common law already recognises a racist motive for murder and other crimes as an aggravating factor meriting a harsher punishment.

### **Draft Non-Profit Organisations Amendment Bill of 2021, 29 October 2021**

Most of the proposed changes set out in the Bill are technical amendments, while several are necessary to correct typographical errors in the Non-Profit Organisations Act of 1997. However, some provisions are problematic, particularly the proposal that foreign non-profit organisations should automatically be compelled to register with the government. In addition, non-profit organisations, many of which are small, should not be obliged to appoint deputies to their chairpersons, secretaries and treasurers as it may be difficult for them to find enough people willing to serve in these posts on a voluntary basis.

### **Companies Amendment Bill of 2021, 31 October 2021**

Given time and resource constraints, the IRR focused primarily on the 'wage gap' provisions in the Bill. The Companies Act of 2008 already obliges listed companies to include in their financial statements a comprehensive description of the remuneration and benefits provided to all directors and prescribed officers. The Bill adds to this by requiring that listed companies also provide details of the gap between their highest and lowest paid employees, as well as the gap between the highest paid 5% of employees and the lowest paid 5%.

The Bill fails to explain whether the salaries to be reported are pre-tax or after-tax. Yet, according to audit firm PwC, 'the median pre-tax package for a CEO of a listed company was R5.2 million in 2020 and after-tax it was R2.8 million', which is a significant difference.

In addition, says Busi Mavuso, CEO of Business Leadership South Africa (BLSA), information about the wage gap between the top and bottom 5% of employees is meaningless without knowing the surrounding circumstances. For example, the gap is sure to be far higher in a supermarket chain with large numbers of tellers and packers than in an investment bank with mainly professional staff. However, the bigger wage gap within the supermarket chain does not mean it is unfairly 'exploiting' its lower-paid personnel.



## Fake News: A new challenge to human rights? (May)



This report examined the phenomenon of ‘fake news’: the propagation of distorted misinformation that has become a significant feature of modern societal discourse. Using a series of case studies to frame and illustrate its arguments, this study argued that this had been given particular impetus by the advent of electronic communications, particularly social media, which has in turn made disseminating ideas far easier than hitherto and has also enabled people to live within particular information environments that confirm existing biases. Of particular concern is that false information has long been used as a political weapon – chiefly with the aim of causing dissent within target communities – and new technologies have expanded its reach and influence.

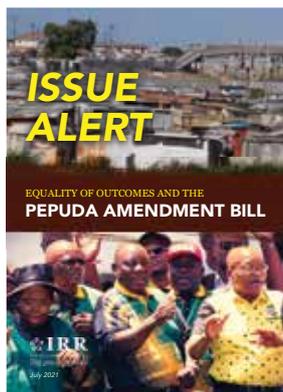
The purpose is ultimately to feed particular narratives. The paper concludes with a call for an engaged, media-literate citizenry to interpret reporting critically with a clear understanding that what may seem intuitively true, or what may claim to be accurate, may present a distorted view of events.

## Don't add chaos to disorder – Exposing the weakness of key civilian disarmament arguments (June)



In the face of a proposed amendment to the Firearms Control Act – which would radically reduce the grounds on which people might legally own firearms – this report explores some of the claims made by advocates for radical gun control. It is common cause that data on firearms and their use in South Africa is limited. The SAPS does not provide information to the public on what firearms are used in murders, and other serious, violent crimes. Even estimates of the number of guns in the country, both legal and illegal, vary significantly. So, it is extremely difficult to draw firm conclusions about the number and use of firearms. The report examines some of the information put forward in support of the proposition that firearms are an intrinsic problem and exposes numerous methodological problems.

## Issue Alert: Equality of Outcomes and the Pepuda Amendment Bill (July)



When the Promotion of Equality and Prevention of Unfair Discrimination Act (Pepuda) was adopted in 2000, the preamble to the statute declared that ‘the consolidation of democracy in [South Africa] required the eradication of social and economic inequalities’, especially those that were ‘systemic in nature’ and had been generated by ‘colonialism, apartheid and patriarchy’.

This language comes straight from the Critical Race Theory (CRT) ideology now sweeping through the United States and other Western countries. In 2000, however, CRT was still in its infancy – and South Africa was far ahead of the global curve in seeking, via Pepuda, to demand equality of outcomes in every sphere.

However, the equality provisions were never brought into force, reportedly because of the National Treasury’s concerns about their economic ramifications. Now, however, the equality clauses are to be tightened up and brought into operation.

The proposed amendments are vaguely phrased and potentially enormously damaging. Among other things, they will pressurise a host of companies and other entities to change the terms on which they interact with black, female, disabled, poor (and many other) people to avoid heavy penalties for failing to ‘promote equality in terms of impact and outcomes’.

The obligations imposed by the Bill will be impossible for companies and other entities to fulfil. They will also be extraordinarily costly and burdensome, if only because the ‘equality’ being demanded cannot be measured, let alone attained. In addition, the unrealistic expectations raised by the Bill will inevitably remain unmet, fuelling polarisation and giving impetus to yet more statist interventions.

### The SA Pink Vote (August)



South Africa is unique in the world in that it protects people from discrimination on the basis of sexual orientation. This report examines the political involvement of LGBTQIA+ people in South Africa, and argues that this community is a strategically untapped market for political parties. It also found that the LGBTQIA+ voters tend to be more politically engaged than other demographic groups. The LGBTQIA+ population might be a much larger voting bloc than previously appreciated, suggesting that it would be possible and desirable for political parties from different ideological viewpoints to compete for support from LGBTQIA+ voters. The report also noted that there were few openly queer politicians in South Africa and those who were in a position of influence needed to use the opportunity to make their respective political parties more accessible to the LGBTQIA+ community.

### A True ‘Human Right’: Why Property Rights are Indispensable (November)



As South Africa’s government has pushed for abridgement of property rights through the Expropriation without Compensation agenda, a long-standing question has been resurrected: are property rights human rights, or some type of conditional entitlement that may be dispensed with in the name of justice? The report examines this question. It looks at the origins of the idea of property rights, their inclusion in the Universal Declaration of Human Rights (and other international instruments), as well as in South Africa’s own Constitution. It then examines how the abrogation of property rights has been a significant avenue of abuse, with particular emphasis on the experience of the African continent. It concludes that no less than any other, property rights must be respected as human rights.

### 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 2022 edition was published in March 2022 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:

# SOUTH AFRICA SURVEY 2022



South African Institute of Race Relations  
The power of ideas

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

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

## IRR Media

*Objective: To publicise the research and advocacy of the IRR and strengthen the argument, and public support, for liberal ideas in society and the economy.*

In the post-1 November local elections setting – with the ANC having lost the national majority for the first time since 1994 – there has been a distinct sense of an impending sea change for the country (as the IRR has long predicted).

This creates ideal conditions for the IRR to exploit its media presence to gain attention for the sensible, liberal policy alternatives that it has fashioned over the years to offer at precisely such a juncture as a source of solution-seeking and change. We anticipate that this will be a key theme of IRR media activity over the next year.

In 2021, we had a sense that our detractors had become acutely aware of our influence, and some perhaps were even threatened by it. The resistance to our campaigns against racist thinking and policy-making suggested that people with vested interests in the ‘transformation’ business felt vulnerable.

As noted in the last quarter, one consequence of these dynamics was a series of attacks on the IRR, which – contrary to the likely expectations of our critics – proved to be a valuable opportunity to gain greater attention for our arguments, and demonstrate our steadfastness in making the case for better, liberal solutions.

We continue to work hard to ensure that the case for liberal principles and values, and the argument that economic and political freedom serves all South Africans, are reflected as broadly and as often as possible in mainstream and community media titles and platforms across the country. In this, the IRR campaigns team plays a key role in tandem with the media department in attracting public and media attention, and shifting the debate on to solution-seeking and liberal alternatives.

As noted last quarter, a significant media trend for the IRR is the growing emphasis on self-produced online material – particularly videos and podcasts, in part via the *Daily Friend* [see separate *Daily Friend* report]. The *Daily Friend* has become indispensable to the IRR media effort to win hearts and minds to the liberal cause.

## Looking ahead

As anticipated, we ended the year with a new record in the sum of quality opinion placed

in the public domain – the tally of 1 334 having risen steadily from 215 opinion pieces in 2017, to 858 in 2018, 1 116 in 2019, and 1 199 in 2020. The rate of growth will likely flatten, but we will strive to sustain this high visibility, which will require the steady application of the IRR team's energy, commitment and brain power.

Strategically, as the country turns away from the ANC and its failing policies, the media department has a key role in generating media and public interest in the range of detailed alternative policy proposals which the IRR has developed over time. There will likely be a growing appetite for new ideas – both as a means of crafting solutions, but also as a source of optimism in the prospects of a turnaround. This presents a significant opportunity for the writers and other media practitioners in the group to draw on the extensive body of research within the IRR and to exploit the experience and insights of our researchers.

Our relationships with key media figures are sound, but the Covid period has necessarily curtailed the opportunities to sustain these relationships in person. As social conditions become less restrictive, we intend working on refreshing personal contacts across the media landscape.

### **IRR Campaigns**

*Objective: Generate political pressure through campaigns and petitions, as well as support for the Friends crowdfunding initiative.*

#### **Activity report**

Just before the fourth quarter began the IRR was subjected to a series of heavy-handed criticisms, including an open letter signed by 80 signatories that accused the IRR of peddling 'misinformation' and 'betraying its legacy'. The letter called for a boycott of the IRR unless it reversed its commitment to classical liberal principles, stopped campaigning for civil rights and limited itself merely to esoteric research publication.

Despite this, or perhaps in part because of the sober and judicious responses from IRR staff and supporters amplified across national platforms, the IRR's crowdfunding project continued to grow through to the end of 2021. In early October, the IRR launched its campaign to disband the National Coronavirus Command Council, end the National State of Disaster and amend the Disaster Management Act to protect parliament from indefinite usurpation in the future. This campaign gained nationwide prominence. The talking points it injected into public discourse months ago are now mainstream.

Towards the end of the year the IRR was able to celebrate a profound triumph. Having foreseen the haunting spectre of expropriation without compensation years in advance, the IRR led civil society's defence of the quintessential human right called property rights. The Constitution Eighteenth Amendment Bill was defeated, with not a single argument left to defend it, in large part thanks to the tireless work of IRR staff. However, the battle for securing property rights in South Africa is not over.

#### **Year in Review**

From a crowdfunding perspective the target for 2021 was to reverse any potential slide and build the Friends funding base in order to expand capacity for both IRR research and the IRR campaigns to defend civil rights. Though not to the full extent that was hoped for, the goal of expanding Friends in 2021 has been achieved with momentum into 2022.

IRR campaigns continue to move up avenues that are emphatically not racial. To be sure, survey research on race relations remains the core component of all campaign efforts. The good news that this research displays, namely that most South Africans have

largely decent and amicable attitudes about race, remains the single most repeated talking point across IRR campaigns and live media appearances. Being tasked to remind audiences on community and national platforms that common sense inheres among the silent majority – despite all the divisive rhetoric that emanates from most loudspeakers – is an honour in service.

We started the year by lobbying for private companies to be able to import Covid-19 vaccines and ended the year by successfully campaigning for a lift of the ban against booster shots; we campaigned against a law to remove self-defence firearms and we campaigned for the issuance of title deeds to de facto state vassals; we went to court to demand regular elections and we went to the Union Buildings to deliver a manifesto to stop citizen abuse; we campaigned against a 12% job-shedding tax increase and for practical solutions to boost employment; we sent investigative teams to report on rural murder cases and highlighted communities seeking peace and securing development; we pressured banks and private health providers to transparently represent their clients' interests and opposed legislative attempts to curtail free speech. Everywhere our campaigns attempt to answer the question: what is the most that true words can do to secure freedom and prosperity?

This is deeply embedded in the IRR's legacy of securing healthy race relations. When freedom and prosperity diminish, political opportunists have the greatest opportunity to drive wedges through socially salient cleavages, to inflame racial tensions, to ramify revanchist angst, and to profit from making bad trends worse. As both South African Nobel Laureates who died in 2021 – F W de Klerk and Desmond Tutu – reflected, South Africa avoids racial strife not by monomaniacal fixation on race itself, but by forging ahead in the knowledge that the value of an individual person is innate, unique, and inalienable.

Below is a table that shows cumulative Friends statistics for January to December 2021.

<b>Friends of the IRR</b>	
<b>Friends Initiative</b>	<b>Sign-ups – Year to date 2021</b>
<b>Carry forward net amount of Friends at 31 December 2020</b>	<b>17 638</b>
New Friends 1st quarter 2021	396
Plus reinstatement of previously cancelled Friends	160
Less cancelled Friends 1st quarter	-687
	<b>17 507</b>
New Friends 2nd quarter 2021	567
Plus reinstatement of previously cancelled Friends	119
Less cancelled Friends 2nd quarter	-279
	<b>17 914</b>
New Friends 3rd quarter 2021	685
Plus reinstatement of previously cancelled Friends	135
Less cancelled Friends 3rd quarter	-353
	<b>18 381</b>
New Friends 4th quarter 2021	749
Plus reinstatement of previously cancelled Friends	112
Less cancelled Friends 4th quarter	-249
	<b>18 993</b>
Total debit orders presented December 2021	13 204
Total debit orders returned December 2021	-800
<b>Active number of Friends end December 2021</b>	<b>12 404</b>
<b>Floating Friends therefore:</b>	<b>6 589</b>
Net sign-up growth of Friends per working day 1st quarter 2021 (negative)	-2
Net sign-up growth of Friends per working day 2nd quarter 2021	6
Net sign-up growth of Friends per working day 3rd quarter 2021	7.3
Net sign-up growth of Friends per working day 4th quarter 2021	9.5
Currently between 2-3 agents calling per day. New recruits to start soon plus move to new building should attract more suitable agents.	
Average value per sale 2021	R75.49

## **IRR Bursaries**

*Objective: To administer bursary funds in accordance with the funders' conditions; to assist tertiary students in funding their studies.*

The IRR Bursaries programme has a long and proud history. More recently, however, the programme has faced challenges as funds have declined and more students are able to obtain state funding through the National Student Financial Aid Scheme (NSFAS) or private funding from other organisations. In 2021, the IRR received 9 845 Bursary applications for the 2022 study year, of which 30 were successful. Of the 29 students receiving funding during the 2021 study year, 16 had their bursaries discontinued because they secured NSFAS or contractual funding from other sources; 9 graduated; and 4 continued their studies. The IRR is considering various options regarding the way forward for this programme.

## IRR Platforms

### The Daily Friend



*Objective: The aim of the Daily Friend is to promote liberal ideas and liberalism broadly through its writers, as well as provide a platform that other media groups may not.*

The readership of the *Daily Friend* (TDF) continued to grow in 2021. The number of unique users was 901 506, an 8% increase over the number of people who visited the site in 2020. However, the number of articles read, at around 3.8 million, was nearly 50% higher in 2021 than in 2020. This indicates that more users are returning to the site and that they are reading more articles.

Overall output was also up. The number of opinion articles increased from 471 published in 2020 to 750 in 2021, with similar increases in other outputs, such as news pieces and videos. In total, the *Daily Friend* published 1 892 pieces of content (opeds, news items, cartoons, videos) in 2021, or around 5 per day on average.

In addition, engagement on the site increased. Analytics from the Disqus commenting service show that in May, the first full month in which the service operated, there were 1 550 comments and nearly 5 000 engagements in total (reactions to articles and up- or downvoting of comments). In December (traditionally a month with lower numbers of readers and engagements) there were 1 716 comments and 3 419 engagements. On average (for the period from May to December) there were 2 114 comments a month and 4 062 other engagements, with these metrics increasing steadily over the year, with the expected lull in December.

There was similarly strong growth in social media for TDF. At the end of 2021 TDF's Facebook page had over 60 000 likes, compared to just over 40 000 at the end of 2020, a growth of 50%. The number of people who had seen at least one TDF post was over 1.5 million in 2021, also reflecting a 50% increase over 2020. At the end of 2021 TDF's Twitter account had over 3 200 followers, an increase of 47.5% compared to the end of 2020.

TDF also has two ways of directly communicating with readers, through a daily email and a separate daily WhatsApp. Over 1 500 people received a TDF WhatsApp daily at the end of 2021 (compared to just over 1 200 who received it at the end of the same period in 2020). The number of people who received a daily email from TDF was much larger, with nearly 120 000 people receiving it at the end of 2021.

A commenter, 'Swarlos', reacting to a TDF editorial entitled "Debate is the essence of liberalism", said 'Great! This is exactly why I will continue to support the IRR. The value of open discussion and constructive disagreement is so rarely recognised anywhere else. Keep up the good work and never be pressured to resort to censorship.'

Some of TDF's most popular stories in 2021 were those where TDF or IRR staff were 'on the ground'. Stories filed by Gabriel Crouse, Terence Corrigan and Caiden Lang, reporting from Piet Retief (Crouse) and Dundee/Glencoe (Corrigan and Lang) were well received and TDF was often the only news agency reporting on the issue at hand.

### The Daily Friend Show



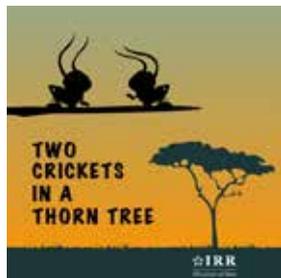
*Objective: Fight the battle of ideas through news analysis in the podcast and YouTube space.*

The Daily Friend Show is a half-hour long podcast broadcast every Monday to Thursday, with Nick Lorimer hosting two guests, normally IRR staffers. It is released on YouTube and various podcast hosting platforms. There are also occasional specials.

2021 saw significant growth for The Daily Friend Show from where it ended in 2020. The number of YouTube subscribers doubled, from 3 336 in 2020 to 7 721 in 2021, and the show performed well in various podcast rankings, regularly being in the top ten for News Commentary for South African podcasts and ranking as high as 2nd in some weeks. In the News category, it ranks among the top 30 most listened to podcasts in South Africa. The News category is dominated by foreign podcasts, with Clement Manyathela's show and Eusebius McKaiser's podcast being the only South African podcasts that rank higher than the *Daily Friend*.

In 2021 the podcast made the move from audio only to video and audio, as we started posting videos of the show on YouTube. The show also went from pre-recorded to live and began appearing on both Facebook (June) and Twitter (August). Very quickly YouTube has become our biggest platform, with the number of people accessing the platform on YouTube being nearly five times the number who listened to us on audio only. 214 videos were uploaded in 2021. They were viewed a cumulative 639 044 times by an estimated 52 600 unique viewers, for a total watchtime of around 116 900 hours. The TDF podcast was downloaded 232 185 times and listened to by an estimated 86 000 unique listeners.

### Two Crickets in a Thorn Tree



*Objective: Tackle the battle of ideas from unexpected directions and help establish the IRR as a gateway to understanding the world beyond SA.*

The Two Crickets podcast is released on a less strict schedule than The Daily Friend Show and is co-hosted by Lorimer and Gabriel Crouse. It is normally just over an hour and a half long. This podcast remains a much more niche project than other IRR media products. As a result, it has a much smaller audience, but – it seems from anecdotal evidence – one that is much more engaged. In 2021 42 episodes of the podcast were produced, which were downloaded 31 130 times cumulatively, by 19 421 unique listeners.

### Liberal Club



*Objective: Foster discussion and learning within the IRR and the liberal community. Forge contacts with liberals across the world.*

The Liberal Club continues to be a highlight of the week for IRR staff and guests as well as a stimulating intellectual environment which has expanded the IRR's intellectual connections and contacts with the wider liberal and liberal-friendly space. In 2021, 35 discussion sessions were hosted with a variety of internal and external speakers, on topics ranging from the limits of human knowledge to the right to express stupid ideas, from black holes to Critical Race Theory and ethnic epistemology.

There were 43 discussion sessions with a variety of internal and external speakers on a wide range of topics relating to the battle of ideas; below a table of the external speakers only.

<b>The Liberal Club external speakers 2021</b>		
<b>Topic</b>	<b>Speaker</b>	<b>Role</b>
How the law can be used to fight the Battle of Ideas	Mark Oppenheimer	Advocate
Political violence in KZN	Greg Arde	Journalist
Limits of human knowledge	Michael Blastland	Cambridge University's Winton Centre
The Cracking Social Contract	Bronwyn Williams	Futurist
Engineering a new dark age	Douglas Kruger	Consultant and author
"#StayWoke: Go Broke"	Helen Zille	Federal Council Chairman of the DA
Lwazi Lushaba and the right to express stupid ideas	David Benatar	Professor at UCT
Democracy and Islam	Hussein Solomon	Academic Head of Department: Political Studies and Governance
Germany and Merkel	Wolfgang Drechsler	Journalist, Africa correspondent: Handelsblatt
Black holes and the final images before the abyss	Dr Silke Britzen	Astronomer at the Max Planck Institute for Radio Astronomy in Bonn
Ukraine and Russia	Yarik Turianskyi	Researcher, South African Institute for International Affairs
Critical theory	Helen Pluckrose	Author, academic, founder of Counter-weight
The role of the parliamentary Catholic liaison office	Mike Pothier	Catholic liaison officer
His journey to Nova Mentis	Philasande Shongwe	Nova Mentis co-founder
Canada-South African trade	Garreth Bloor	IRR council member
Rwanda and Kagame	Michela Wrong	Journalist and writer
Vaccine passports	Russell Lamberti	IRR council president
South African trade	Chris Hattingh	Deputy director, Free Market Foundation
Debt	Neels Heyneke	Technical analyst
What is "truth"?	Sharon Solomon	Editor-in-chief, Newsi.co.za
Unethical influence	John Hunter	Psychology lecturer
Ideas and policies that will uplift the people of Africa	Phumlani Majosi	Analyst, IRR council member
The real problem with Critical Race Theory	Darren Zook	Political science professor, University of California at Berkeley
Polling and Ramaphosa	Gareth van Onselen	Pollster and writer
My GenXperience of social justice theory	Carolyn Cronje	Liberal Club Member
The dangers of securitisation and the shadow government in Angola	Paula Cristina Roque	Writer and expert on Angola and South Sudan
Cycles in American Domestic Politics and the Current Situation	Kevin Colglazier	Financial expert

## 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.

A breakdown of the BDL project's activities in 2021 is provided below.

Big Daddy Liberty metrics					
Platform	Metric	Jan-Dec 2021	At 30 Dec 2021	Jan-Dec 2020	At 30 Dec 2020
YouTube	Number of videos posted	158	–	113	–
	Number of views	634 317	–	922 726	–
	Channel subscribers	–	34 000	–	31 087
Facebook	Number of videos posted	167	–	122	–
	Number of views	979 220	–	2 261 900	–
	Page likes	–	85 342	–	54 239

BDL 2021 stats				
	Number of Videos	Number of Views	Total Subscribers	Total Likes/ Follows
January	12	175 834	31k	75k
February	30	244 028	31k	75k
March	28	96 472	31k	75k
April	23	135 415	31k	75k
May	34	138 452	31.k	75k
June	29	109 332	31.1k	75k
July	28	207 988	33.1k	76k
August	36	160 654	33.7k	76k
September	34	35 714	33.6k	76k
October	35	76 640	33.9k	74k
Nov & Dec	30	88 121	34k	75k

## Educate Don't Indoctrinate



*Objective: Provide a resource for parents and teachers to acquaint themselves with the principles of Critical Race Theory and to offer advice and assistance as to how to manage it.*

This initiative was launched in August 2021 and is still very new. As it deals with sensitive topics, it often works in the background to maintain the confidentiality of the parties involved. In terms of output, the initiative posts articles and videos on the website ([www.edonti.org](http://www.edonti.org)), on Facebook and on Twitter, from outside sources as well as internal writers and content producers. In 2021, Edonti produced 4 videos and 18 articles, and hosted 19 third-party videos and 24 third-party articles.

## Freedom Advocacy Network (FAN)



*Objective: FAN empowers, builds, and connects people to become advocates for freedom.*

Launch date: 1 June 2021.

The Freedom Advocacy Network (FAN) was launched in June 2021. Its purpose is to empower individuals to become problem-solvers in their own lives and communities; build relationships of trust between citizens from all backgrounds to confront problems together; and connect freedom-loving people to fight for an accountable, honest, effective, and limited government.

FAN uses social and digital media extensively to make the case for freedom accessible to people who are usually excluded from public or political discussions and decisions; secondly, it makes strategic use of legal work and litigation, transforming courts into public platforms to argue for freedom.

Between its launch in June 2021 and the end of the year, FAN built a Facebook page with 42 146 likes. Its website recorded 315 043 pageviews from 219 737 visitors, and 13 865 visitors signed up to receive the FAN e-mail newsletter. FAN also produced 75 podcast episodes, uploaded 91 videos to YouTube, published 58 articles and produced 15 explainer videos. On the strength of its content, FAN aims to establish a stable membership base of supporters giving small regular donations.

The legal arm of FAN, the FAN Justice Project, achieved a satisfying victory in the very last days of 2021 when it assisted the Forum For Democrats (FFD), a minor political party that had contested the 2021 local government elections in the Ramotshere Moiloa Local Municipality. The Electoral Commission (IEC) had erroneously allocated a seat to the EFF that should have gone to the FFD. The FFD had struggled to receive adequate cooperation from the IEC and approached FAN to assist. In March of 2022, the matter was resolved before the North West high court at Mahikeng and the FFD was allocated its seat.

## Centre For Risk Analysis



*Objective: To provide strategic advice and scenario planning services to institutions and individuals with the broader objective of generating revenue for the IRR and contributing to the public policy debate.*

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.

Frans Cronje's successful tenure as Director of the CRA ended on 30 November as he officially handed over the Directorship to John Endres.

The CRA YouTube channel continued to show impressive growth, reaching 2.4 million views over the lifetime of the channel, with short videos published every weekday at 7am. 240 videos were produced in 2021 and the channel accumulated 28.5k subscribers by the end of the year. The website attracted around 52 000 users. A weekly newsletter was introduced in July, with 14 weekly editions produced in Q3 and a further 10 in Q4 (annual total of 24). Newsletters highlight a chart of the week, a video of the week, and links to recent CRA webinars and media engagements.

During 2021, the CRA published the following reports and documents:

### **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 2021.



#### **Fast Stats January 2021**

##### **Key takeaways:**

- The **Leading Business Indicator** was up 4.5% in October 2020 in comparison to October 2019.
- **Equities net purchases/sales** by foreigners for January-November 2020 reached -R136.9 billion.
- The average **gold price** per ounce in 2020 was \$1 770, compared to \$1 392 in 2019.
- The average **crude oil price** (brent/barrel) in 2020 was \$41.83.
- South Africa recorded a **merchandise trade** surplus of R238.3 billion for January-November 2020.



#### **Fast Stats February 2021**

##### **Key takeaways:**

- The growth in **money supply** in December 2020 was 6.15%, compared to 5.56% in December 2019.
- The average **platinum price** per ounce in January 2021 was \$1 087 compared to \$991 in January 2020.
- The average **crude oil price** (brent/barrel) in January 2021 was \$54.70.
- Total **vehicles sold** in January 2021 were down 13.9%, compared to January 2020.
- The volume of **manufacturing production** in 2020 was down 11.0%, compared to 2019.



#### **Fast Stats March 2021**

##### **Key takeaways:**

- The **RMB/BER Business Confidence Index** was down 5 points in Q1 2021 from Q4 2020.
- The average **crude oil price** (brent/barrel) in February 2021 was \$61.97.
- South Africa recorded a **merchandise trade** surplus of R11.8 billion in January 2021.
- **Vehicles exported** were up 8.0% for January-February 2021, compared to January-February 2020.
- The volume of **mining production** in January 2021 was down 6.2% compared to January 2020.



#### **Fast Stats April 2021**

##### **Key takeaways:**

- The **headline inflation rate** in February 2021 was up 2.9% compared to February 2020.
- **Bonds net purchases/sales** by foreigners for January-February 2021 reached R-16.4 billion.
- The average **gold price** per ounce in March 2021 was \$1 720, compared to \$1 593 in March 2020.
- The average **crude oil price** (brent/barrel) in March 2021 was \$65.53.



### Fast Stats May 2021

#### Key takeaways:

- The RMB/BER **Business Confidence Index** was down 5 points in Q1 2021 from Q4 2020.
- **Core inflation** in April 2021 was up 3.0% compared to April 2020.
- The average **platinum price** per ounce in April 2021 was \$1 207 compared to \$756 in April 2020.
- The average **crude oil price** (brent/barrel) in April 2021 was \$64.58.
- South Africa recorded a **merchandise trade** surplus of R96.6 billion for January-March 2021.



### Fast Stats June 2021

#### Key takeaways:

- The **Leading Business Indicator** in March 2021 was up 1.7 points from February 2021.
- The growth in **money supply** in April 2021 was 2.02%, compared to 10.48% in April 2020.
- The average **gold price** per ounce in May 2021 was \$1 849, compared to \$1 718 in May 2020.
- The average **crude oil price** (brent/barrel) in May 2021 was \$68.56.
- The official **unemployment rate** for Q1 2021 was 32.6%, compared to 30.1% in Q1 2020.



### Fast Stats July 2021

#### Key takeaways:

- The **headline inflation rate** for May 2021 was up 5.2% compared to May 2020.
- The average **platinum price** per ounce in June 2021 was \$1 118 compared to \$820 in June 2020.
- The average **crude oil price** (brent/barrel) in June 2021 was \$72.93.
- South Africa recorded a **merchandise trade** surplus of R202.6 billion for January-May 2021.
- **Total vehicles sold** were up 40.1% for January-June 2021, compared to January-June 2020.



### Fast Stats August 2021

#### Key takeaways:

- **Core inflation** in July 2021 was up 3.0% compared to July 2020.
- **Equities net purchases/sales** by foreigners for January-July 2021 reached -68.1 billion.
- The average **crude oil price** (brent/barrel) in July 2021 was \$75.09.
- **Vehicles exported** for January-July 2021 were up 47.3% compared to January-July 2020.
- The volume of **mining production** for January-May 2021 was up 20.6% compared to January-May 2020.



### Fast Stats September 2021

#### Key takeaways:

- The **Leading Business Indicator** in June 2021 was up 2.3% compared to May 2021.
- **Bonds net purchases/sales** for January-August 2021 reached -R60.5 billion.
- The average **gold price** per ounce in August 2021 was \$1 785, compared to \$1 970 in August 2020.
- The average **crude oil price** (Brent/barrel) was \$70.90.
- **Tractors sold** for January-August 2021 were up 29.6% compared to January-August 2020.



### Fast Stats October 2021

#### Key takeaways:

- The **headline inflation rate** in August 2021 was up 4.9% compared to August 2020.
- The average **platinum price** per ounce in September 2021 was \$971 compared to \$906 in September 2020.
- The average **crude oil price** (brent/barrel) in September 2021 was \$74.41.
- South Africa recorded a **merchandise trade surplus** of R332.1 billion for January-August 2021.
- The volume of **manufacturing production** for January-August 2021 was up 11.6%, compared to January-August 2020.



### Fast Stats November 2021

#### Key takeaways:

- The growth in **money supply** in September 2021 was 4.01%, compared to 9.45% in September 2020.
- **Equities net purchases/sales** by foreigners for January-October 2021 reached -R108.5 billion.
- The average **gold price** per ounce in October 2021 was \$1 777, compared to \$1 901 in October 2020.
- The average **crude oil price** (brent/barrel) in October 2021 was \$83.70.
- South Africa recorded a **merchandise trade surplus** of R352.2 billion for January-September 2021.

### 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 were published in 2021.



#### South Africa's Quality of Life (January)

This report assessed living standards across South Africa's nine provinces as well as its four main 'racial groups'. It also identified social and economic indicators where the country underperforms and what must be done to improve the lives of all South Africans.



#### The 2021 Budget: Living on Borrowed Time (February)

This edition assessed the macroeconomic trends and key policy risks emerging from the National Budget delivered by the Minister of Finance, Tito Mboweni, on 24 February 2021. Key highlights of South Africa's deteriorating fiscal position included expenditure outstripping revenue and runaway debt levels.



#### The Education Illusion (March)

This edition looked at South Africa's broader education system, providing an assessment of quality and output over time. The report found access to critical facilities and amenities at schools to be lacking and highlighted the low levels of school and tertiary level throughput.



### **The Long Lockdown and the South African Consumer (April)**

This edition revisited the impact of the Covid-19 pandemic on consumer behaviour, first explored in July 2020. The report revealed diminished consumer confidence and household expenditure levels, coupled with high household debt levels. Also noted was the increase in online activity, owing to the Covid-19 lockdown.



### **Profiling South Africa's Provinces (May)**

This edition provided comparative data on South Africa's nine provinces across key areas: demographics, the economy, education, health, social security, living conditions, as well as crime and security. Emphasis fell on the need to abandon a centralised, one-size-fits-all approach in favour of greater provincial autonomy.



### **Business Unusual (June)**

This edition examined South Africa's hostile business environment. The report provided a comprehensive analysis of changes in business conditions across various industries, business and consumer confidence, energy supply constraints and the labour market.



### **Criminal State (July)**

This edition looked at South Africa's national crime trends – including the July 2021 unrest in Gauteng and KwaZulu-Natal – as well as anti-crime resource allocation. The report highlighted an uptick in violent crime and violent protests, and a growing preference for private security and vigilantism among South Africans.



### **All Politics Is Local (September)**

This edition provided a comprehensive analysis of municipal electoral and financial performance. It highlighted the importance of the youth as a key driving force for political change and attributed the decline in the ANC's electoral performance to deteriorating living standards and poor service delivery.



### **ANC on a knife-edge (October)**

This edition provided new polling data on voter preferences ahead of South Africa's 2021 local government elections. The report included a comprehensive analysis of voting intentions, public support for political leaders, voter attitudes towards corruption, and the CRA's call on the elections.



### **A new era in South African politics (November)**

This edition looked at South Africa's new political alignment in the aftermath of the 2021 municipal elections. The report included data and analysis of voter turnout and the rise of the non-voter, the decline of ANC dominance, election results by metropolitan municipality, and the realignment of South African politics.



### **The State of South Africa (December)**

This edition provided an overview of contemporary South Africa. The report included data and analysis of the economy and government finances, the labour market, health and living conditions, education levels, safety and security, as well as public perceptions of South African life.

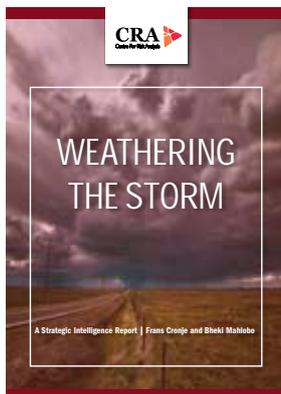
### **Strategic Intelligence Report**

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.



### **China and The World: The Geopolitics of East Asia (March)**

This report explored how the geopolitics of East Asia influences the foreign policy actions of the People's Republic of China. From the South China Sea to the Taiwan Strait, how does the modern Chinese state deal with its hostile geostrategic environment in order to expand its military and economic reach?



### **Weathering the Storm - SA's High Tide of Revolution (September)**

This report addressed the conspiracy theories surrounding the origins of the July 2021 riots and analysed their impact on South Africa's political trajectory. It also provided an overview of how families and businesses could remain resilient during those turbulent times.

### **CRA Risk Alerts**

Every Monday morning, CRA discusses 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)**

The annual *Socio-Economic Survey of South Africa* (published as the *South Africa Survey* by the IRR) provides primary data on the economy, government finances, living standards, healthcare, crime, education, and demographics. It is an indispensable resource for any firm with interests in South Africa.

The 2022 edition was published in March 2022, 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  
**CRA** Centre for Risk Analysis

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

## **IRR Head Office**

### **Governance and compliance**

- The 2021 meeting of the Council was held online on 12 June 2021.
- The 2021 annual general meeting of voting members was held online on 14 June 2021.

### **Elections**

*New Chief Executive:* At its meeting on 17 May 2021 the Board considered several candidates for the position of CEO and decided unanimously on Dr John Endres. Council approved the appointment with the required majority of votes and on 27 May 2021 we announced that Dr Endres had been confirmed as the new Chief Executive of the IRR, taking over from Dr Frans Cronje, who stepped down at the end of 2021.

*New Board and election of Board Chairman:* At the Council meeting on 12 June 2021, a new Board was nominated, and subsequently elected at the AGM of Members on 14 June 2021. At its first ensuing meeting, the Board re-elected Mr Roger Crawford as its Chairman for another year.

*Replacement of retired Committee members:* Due to the retirement of some committee members, the Board needed to consider replacements. Mr Crawford proposed Mr Andrew Cadman for the Remuneration Committee and Mr Phumlani Majozi for the Social and Ethics Committee. The Board at its meeting on 16 August 2021 endorsed the nominations.

### **Resignations**

Mr Peter Campbell resigned from his positions on the Board, as well as Audit and Remuneration Committees on 14 June 2021. Mr Campbell joined the Finance (later Audit) and Remuneration Committees in 2006 and the Board in 2010.

Mr Garth Towell resigned from his positions on the Council and the Board on 14 June 2021. Mr Towell was on Council as corporate representative from 2011 to 2018 and joined the Board in 2012.

Mr Theo Coggin resigned from his position as Vice President of the Council on 24 June 2021. Mr Coggin was elected to this position in 2020 after having served on the Board since 2005 and was its chairman from 2011 to 2019.

Dr John Endres resigned from Council on 21 May 2021 in light of his appointment as CEO.

## **Finance and administration**

### **Finance**

The IRR continues to promote crowd financing, as traditional donor funding continued to be difficult to secure in 2021, except where loyal companies and donors continue to see the value of our ideals and principles.

Keeping in mind the importance of the IRR's work over the next 2 years, fundraising will be the focus in 2022 to enable the IRR and its divisions to carry on with the work.

Below follow the financial statements for 2021, which show that the IRR secured income from projects, donors, and sales of R20 049 526 in 2021, a decrease of 13.2% over 2020, and had expenses of R28 726 734 in 2021 against R30 475 053 in 2020, a decrease of 5.7%. This amounts to an operating deficit of R8 677 208. When interest is added, the operating deficit reduces to R8 624 728. When unrealised income on investments and gain on trade of investments are included, the deficit for the year after comprehensive income is R435 373.

## **Administration**

The IRR transitioned successfully into a remote-working environment and implemented and upgraded systems and programmes to ensure the safekeeping and security of all data and documents while working remotely. Changes to workflow and storing of data and documents were implemented to secure IRR's intellectual property.

## **Staff**

During 2021, we made five staff appointments and lost five staff members. Mr Sihle Ngobese's service agreement was extended in November 2021 for another year.

We retained a number of consultants and contributors, who are not on staff. Several contract people had their agreements extended by 6 or 12 months respectively. We counted a total of 34 personnel (permanent staff, staff on contract and interns) at the end of 2021, as well as nine contributors throughout the year.

Two members of staff celebrated long-service awards: Susi Eusman 35 years, and Carol Archibald 15 years of service.

## **Thanks**

Our success is the result of the hard work, courage and dedication of my colleagues, who hold the liberal line in the face of all manner of challenges. I am very privileged to work with them and immensely grateful to them and to the thousands of Friends and supporters of the IRR who make our work possible. The Institute is now over 90 years old. I am mindful of the skill and tenacity my six predecessors brought to bear to ensure that the organisation has survived this long, allowing it to help steer South Africa towards a liberal, non-racial future in which all South Africans can live together in peace to create a shared prosperity. Clearly this ship has not reached its destination yet, but it will prevail if it is guided by the liberal beacons of property rights, the rule of law, individual freedom and a market economy.



Johannesburg

May 2022

J P Endres

# SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

## ANNUAL FINANCIAL STATEMENTS for the year ended 31st December 2021

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

### CONTENTS

	Page
Company information.....	46
Corporate governance.....	47
Directors' responsibilities and approval.....	48
Certificate by the company secretary.....	49
Directors' report.....	49-50
Independent auditor's report.....	51-52
Statement of financial position.....	53
Statement of comprehensive income.....	54
Statement of changes in equity.....	55
Statement of cash flows.....	55
Notes to the annual financial statements.....	56-66

The annual financial statements set out on pages **53-66** 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 2021**

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**COMPANY INFORMATION**

<b>Country of incorporation</b>	South Africa	
<b>Registration numbers:</b>		
<b>Company registration number</b>	1937/010068/08	
<b>Non-Profit registration number</b>	000-709-NPO	
<b>Public Benefit Organisation number</b>	930006115	
<b>Nature of business</b>	Research and bursary administration	
<b>Postal address</b>	P O Box 291722 Melville 2109 Johannesburg	
<b>Registered address</b>	222 Smit Street Braamfontein 2000 Johannesburg (Virtual Office)	
<b>Auditors</b>	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors	
<b>Bankers</b>	First National Bank	
<b>Council Office Bearers</b>	R Lamberti	President
	T Coggin	Vice President – Retired 24/6/2021
	R D Crawford	Vice President
<b>Non-Executive Directors</b>	R D Crawford	Chairman of Board of Directors
	A Patel	Audit Committee Chairman
	P Leon	Honorary Legal Adviser
	W C Bishop	
	P L Campbell	– Retired 14/6/2021
	Andrew Cadman	– Elected 14/6/2021
	J A Elgie	
	Phumlani Majozi	– Elected 14/6/2021
	D F P Taylor	
	G N Towell	– Retired 14/6/2021
<b>Executive Director</b>	F J C Cronje	Chief Executive – Stepped down 30/11/2021
	J P Endres	Chief Executive – Took office 1/12/2021
<b>Company Secretary</b>	R D le Roux	
	<i>Business address:</i> 222 Smit Street Braamfontein 2000 Johannesburg	<i>Postal address:</i> 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 46 of the annual financial statements. The Board is assisted by the Audit, Remuneration, and Social and Ethics Committees, whose members are listed on page 4.

### ***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 3 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 3 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 2022 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 51-52.

The annual financial statements set out on pages 53-66, which have been prepared on a going concern basis, as well as the Directors' report presented on pages 49 and 50, were approved by the Board, and were signed on its behalf by:



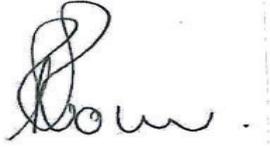
J P Endres



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 2021 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 2021.

### ***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 2021.

## **Directors**

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

<b>Non-Executive Directors</b>	R D Crawford	Chairman of the Board of Directors
	P Leon	Honorary Legal Adviser
	W C Bishop	
	P L Campbell	– Retired 14/6/2021
	Andrew Cadman	– Elected 14/6/2021
	J A Elgie	
	A Patel	– Audit Committee Chairman
	D F P Taylor	
	G N Towell	– Retired 14/6/2021
<b>Executive Director</b>	F J C Cronje	Chief Executive – Stepped down 30/11/2021
<b>Executive Director elect</b>	J P Endres	Chief Executive – Took office 1/12/2021

## **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 three 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 2021 financial year;
- Satisfied itself that the auditors are independent;
- Approved the annual financial statements of the Institute for 2021, 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.

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

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### 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 2021, 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 2021, 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 2021", 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.

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

24 May 2022

Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196

## STATEMENT OF FINANCIAL POSITION

as at 31st December 2021

	<i>Notes</i>	<b>2021 R</b>	<b>2020 R</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Furniture and equipment	2	1 035 557	1 513 639
Intangible assets	3	361 260	83 375
		<b>1 396 817</b>	<b>1 597 014</b>
<b>Investments</b>			
Special Funds			
– Bursary	18.1	14 615 013	13 980 209
Other Institute investments	18.2	23 981 228	20 991 873
		<b>38 596 241</b>	<b>34 972 082</b>
<b>Current Assets</b>			
Trade and other receivables	5	1 985 407	2 589 750
Cash resources	6	2 787 274	3 793 213
		4 772 681	6 382 963
<b>TOTAL ASSETS</b>		<b>44 765 739</b>	<b>42 952 059</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Accumulated funds		23 234 518	23 669 891
		<b>23 234 518</b>	<b>23 669 891</b>
<b>Special funds</b>			
– Bursary	16/18	14 615 013	13 980 209
		<b>14 615 013</b>	<b>13 980 209</b>
<b>Non current liabilities</b>			
Finance leases	8	–	22 053
Instalment lease	9	81 636	162 322
		<b>81 636</b>	<b>184 375</b>
<b>Current liabilities</b>			
Finance leases	8	55 462	355 612
Instalment lease	9	80 686	72 785
Income received in advance		1 779 111	1 187 924
Trade and other payables	7	4 919 313	3 501 263
		<b>6 834 572</b>	<b>5 117 584</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>44 765 739</b>	<b>42 952 059</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2021

	<i>Notes</i>	<b>2021 R</b>	<b>2020 R</b>
<b>INCOME</b>			
Administration fees received		276 873	422 594
Grants and donations		15 564 453	14 945 726
Subscriptions		4 197 692	7 604 800
Publication sales		10 508	125 615
		<b>20 049 526</b>	<b>23 098 735</b>
<b>EXPENSES</b>			
Amortisation	3	207 105	143 376
Auditors' remuneration			
– Fees for the audit	11	316 281	312 860
Bad debts		462 809	270 308
Outsourced contributors		5 669 960	6 132 172
Depreciation	2	530 260	668 488
Finance cost	10	38 372	76 751
Legal costs		126 719	239 830
Loss on disposal of plant and equipment		152 466	256 231
Overheads and administration		1 861 724	1 394 236
Personnel		17 556 956	18 420 799
Postage		12 195	96 538
Printing		12 938	278 839
Rent and utilities		732 077	1 038 657
Survey/Polling cost		50 000	50 000
Telecommunications and social media		892 404	772 777
Travel		104 468	323 192
		<b>28 726 734</b>	<b>30 475 053</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>		<b>(8 677 208)</b>	<b>(7 376 318)</b>
<b>INCOME FROM INVESTMENTS</b>			
Dividends from investments		–	116 631
Realised gain on disposal of investments		596 939	188 131
Unrealised gain on investments		7 592 416	2 895 526
Interest received		52 480	523 874
		<b>8 241 835</b>	<b>3 724 162</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(435 373)</b>	<b>(3 652 156)</b>
Other comprehensive income		–	–
<b>DEFICIT FOR THE YEAR AFTER OTHER COMPREHENSIVE INCOME</b>		<b>(435 373)</b>	<b>(3 652 156)</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2021

	<b>Accumulated funds R</b>
Balance at 1st January 2020	27 322 047
Deficit for the year	(3 652 156)
<b>Balance at 31st December 2020</b>	<b>23 669 891</b>
Balance at 1st January 2021	23 669 891
Deficit for the year	(435 373)
<b>Balance at 31st December 2021</b>	<b>23 234 518</b>

## STATEMENT OF CASH FLOWS

for the year ended 31st December 2021

	<b>2021 R</b>	<b>2020 R</b>
<b>Cash flows from operating activities</b>		
Deficit for the year	(435 373)	(3 652 155)
Adjustments:		
Depreciation/Amortisation	737 365	811 864
Interest received	(52 480)	(523 874)
Fair value (gain)/loss on investment	(8 189 355)	(3 083 657)
Loss on disposal of plant and equipment	152 466	256 231
Finance costs	38 372	76 751
Movement in working capital		
– increase/(decrease) in prepaid sales	591 187	(659 415)
– decrease/(increase) in trade and other receivables	604 343	(786 322)
– increase/(decrease) in trade and other payables	1 418 050	724 719
Sub total	(5 135 425)	(6 835 858)
Interest received	52 480	523 874
Finance costs	(38 372)	(76 751)
<b>Net cash outflow from operating activities</b>	<b>(5 121 317)</b>	<b>(6 388 735)</b>
<b>Cash flows from investing activities</b>		
Net sale/(acquisition) of investments	–	15 498 213
Net sale/(acquisition) of shares	5 200 000	(4 800 000)
Acquisition of plant equipment and other intangible assets	(714 110)	(417 474)
<b>Net cash generated/(utilised)</b>	<b>4 485 890</b>	<b>10 280 739</b>
<b>Net cash flow from financing activities</b>		
Payments of finance lease arrangements	(370 512)	(364 956)
<b>Net cash generated/(utilised) for the year</b>	<b>(1 005 939)</b>	<b>3 527 048</b>
Cash resources at beginning of the year	3 793 213	266 165
<b>Cash resources at end of the year</b>	<b>2 787 274</b>	<b>3 793 213</b>

## 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.

## NOTES (continued)

### 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

Subscription fees are recognised in the accounting period in which the services to subscribers and members are rendered.

For subscription 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.

## *NOTES (continued)*

### **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

	<i>Furniture and equipment R</i>	<i>Motor vehicles R</i>	<i>Library R</i>	<i>Total R</i>
<b>Year ended 31st December 2021</b>				
Opening net carrying amount	814 525	295 114	404 000	1 513 639
Additions	145 745	–	–	145 745
Disposals	(93 567)	–	–	(93 567)
Depreciation	(483 816)	(46 444)	–	(530 260)
<b>Closing net carrying amount</b>	<b>382 887</b>	<b>248 670</b>	<b>404 000</b>	<b>1 035 557</b>
<b>Year ended 31st December 2021</b>				
Cost	2 150 361	580 973	404 000	3 137 334
Accumulated depreciation	(1 769 474)	(332 303)	–	(2 101 777)
<b>Closing net carrying amount</b>	<b>382 887</b>	<b>248 670</b>	<b>404 000</b>	<b>1 035 557</b>
<b>Year ended 31st December 2020</b>				
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)
<b>Closing net carrying amount</b>	<b>814 525</b>	<b>295 114</b>	<b>404 000</b>	<b>1 513 639</b>
<b>Year ended 31st December 2020</b>				
Cost	3 275 359	580 973	404 000	4 260 332
Accumulated depreciation	(2 460 834)	(285 859)	–	(2 746 693)
<b>Closing net carrying amount</b>	<b>814 525</b>	<b>295 114</b>	<b>404 000</b>	<b>1 513 639</b>

Certain office equipment and motor vehicles are held under finance lease (refer to Note 8).

Book value of assets held under finance lease R60 819 (2020: R304 096)

A register with details of Plant and Equipment is available for inspection by members or duly authorised representatives at the following address: 4 Chichester Road, Westdene, Johannesburg.

### 3. INTANGIBLE ASSETS – WEBSITE DEVELOPMENT AND COMPUTER SOFTWARE

<i>Website development and computer software:</i>	<i>2021</i>	<i>2020</i>
<b>Year ended 31st December 2021</b>		
Opening net carrying amount	83 375	112 051
Additions	568 365	114 700
Disposals	(83 375)	–
Amortisation	(207 105)	(143 376)
	<b>361 260</b>	<b>83 375</b>
<b>Year ended 31st December 2020</b>		
Cost	568 365	844 188
Accumulated depreciation	(207 105)	(760 813)
	<b>361 260</b>	<b>83 375</b>

### 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 49-50 of this annual report. With the exception of one executive director, whose remuneration is set out in Note 12, there have been no transactions with the executive and non-executive directors of the Institute.

## NOTES (continued)

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Receivables	1 515 920	2 310 869
Receiver of Revenue – VAT	212 607	137 575
Staff debtors	256 880	141 306
	<b>1 985 407</b>	<b>2 589 750</b>

## 6. CASH RESOURCES

Current account	172 849	99 056
Call account	2 614 425	3 694 157
	<b>2 787 274</b>	<b>3 793 213</b>

## 7. TRADE AND OTHER PAYABLES

Payables	4 094 915	1 960 248
Accrual for leave pay	824 398	1 541 015
	<b>4 919 313</b>	<b>3 501 263</b>

## 8. FINANCE LEASES

The Institute has certain financial leases on office equipment. In terms of the leases the Institute's commitments are as follows: This lease will be paid up in February 2022.

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>Office equipment:</b>		
<b>Minimum lease payments:</b>		
– within a year	56 078	355 612
– within second to fifth year	–	40 609
	<b>56 078</b>	<b>396 221</b>
Less future lease charges	(616)	(18 556)
Present value of minimum lease payment	<b>55 462</b>	<b>377 665</b>

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

## 9. INSTALMENT SALE

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>Motor vehicle:</b>		
<b>Minimum instalment payments:</b>		
- within a year	80 686	72 785
- within second to fourth year	97 387	198 197
	178 073	270 982
Less future lease charges	(15 752)	(35 875)
Present value of minimum lease payment	<b>162 321</b>	<b>235 107</b>
Current liabilities	80 686	72 785
Non current liabilities	81 635	162 322
	<b>162 321</b>	<b>235 107</b>

## NOTES (continued)

<b>10. FINANCE COST</b>	<b>2021 R</b>	<b>2020 R</b>
Finance lease charges	38 372	76 751
	<b>38 372</b>	<b>76 751</b>

<b>11. AUDITOR'S REMUNERATION</b>	<b>2021 R</b>	<b>2020 R</b>
For audit services rendered	316 281	312 860
	<b>316 281</b>	<b>312 860</b>

Audit fees paid in the 2021 financial year to BDO South Africa Inc are for the audit of the 2020 financial year. The 2021 audit fees to BDO South Africa Inc will be paid in 2022 and will reflect as such in the financial statements.

## 12. DIRECTORS' REMUNERATION

The director's emoluments in connection with the affairs of the Institute, emoluments were as follows:	<b>2021 R</b>	<b>2020 R</b>
FJC Cronje – Salary (end November 2021)	<b>2 258 152</b>	<b>2 096 140</b>

### 12.1 PRESCRIBED OFFICERS' REMUNERATION

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

J P Endres – Salary	1 469 509	782 092
RD Le Roux – Salary	1 259 763	1 247 888
	<b>2 729 272</b>	<b>2 029 980</b>

Dr Endres joined the IRR in July 2020 as the Chief of Staff and took office as Chief Executive Officer on 1 December 2021, his appointment having been announced on 27 May 2021.

## 13. 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)

### 14. 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.

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
The total contribution to such schemes	156 063	156 329

### 15. CAPITAL EXPENDITURE

Authorised but not yet contracted for

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
	648 000	700 000

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

### 16. SPECIAL FUNDS

<b>Bursary</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Donations and grants	364 442	3 908 654
Interest	43 387	29 845
Dividends	320 297	267 578
Realised - Surplus on trading of investments	307 405	-
Unrealised - Surplus on investments	1 725 765	650 300
	<b>2 761 296</b>	<b>4 856 377</b>

#### EXPENSES

Administration fees and running costs	353 012	507 832
Bursaries and grants	1 773 480	2 592 177
Realised loss on investments	-	544 908
	<b>2 126 492</b>	<b>3 644 917</b>

#### (LOSS)/SURPLUS FOR THE YEAR

Accumulated funds at beginning of year	13 980 209	12 768 749
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#### NET ACCUMULATED FUNDS

	<b>14 615 013</b>	<b>13 980 209</b>
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A list of the balances of the Special Funds administered by the Institute appears in Note 18 and the related investments are set out in Note 20.

*NOTES (continued)*

**17. SPECIAL FUNDS**

<b>Bursary Fund</b>	<b>Capital R</b>	<b>Amounts held for Bursary awards R</b>	<b>2021 R</b>	<b>2020 R</b>
Amcham Fund	–	1 161 136	1 161 136	883 557
Clive Beck Education Trust	–	324 947	324 947	324 819
Durban Thekwini Bursary Fund	–	42 701	42 701	42 676
Giannopoulos Bequest	322 000	413 613	735 613	710 557
Horace Coaker Fund	500	1 336 122	1 336 622	1 169 668
Hungjao Bequest	821 831	465 581	1 287 412	1 145 202
Isaacson Foundation Bursary Fund	–	1 237 545	1 237 545	746 507
Johnson and Johnson Medical Bursary Fund	–	131 641	131 641	253 646
Luthuli Memorial Foundation Fund	107 883	57 276	165 159	165 159
Oppenheimer Memorial Trust	–	1 602 853	1 602 853	3 026 137
Reginald Smith Memorial Trust	10 000	4 608	14 608	14 522
Robert Shapiro Trust	–	3 909 272	3 909 272	3 336 573
Senior Bursary Fund	50 000	33 988	83 988	83 973
Shirley Simons Fund	772 778	1 808 737	2 581 515	2 077 215
<b>TOTAL BURSARY FUNDS</b>	<b>2 084 992</b>	<b>12 530 021</b>	<b>14 615 013</b>	<b>13 980 209</b>

## NOTES (continued)

### 18. INVESTMENTS

	2021 R	2020 R
<b>18.1 Bursary funds (Note 17)</b>		
Equities and other investments		
Listed Investments (Note 19)	10 962 086	8 980 333
Cash deposits	3 652 927	4 999 876
	<u>14 615 013</u>	<u>13 980 209</u>
<b>18.2 Other Institute Investments</b>		
Listed Investments (Note 20)	<u>23 981 228</u>	<u>20 991 873</u>
<b>TOTAL INVESTMENTS</b>	<u><b>38 596 241</b></u>	<u><b>34 972 082</b></u>

<b>19. LISTED INVESTMENTS OF BURSARY FUNDS</b>	<b>2021 Qty</b>	<b>2021 R</b>	<b>2020 Qty</b>	<b>2020 R</b>
<b>Chemicals, Oils and Plastics</b>				
Sasol Limited	3 060	792 540	3 060	409 826
<b>Clothing and Accessories</b>				
Compagnie Financière Richemont SA	12 000	2 896 320	12 450	1 632 195
Compagnie Financière Richemont Warrant Receipts	24 900	37 350	24 900	10 956
<b>Commercial banks</b>				
Stanbank	4 750	665 048		
<b>Food Retailers and Wholesalers</b>				
Bid Corporation Limited				
<b>Internet and Staples Retailing</b>				
Prosus N.V. - N ordinary	1 880	2 462 311	1 880	3 019 581
<b>Metals and Mining</b>				
Anglo American Plc	2 096	1 366 005	2 064	1 001 040
<b>Oil, Gas and Consumable Fuels</b>				
Thugela Resources Limited	209	17 669		
<b>Paper</b>				
Mondi Plc	3 056	1 207 578	3 000	1 029 360
<b>Preference Shares</b>				
Firststrand B-Preference shares			16 000	1 059 200
<b>Speciality Retail</b>				
Mr Price	3 200	638 400		
<b>Tobacco</b>				
British American Tobacco Plc ADR's	1 500	878 865	1 500	818 175
		<u><b>10 962 086</b></u>		<u><b>8 980 333</b></u>

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

## NOTES (continued)

20. LISTED INVESTMENTS OF OTHER FUNDS	Currency	Foreign Value 2021	2021	2021	Foreign Value 2020	2020	2020
		\$	Qty	R		Qty	R
Alphabet Inc	USD	289 359	100	4 620 515	210 226	120	3 089 281
Alibaba Group Holding Limited	USD	-	-	-	102 401	440	1 504 793
Apple Inc	USD	177 570	1 000	2 835 456	132 690	1 000	1 949 890
Berkshire Hathaway Class 'B'	USD	194 350	650	3 103 401	150 716	650	2 214 776
Microsoft Corporation	USD	252 240	750	4 027 795	222 420	1 000	3 268 479
Nestlé Corporation	CHF	167 744	1 200	2 678 570	141 555	1 200	2 078 272
Pfizer Inc	USD	177 150	3 000	2 828 750	110 430	3 000	1 622 777
Roche Holdings AG	CHF	170 489	410	2 722 411	143 340	410	2 104 485
Vanguard 500 Index Fund	USD	-	-	-	41 243	120	606 066
Walt Disney Co	USD	-	-	-	172 121	36 390	2 529 331
Cash held for investments	USD	72 915		1 164 313	70		1 036
Cash held for investments	JPY	1		17	1 545		22 686
		<b>1 501 818</b>		<b>23 981 228</b>	<b>1 428 757</b>		<b>20 991 873</b>

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 2021.

The exchange rates used at the year end 2021: ZAR/US\$ 15.9681; US\$/CHF 1.13143; US\$/JPY 0,00869.

The exchange rates used at the previous year end 2020: ZAR/US\$ 14.6924; US\$/CHF 1.13143; US\$/JPY 0,00969.

## 22. GOING CONCERN

Specific consideration has been given to the impact the Covid-19 outbreak had on the general economy which also severely affected all donations and funding to NGO's. The directors have satisfied themselves that the company has sufficient resources to meet its cash requirements. The directors are not aware of any 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 charges 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 result of those operations, or its state of affairs in future financial years.

## 23. EVENTS AFTER THE REPORTING DATE

There has been no material change in facts or circumstances between the date of annual financial statements and the date of this report, that has significantly affected, or may significantly affect the Company's operations, or its state of affairs in future financial years.

**“WE STAND FOR CLASSICAL LIBERALISM - AN EFFECTIVE WAY TO DEFEAT POVERTY AND TYRANNY THROUGH A SYSTEM OF LIMITED GOVERNMENT, A MARKET ECONOMY, PRIVATE ENTERPRISE, FREEDOM OF SPEECH, INDIVIDUAL LIBERTY, PROPERTY RIGHTS, AND THE RULE OF LAW.”**



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