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CHIEF EXECUTIVE'S REPORT TO MEMBERS FOR THE ANNUAL GENERAL MEETING OF MEMBERS OF THE IRR ON MONDAY 24 JUNE 2019

Mr President, Members of the IRR, I have pleasure in presenting this report to you. The attached annual financial statements cover the financial year ended 31 December 2018. The narrative report is written in the main to reflect developments in 2018, with some limited comments on subsequent events.

Our role and influence on a future South Africa

Many years ago, we spoke on the same stage as a prominent Zimbabwean farmer who wept as he spoke of how he regretted that when they came to him he did not tell his countrymen what he feared the evidence clearly to show – about the trajectory of that country – but told them instead, in the face of that evidence, what he knew they wanted to hear, that it would all be all right. Had they known what was coming, they might have averted disaster. For several decades it was possible for IRR analysts to at once tell the truth about our country and argue that tomorrow would be better than today. But that is no longer the case. As much as we would want to say 'it will all be all right', we have to be guided by actual government policy, the ideology that underpins that policy, and the trends that flow from there. And what this establishes, there can be no other conclusion, is that South Africa's future as a free, open, and prosperous society is far from assured and that the trends now assembled could easily tip our country towards a future of poverty and chaos.

Established in the 1920s, the IRR rose to become the most influential anti-apartheid think tank in the world and forged its unique methodology of using rigorous analysis, face-to-face lobbying, and media pressure to get politicians, government officials, and business leaders to abandon bad policies and adopt those that would advance South Africa's future as a free and open society. It has throughout that history advocated for the rights of individuals to make decisions about their own lives, families, and businesses, free from unnecessary government, political, and bureaucratic interference.

In her *The South African Institute of Race Relations 1929-1979: A short history*, published in 1979, Ellen Hellmann said 'the essence of the Institute's work, trying to influence the minds of men, is by its very nature imponderable. Many believe that the effort has been meaningful… and derive comfort from the fact that proposals that appeared at first heretical when expounded on Institute platforms have become commonplace today'.

It is exactly the role we continue to play today and we again confront a daunting series of crises:

- Today, less than half of young people have work – and on current trends will never work;
- There are now more people in welfare than in employment;
- The quality of maths and science education in schools is rated at 128 out of 140 countries;
- Roughly 5 of every 100 children will go on to pass maths in matric with a grade of 50%;
- Half a million of our fellow countrymen have been murdered since 1994 at a rate which is today 30 times higher than in most civilised societies;

- Government debt levels have doubled over the past decade, the deficit again plumbs apartheid-era lows, and the State is fast running out of money;
- Even if Treasury forecasts are realized, South Africa remains an emerging-market laggard in terms of rates of economic growth;
- Less than half of people with matric are inclined to vote for the African National Congress (ANC) and less than a quarter of university graduates – in fact fewer people vote ANC than those who will not vote, while rates of violent protest action are up over 300% over a decade, collectively foretelling the prospect of political defeat for the ANC by the end of the decade and the prospect of a coalition with the hard Left.

As the fiscal and political pressure builds, the ruling party displays ever more dangerous behaviour. It turns with ease to hate-filled racial nationalist rhetoric; it sides too comfortably with the worst pariah regimes the world has to offer; it proposes media tribunals and hate speech laws in order to foster social cohesion; in response to depressed economic conditions it offers more State encroachment; there will be state-owned mining, and banking, and even pharmaceutical firms; poverty will be addressed via redistribution and historical injustices via expropriation; racial divisions via the stricter enforcement of racial quotas; jobs will be created by stricter labour laws and higher minimum wages; and its moves, now so swift, towards eroding the property rights that anchor human liberty in all free societies open the door to the further erosion of civil rights and the rule of law.

Too many analysts try to rationalise or normalise this behaviour to the point that they would have us believe that what we see with our own eyes is not really happening, that there is nothing to be concerned about as it is all part of an elaborate 'long game' that ends with a 'new dawn'. The argument goes something like this: 'the State/ruling party only assaults property rights/racial minorities/conservative blacks/Western democracies/the market economy/freedom of speech and the rule of law in order to outwit those who would otherwise do so, and that in order to prevent such assaults you must support those leading the assaults, and even join in the assaults, because only if those now driving the assaults become even more powerful will they stop doing that which they are already so far advanced in doing. Give them a bigger electoral mandate therefore and the processes now in train will miraculously reverse themselves to produce a new dawn where property rights are secure, race and social relations are sound, the private sector rebuilds the economy, and civil rights and the rule of law are secured.

It is all completely and utterly mad.

In his famous speech in Birmingham, England in 1968, the Conservative MP Enoch Powell (whose 1959 speech on the Hola killings in Kenya would later be described as 'the strongest statement on principle about Britain's relationship with Africa ever made in the House of Commons') said: 'The supreme function of statesmanship is to provide against preventable evils.' The trouble, he said, was that 'such evils are not demonstrable until they have occurred: at each stage in their onset there is room for doubt and for dispute whether they be real or imaginary' and that 'people are disposed to mistake predicting troubles for causing troubles and even for desiring troubles: "If only," they love to think, "if only people wouldn't talk about it, it probably wouldn't happen"'.

It is a sentiment we are confronted with every day.

Powell went on to tell the following story: 'A week ago I fell into conversation with a constituent, a middle-aged, quite ordinary working man…. After a sentence or two about the weather, he suddenly said: "If I had the money to go, I wouldn't stay in this country…I have three children, all of them been through grammar school and two of them married now, with family. I shan't be satisfied till I have seen them all settled overseas. In this country in 15 or 20 years' time the black man will have the whip hand over the white man."'

Join me in rejecting the vile black man/white man analogy and replace it instead with the 'whip hand of the State', and you dare not think that there are not great numbers of South Africans, black and white, rich and poor, spread across the length and breadth of the country who fear for their future and that of their children. Argue the point and we will show you polling data on popular confidence and – always most revealing – data on how much private wealth has exited our country.

Powell continued by asking himself: 'How dare I say such a horrible thing? How dare I stir up trouble and inflame feelings by repeating such a conversation?'

His answer was that 'I do not have the right not to do so. Here is a decent, ordinary fellow Englishman, who in broad daylight in my own town says to me, his Member of Parliament, that his country will not be worth living in for his children. I simply do not have the right to shrug my shoulders and think about something else. What he is saying, thousands and hundreds of thousands are saying and thinking…'

We travel very widely and are regularly confronted by ordinary decent hard-working South Africans – black and white – who see through the faux confidence of the organised business community, express their disgust at the corruption and ineptitude of the ANC, their disappointment at the lack of courage of the Democratic Alliance (DA), their revulsion at the racism and violence of the Economic Freedom Fighters (EFF), and their hope and desire that someone will speak for them and their aspirations to live in a country that is prosperous and peaceful and where people are free to choose how they want to live.

There is a watershed in the analyst community between those who in effect shrug their shoulders and those who do not, and that watershed is marked by a willingness to confront, however heretical it seems, the implications of the ideological currents that shape the decisions taken by the South African government.

A departure point from which to understand those currents is 1912 and the establishment of what will become the ANC. Moderate and conservative relative to what was to come, the party will pass through the 1920s and 1930s, even suspending some of its liberation demands in pursuit of supporting General Smuts' efforts in the Second World War. But 1948 would herald Smuts' defeat and, as white South Africa hurtled towards apartheid, the ANC was hounded into the arms of the Soviets and the East Germans whose embrace would infuse the party with much hard-left ideology, particularly after the adoption in 1962 of the doctrine of National Democratic Revolution (NDR) by the South African Communist Party (SACP), whose lobbying efforts would see the ANC adopt the doctrine at its conference at Morogoro in Tanzania in 1969.

The doctrine of NDR was based on Lenin's theory of imperialism, which held that the wealth of the colonial powers arose solely from their oppression and exploitation of the colonised. From this foundation, Lenin argued that the purpose of anti-colonial revolutions must always be to dispossess the coloniser – and then embrace communism – failing which the colonised could never be free. The SACP made this theory applicable to South Africa by developing the notion of 'colonialism of a special type' – to mean that both the coloniser and the colonised lived together inside the same country, into which the coloniser had become permanently integrated. But, despite that integration, white/capitalist prosperity remained solely the result of the oppression and exploitation of the black majority, and indeed prolonged that poverty – and the coloniser, despite his integration, would have to be dispossessed if the colonised were ever to be free. The ANC has annually recommitted to the NDR, right up to this year.

Matters took a turn in Davos in 1991, when Nelson Mandela delivered an address in which he appeared to jettison such revolutionary dogma (the backstory is that he rewrote the paragraphs of the address prepared for him on economic policy – a great risk for him, as the ANC had yet to convene a major policy conference).

He emerged from Davos to tell his party that Afro-socialist experiments had failed and that South Africa would pursue a more pragmatic path. That, in turn, set in motion the chain of events that would isolate the hard Left in the tripartite alliance and culminate in the Growth, Employment and Redistribution, or GEAR, policy that sought to drive socio-economic upliftment through investment-driven growth.

Matched with the good fortune of interest rates that were cut in half, cheap surplus electricity, relatively low household debt levels, and the commodity boom, South Africa under Thabo Mbeki initially made some progress. The number of people with jobs doubled. Ten formal houses were built for every new shack being erected. The number of university students doubled. Economic growth rose to average 5% between 2004 and 2007 as government debt levels halved and a budget surplus was recorded.

But even as he was driving a socio-economic recovery he was planting the seeds of its collapse. His cruel health policies killed hundreds of thousands and saw life expectancy fall by 10 years; it was under his watch that the arms deal corruption set the precedent for the looting by the Gupta family, VBS bank, BOSASA and the many other horrors that lie waiting to be uncovered; it was during Mr Mbeki's presidency, analysts forget, that South Africa first ran out of electricity; his Cabinet was instrumental in seeing merit give way to race in the civil service, which in turn set up the collapse of so many government functions; and it was his own unconscionable diplomacy towards Zimbabwe that enabled the collapse both of the rule of law and the economy in that country – and marked South Africa's departure as a foreign policy peer of liberal democracies.

As Mr Mandela's influence faded, Mr Mbeki would make two further, now politically fatal, blunders that later intersected to prematurely end his own political career. The first was to send the charismatic Jacob Zuma to wrest the rural Zulu nationalist vote from Inkatha, without appreciating that if Mr Zuma succeeded (where both Mbeki and Mandela had failed) he would come to inherit the mantle of Zulu nationalism and wield it as a weapon in the ANC – exactly as came to pass. The second was on HIV and AIDS. Here, Mr Mbeki's missteps allowed the long-isolated Left within the ANC to regroup, fundraise, and develop platforms of influence around the AIDS pandemic that they later used to stunning effect to attack Mr Mbeki's economic policy and to turn public and popular opinion against him.

Those two mistakes led to Mr Mbeki's defeat at Polokwane in 2007.

The Left was happy to exploit Mr Zuma's populism to eject Mr Mbeki, while Mr Zuma was happy to ride the wave of ideologically inspired anti-Mbeki media sentiment crafted by the Left. After Polokwane, the Zuma camp would go on to loot the State, while the Left clawed back, to use the revolutionary term, 'the levers of policy influence' denied to them since Davos in 1991. And, with those levers in hand, they turned the policy clock back to the socialist dogma of 1969, cancelling more than ten bilateral investment treaties, introducing mad immigration rules, the even madder National Health Insurance (NHI) proposal, the draft mining charter, hiking minimum wage levels, and turning the screws on ever more onerous racial edicts.

That these shifts further coincided with the global financial crisis in 2008 created the perfect governance, policy, and economic storm, best highlighted in South Africa's rate of economic growth peeling away from the global average in a pattern last seen in the late 1970s, in unison with declining levels of job creation and declining popular confidence in the future – all of which we identified and began to track in great detail.

Those consequences generated the once unthinkable proposition (for ANC leaders – and many analysts) of the ANC surrendering its national majority. That fear triggered an internal power struggle between the 'leftists' and the 'looters', the victors at Polokwane, as both sides sought to escape responsibility for the ANC's reversals – a struggle in which the Left ultimately prevailed by using the thesis of 'State capture' to discredit Mr Zuma sufficiently to bring Cyril Ramaphosa to power as ANC leader. However, this was by the narrowest of margins – 179 votes out of over 4 700 delegates. And while State capture had undoubtedly done much damage, it was only a part of the problem – and in our judgement not the leading part.

Today the ideologues whose policies were central to the disaster of the past decade are still in the ruling party and the government is pressing ahead with many of the same policies – a primary target of which remains the erosion of property rights.

If you are unconvinced, consider that our colleagues tracked more than 30 separate legislative, policy, and regulatory attempts since 2008 to undermine such rights.

These started with vociferous attacks on the willing-buyer/willing-seller policy at the ANC conference in Polokwane that informed the content of the draft Expropriation Bill of 2008, which in turn informed the dropping of the Proactive Land Acquisition Strategy in 2010; the drafting of the agriculture green paper of 2011, which forewarned of every risk from land ceilings to Expropriation without Compensation (EWC), all of which would be drafted into policy and legislation within the next six years; the 20% proposal in the National Development Plan of 2012; the 50/50 proposal that came hot on its heels; the Land Restitution Amendment Act of 2014 that sought to provoke hundreds of thousands of new land claims without the budget to finance them; the subsequent Property Valuation Act via which the State sought to escape that budgetary bind; the Agri Land Bill that sought to make the State custodian of all agricultural land, as the green paper had warned, thereby escaping any budgetary bind at all; the Regulation of Land Holdings Bill that would cap farm sizes and force farmers to surrender the surplus; and now the parallel processes of the pending Expropriation Bill and proposed constitutional amendment. Yet even this chronology contains just around 10 of the 30-plus markers in the pattern, each of which built one upon the other in a systematic and ordered manner.

In parallel with the policy process ran a related and still continuing campaign of political propaganda directed at commercial farmers: that they stole the land; were responsible for 'original sin'; beat their staff; refused to pay fair wages; deepened rural poverty; refused to be part of building a better society; inflamed racial tensions; sabotaged land reform efforts; and thereby threatened through these and other sins the future stability of the entire country. It was a series of mantras repeated day in and day out on scores of media and political platforms.

The purpose of propaganda is stigmatisation and the purpose of stigmatisation is to make the targeted group 'the other' so that the society loses its ability to empathise with it, meaning that, should the State choose to launch an assault on that group, there is very little likelihood that anyone or any group would come to its defence. Such assaults can then be used to set policy precedents that can be expanded beyond the initial targeted group.

Put more simply, you inflame public anger against commercial farmers, pass laws to seize their property, and then expand the precedent to other sectors. And you get away with it because the society falls victim to the 'first they came for the farmers but I was not a farmer…' delusion.

Now we are at the brink.

That brink is represented best in the Expropriation Bill of 2019, the single culmination of the ideological, policy, and stigmatisation processes of the past decade. The Bill was tabled in December last year – a year after Mr Ramaphosa came to power, and drafted by his closest lieutenants and supporters.

Our colleague Dr Anthea Jeffery, undoubtedly South Africa's leading expert on these things, writes about the Bill as follows:

> *'The Bill is intended to complement a constitutional amendment by setting out some of the circumstances in which "nil" compensation may be paid. It also deals with the procedures to be followed in carrying out an expropriation.*
>
> *According to the Bill, "it may be just and equitable for nil compensation to be paid" for expropriated land which:*
>
> - *is used by a labour tenant (one who works for the owner for part of every year in return for the land he uses);*
> - *has been "abandoned" by its owner;*
> - *is held "for purely speculative purposes";*
> - *is worth less than the State subsidies from which it has benefited; or*
> - *is owned by a state-owned entity which consents to the expropriation.*
>
> *This list, with its five examples, is intended to reassure South Africans that EWC will be sparingly used and justifiably applied. However, the circumstances in which EWC may be deployed are expressly 'not limited' to those set out in the Bill. They may thus extend far beyond this short list.*
>
> *The Bill empowers many organs of State, including all municipalities, to expropriate land or other property by following a set of specified procedures. These are heavily skewed against the owner and in favour of the government.*
>
> *A municipality wanting to expropriate residential or other land – say, to reduce spatial apartheid and build RDP houses – must begin by investigating the property and negotiating for its purchase with the owner. If no agreement is reached, the municipality may issue a notice of its intention to expropriate. In this document, it must invite representations on the proposed expropriation and the compensation offered. The municipality is obliged to consider any representations received, but it need not respond to them or give reasons for rejecting them.*
>
> *Once it has taken these simple preliminary steps, the municipality may issue a notice of expropriation. Under this notice, both ownership and the right to possess the property will automatically pass to it on the dates set out in the notice.*
>
> *The date for the transfer of ownership could be a mere week after the service of the notice (the only time limit in the Bill is that this date must not be earlier than the date of service of the notice). The right to possess the property could pass to the municipality within another week.*
>
> *Under the Bill, law-abiding home owners will have fewer rights than criminals illegally using their warehouse to store heroin and other drugs. Though the warehouse may be seized by the State, this can be done only after its use for criminal purposes has been proved and a court order for its confiscation has been obtained. But a home can be expropriated by a municipality by following*

the simple steps set out above – and without ever having to prove to a court that the expropriation is really in the public interest or that the compensation is truly just and equitable.

Senior leaders in the SACP, still an engine of ideas within the ANC, claim that the Bill is "a very good piece of legislation". In fact, it is a draconian measure that can be used to strip millions of South Africans of their homes and other assets without the prior court orders, fair procedures, or equitable compensation which the Constitution requires.

In addition the ANC's reassurances that the "nil" compensation provisions in the proposed Expropriation Bill of 2019 (the Bill) will be used sparingly overlooks the definition of "expropriation" in the Bill, which has been carefully crafted to allow nil compensation for a host of "indirect" expropriations as well.

To understand this, some definitions are required. A "direct" expropriation arises where the State takes ownership of property. An "indirect" expropriation could be either a "custodial" taking or a "regulatory" expropriation.

A "custodial" taking arises where the State takes custodianship of property, as it has already done for all mineral and water resources. A "regulatory" expropriation arises when the State, for instance, imposes price controls on a product, thereby preventing its owner from selling at market value. In this situation, the State does not acquire ownership of the product, but its regulations result in a loss to the owner.

Under customary international law, as well as most bilateral investment treaties (BITs), expropriation is defined in a broad way to include both "direct" and "indirect" expropriations. In South Africa, Section 25 of the Constitution (the property clause) does not define "expropriation". However, the word – especially as contained in this guarantee of property rights – would generally be understood as having its usual wide meaning.

However, the Constitutional Court's majority judgment in the AgriSA case in 2013 has already begun the process of narrowing this meaning. Here, Chief Justice Mogoeng Mogoeng ruled that expropriation requires the acquisition of ownership by the State. This meant that the State's "assumption of custodianship" over an unused mining right (the issue before him) did not qualify as an expropriation or merit the payment of any compensation.

On this reasoning, further custodial takings by the State would not qualify as expropriations or merit compensation. Regulatory expropriations would be treated the same way, as these do not transfer ownership of affected assets to the State.

The Expropriation Bill includes a definition of "expropriation" which is clearly based on Mogoeng's ruling. According to the Bill, "expropriation" means the "compulsory acquisition" of property by the State. On this basis, neither custodial takings nor regulatory expropriations will qualify as "expropriations" under the Bill. Hence, "nil" compensation will also be payable in these situations.

If no compensation is payable for custodial takings, this will encourage the State to take custodianship of all agricultural land, as the Preservation and Development of Agricultural Land Framework Bill of 2014 earlier envisaged. The government could also take custodianship of all other land – whether *residential, mining, commercial or industrial – as the 2017 State Land Audit proposed and as the EFF constantly demands – and farmers/occupiers might then be invited to lease it under licence, subject to a host of empowerment requirements.*

Under the Bill's definition, a host of regulatory expropriations will also be able to proceed without the risk of compensation having to be paid. These takings will extend way beyond land – for both the Expropriation Bill and Section 25 define "property" as "not limited to land" (…including a liquor licence, as the Constitutional Court has already ruled).

On this basis, BEE ownership targets could be pushed up to 51%, without any compensation having to be paid for resulting forced sales of equities at prices below market value. Similarly, foreign security (and other) companies operating in South Africa could be subjected to 51% "indigenisation" requirements, again without compensation being payable. In addition:

- *export and price controls could be placed on coal and all other minerals identified as "strategic" by the government;*
- *price controls could be imposed on all health services, medicines, and other healthcare goods under the NHI system;*
- *medical schemes could be confined to providing a "single benefit option" in return for monthly contributions decided by the State; and*
- *"prescribed assets" could be introduced for pension funds, thereby compelling them to invest in Eskom and other failing state-owned enterprises unlikely to deliver an adequate return on these investments.*

All these regulatory expropriations are already either in the policy pipeline or under investigation by the ANC. If they proceed, many companies and other owners will suffer major losses, but will receive "nil" compensation under the Expropriation Bill.

Moreover, once Section 25 has been amended to allow nil compensation in appropriate (but no doubt unspecified) circumstances, any legal challenge to the constitutionality of these uncompensated losses will be difficult to mount.

This is what the ANC and its SACP ally have long been seeking as part of the NDR. The NDR's overall goal is to take South Africa from a free market system to socialism and then communism. Towards this end, it seeks to "eliminate" existing property relationships, as the ANC stated at its Stellenbosch national conference in 2002.

However, this has to be done by incremental steps and in keeping with what the surrounding circumstances ("the balance of forces", in NDR parlance) will permit. As the SACP cautions, if "premature attempts" are made "to eliminate all private property", this can alienate citizens and "do incalculable harm to the quest for socialism"."

Given what is at stake, the rise or fall of South Africa over the next decade will be determined as much as anything else by the passage of this single piece of legislation and the constitutional amendment that may or may not accompany it – both of which represent the final stages of a decade-long policy process, itself couched in a much older ideological battle.

We have long warned that the intention here is to see the State assume custodianship of all land in the country exactly as it did with mineral rights. In terms of agriculture, it may then look to offer leases to existing property owners on condition that they comply with licensing conditions which will be tied to meeting escalating BEE requirements. In other words, the State uses regulatory authority to force the owner of that asset to slowly surrender economic control of the asset and then ratchets up the licensing requirements over time. It is a method and principle that can be, and in many respects already is being, expanded to other sectors of the economy. The private sector becomes beholden to the State, the entrepreneur exists at the pleasure of the State and is slowly turned into a civil servant, and the State may use that regulatory authority to punish any group or individual that opposes its objectives.

A smoking gun, as it were, emerged in 2019 when an official of the Department of Rural Development and Land Reform stated in Davos that the intention of the drift of government policy was a 'National Land Act that is like our National Water Act 36 of 1998; our National Environment Management Act 108 of 1998; and our Mineral & Petroleum Development Resources Act 28 of 2002', and to change the Constitution to 'vest land in the people of SA'.

In response, the FW de Klerk Foundation asked: 'Can it be possible that the Government is seriously contemplating a constitutional amendment that would, in effect, transfer ownership of all land in South Africa to "the people" with the State as its custodian? The implications would be truly appalling and could precipitate exactly the type of Zimbabwe scenario that [the government] tells us it would be intended to avoid. And yet [this] scenario would be perfectly in line with the ANC's National Democratic Revolution and its latest iteration – Radical Economic Transformation.'

We continue to argue that this is a very plausible endgame. It has been so for at least a decade – and arguably five decades.

Why is this happening with such speed now?

We know why it is not. There is no widespread demand to go back to land, as our polls – and the ANC's polls – have confirmed. Nor is this about land reform, as such reform could be quite effectively executed within a framework that respects property rights and lends support to emerging farmers as we have repeatedly called for. Nor is this about jobs or welfare or poverty or empowerment, as we have demonstrated that land reform offers very little by way of solutions to these crises – the solutions lie mostly in cities and in higher levels of investment, a freer labour market, stronger property rights, better schools, and the pursuit of much higher levels of private sector-led economic growth. On the contrary, the manner in which the property rights debate has been handled is an important contributor to South Africa's declining real per capita GDP level and stagnant job market.

The reason for the assault on property rights is this:

The ANC knows that its long-term future is now in doubt. While the ANC has won a majority in the recent election, less than half of people with matric or higher voted for the party and less than a quarter of university graduates. Fractionally over half of young people voted for it and just over half of its votes came from urban areas. The ANC tested whether it has lost the younger, better-educated urban vote. And demographic trends alone, that now replicate those that were faced by Zanu-PF 15 years ago, may therefore be sufficient to suggest that the ANC will surrender political control of the country by the end of the decade.

This is before you consider – what we have long established – that improvements in the material circumstances of people were central to sustaining the ANC's strong majorities of the past 20 years. But without profound ideological modernisation the economy will not allow for further improvements, and living standards will slip, accelerating the party's demise.

Unable to reform, the ANC cannot grow the economy to save itself and turns instead to base racial nationalist incitement to distract from its failures, animate its supporters to vote, and open the way to the erosion of civil liberties and the rule of law – should it in time come to that.

What we are witnessing on questions of property rights is therefore not about public pressure, or poverty, or farmers, or historical injustices or even land at all – and it is irresponsible to rationalise what we see as something it is not. Instead we are witnessing a definitive phase in the 'battle of ideas' over whether South Africa will survive as a modern, free, and open society or whether, as the ANC seeks to head off defeat, it will sink our country into a socialist and later communist morass of poverty, oppression, and State control. It is a battle for the survival of the rule of law, not just in South Africa, but – given the precedent-setting influence of South Africa – across the whole sub-region, too. And what happens to farmers is simply the litmus test of what will happen to us all – meaning, and given what is at stake for the whole country, that in many respects all South Africans are commercial farmers today.

It won't happen. It is too mad. They won't do it because it will destroy the country and with it the ANC. We got that for many years from the mining industry on mining policy – a sector that is now a shadow of what it once was. For ten years, we got that from the agricultural sector, even though its own future was immediately on the line, and now that sector faces the Expropriation Bill. In less guarded moments, key former influencers in the government and ANC of the Mbeki era concede that IRR warnings on corruption, race-based policy, and cadre deployment were prescient.

Another response is that, given what is at stake, how many South African, let alone foreign, investors are prepared to find out if our analysis of the implications of NDR ideology read against worsening economic and political conditions is right, to roll the dice as it were? A former colleague put it to a well-heeled dinner in Johannesburg, the attendees of which purported to be entranced by the prospects of a 'new dawn': 'How many of you brought your money back into the country when Ramaphosa was elected?' Data on net bond and equity flows for 2018 cement the point. The faux confidence expressed at such occasions and in business and the upper middle classes is expressed by people who collectively maintain an astonishing amount of their own money out of the country but tell those without such means that everything will be all right.

But the most compelling answer is this; that no liberation government that came to power through armed struggle in southern Africa has ever lost power – the MPLA in Angola, SWAPO in Namibia, FRELIMO in Mozambique, and Zanu-PF in Zimbabwe – and you dare not doubt that there are political leaders in this country who, despite the terror, the poverty, and the food/medicine shortages of Zimbabwe, see only one thing, that 39 years after coming to power, Zanu-PF is still in charge, and they see that as a success and think that maybe they may be successful, too. And more than that, that in conceding on the sanctity of property rights they have been given the means to do so.

Too harsh? Zimbabwe, South Africa as the world's next Venezuela?

Well, here is the ANC in 2019, in a statement issued in the name of the head of Mr Ramaphosa's office in the party responding to a perfectly reasonable observation from five of South Africa's most significant trading partners on serious policy obstacles to investment.

The African National Congress (ANC) has noted with deep concern the interference by the Western imperialist forces like the USA, UK, Germany, Netherlands and Switzerland into the affairs of South Africa… the ANC condemns this dramatic holier than thou stance of these former colonisers and we would not like to relate to them on the history of master slave relations… we do not appreciate a threatening and bullying tone… they leaked their letters *to the media, suggesting they had less than honourable intentions… The ANC wants to be clearly understood that we will not be fooled into swapping one attempt of State capture and corruption for another! This is how we view the interference of these five countries, as just another form of State capture. The ANC shall not allow South Africa's Constitution and sovereignty to be undermined by these latter day colonialists.*

These are countries whose companies and their shareholders are trying to invest in our country to create jobs and the like – which could be created anywhere else in the world. And with its back to the wall, and the State running out of money, this is how the party responds. Add to that South Africa's support for the murderous and destructive regime of Nicolas Maduro in Venezuela, who won an election only by banning the opposition, and Mr Ramaphosa's own call for targeted sanctions to be lifted against the murderous regime in Zimbabwe.

South Africa's appalling foreign policy positions are a very good example of the sort of things that get rationalised and normalised by analysts and commentators to the point that they'd have us believe that the ANC did not really mean it. In the same way, Mr Ramaphosa did not mean that farmers are not being murdered in South Africa when he said that they were not being murdered. But apply just the slightest scrutiny and the rationalisation falls apart. It took an IRR intern an hour to produce the following brief foreign policy chronology:

February 2016: 'As we mobilise our people, we must say be vigilant. You must see through anarchy and people who are out there in a programme of regime change. We are aware of the meetings taking place regularly at the American embassy… those meetings in the American embassy are about nothing else other than mobilisation for regime change. We're aware of a programme that takes young people to the United States for six weeks, bring them back and plant them everywhere in the campuses and everywhere.' – Gwede Mantashe – then Secretary General (and now chairman) of the ANC.

June 2016: 'We have recently observed that there are efforts to undermine the democratically elected ANC government… they never stopped operating here… it is still happening now – the CIA is still collaborating with those who want regime change.' – Zizi Kodwa, ANC spokesperson and head of Mr Ramaphosa's office in the ANC.

June 2017: 'We must be wary of countries in the North, particularly the United States (and its allies) as well as France in its former colonies, involving itself by military means on the continent.' – internal ANC policy paper.

July 2018: 'We are going to support them [the Venezuelan government], we are not going to let them die alone. If it is necessary that we bring our soldiers to fight against the Americans we will do it, we cannot allow ourselves to be dominated by the American administration.' – South African ambassador to Venezuela at an embassy party to celebrate Nelson Mandela.

None of this is empty rhetoric but reflects the content of a 2017 report which noted: 'The 10 Countries with the lowest voting coincidence [at the United Nations] with the United States were, in ascending order: Zimbabwe, Burundi, Iran, Syria, Venezuela, North Korea, Turkmenistan, Cuba, Bolivia, and South Africa.'

That these are and remain our foreign policy peers is in and of itself sufficient to raise very important questions about whether any ideological reform at all, let alone a 'new dawn, is underway within the ANC and the government. And that these are South Africa's foreign policy peers is a warning of the type of regime that South Africa's ruling party would have no principled objection to replicating here, particularly after reunification with the EFF.

Given the bankruptcy on display in the ruling party it is all the more disappointing to see the lack of courage within the DA. It risks now the epitaph of many prominent Palestinian/Israeli leaders of 'never missing an opportunity to miss an opportunity'. It has jettisoned much of its proud liberal heritage, replacing it with a poorly tailored, and ill-concealed, counterfeit of the racial nationalist politics of the ANC – while betting that as long as nothing better comes along, its voters will still vote for it, while hoping that maybe one day, if it had better voters, it would no longer need the support of those who vote for it today.

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 on the streets of Washington and not in the jungles of Southeast Asia. Put differently, it is the ability to shape and command public opinion that determines public policy.

It is quite pointless, in our experience of many decades, to seek to convince a political movement to change its trajectory if it cannot at the same time be convinced that the balance of power in public opinion is against it. Remember that politics is about balances of power – create enough pressure to force such a balance and your ideological adversaries may change their perception of the balance of forces in public opinion, and then pull back.

We fight that battle by injecting vast amounts of information into the public domain in pursuit of the principles we have defended for 90 years. Framed on a wall in our offices is the mantra:

We stand for classical liberalism, an effective way to defeat poverty and tyranny through a system of limited government, a market economy, private enterprise, individual liberty, freedom of speech, property rights, and the rule of law.

Around those principles we specifically advocate for:

- Real economic empowerment – not the failed and counterproductive policies of the government. To really empower poor people, South Africa needs to focus on the root causes of poverty which can be found in bad schools, weak family structures, a sluggish job market, low levels of entrepreneurship, and an economy that is growing far too slowly. The government's empowerment policies address none of these things and focus instead on racial engineering that undermines investment, raises prices, reduces competitiveness, and forces entrepreneurs to comply with costly administrative hurdles while offering little to the poor and the truly disadvantaged. The victims are black and white people who cannot get ahead because empowerment policy does not focus on the things that are holding them back. Enforcing the current policies more aggressively will change none of this. We promote a bold new approach to empowerment policy that identifies its beneficiaries based on their actual socio-economic disadvantage, and helps them to escape from poverty through education, entrepreneurship and employment.
- Property rights for all – every South African has the right to enjoy the benefits of their hard work, and the government must never again have the power to take that right away. The historical denial of property rights to black people is something the IRR fought bravely against for many decades, but is something that cannot be reversed by undermining property rights today. Without property rights, South Africa will never attract the investment it needs to grow the economy and create jobs, and this will worsen the circumstances and prospects of disadvantaged people. Property rights also anchor human liberty in every free and open society because a government cannot oppress people whose property rights are secure. We therefore advocate

strongly against every law and policy that threatens property rights, and specifically lobby for policies that will use strengthened property rights to help the poor escape from poverty so they can also accumulate wealth and assets.

- Family choice – over how you want to live. It is not for the government to tell you how to educate your children, or to force you to use a dangerous public hospital or rely on an incompetent police force. We advocate for policies that allow communities to wrestle back control of their schools, hospitals, and police stations from politicians and lobby for the government to introduce healthcare and education vouchers that will allow communities to decide how taxpayer funds should be spent, for stronger school governing bodies, and for community police forums that will have the power to appoint police station commanders.
- Social justice and racial goodwill – our research shows that racism is not South Africa's biggest problem and that the great majority of black and white South Africans respect one another and want their fellow countrymen to lead successful and prosperous lives. But some politicians, activists and journalists take pleasure in fomenting conflict and trying to turn communities against each other. This minority sees every slight and injustice as being the result of racism and racial oppression. They judge you not according to your individual circumstances, beliefs, or commitment to the success of our country but only according to your race and use that judgement to encourage the State to interfere in the choices you make about how you want to live. We think this is wrong and that the silent majority of South Africans who want to work together to build a better country must be given a voice. We therefore counter the hate-mongering in the media and social media by emphasizing the common ground that unites South Africans.
- Tax justice – today the government takes through taxation more of the money created by hard-working South Africans than at any time in the history of the country. Much of that money is wasted or misspent through corruption. Some politicians and activists then blame those same hard-working South Africans for not doing enough to create a better society. The tax paid by all South Africans and the jobs created by entrepreneurs have done an enormous amount to improve living standards, and this contribution must be recognised and celebrated. South Africa's real problem is not that ordinary people do not do enough, but rather that the government wastes so much of the tax they pay. We therefore fight to make sure that more money stays in the hands of ordinary people who made or earned it so that it can be better spent to help create a prosperous society, while exposing and stopping the wastage of government resources.
- Freedom of speech – there should be no limits on what you are allowed to say or think except where such ideas threaten physical harm against another person. It is dangerous that South Africa has imported from Europe and America a culture that seeks to protect people from things they don't like to hear through creating 'safe spaces' and savaging any person who holds an opinion that is not seen as politically correct. Political correctness is strangling our society and risks a tyranny of the minority where a small group of politicians, activists and journalists get to decide what you are allowed to say or think. We advocate against all threats to freedom of speech and all attempts to force 'group-think' in business, academia, the media, civil society, and politics.
- Political accountability – we think that politicians should be directly answerable to people. In South Africa you do not vote for an MP who you can call to account when the government acts against your interests. Rather you vote only for a party, which then appoints a certain number of MPs, depending on its share of the vote. This

means that MPs are answerable to party leaders and this is the main reason why many political parties support policies and take decisions that directly threaten our future. We advocate for Parliament to be divided into an upper and a lower house where the MPs in the lower house will be elected directly out of community constituencies and be answerable only to the people who elected them.

Central to all of this is the unambiguous rejection of race as the basis of government policy. It is good and right for society to help those who are disadvantaged, particularly given our history, so that any child born in our country can rightly aspire to a middle class standard of living. But it must be done not on the basis of their race but on the basis of their disadvantage. Given patterns of poverty and inequality the great majority of beneficiaries will be black but they will be beneficiaries not because they are black but because they are poor. It is a subtle but profoundly important distinction upon which hangs the whole of South Africa's liberal tradition.

If understanding and being willing to confront the ideology that shapes government policy sets the good analysts apart from the bad, then it is an understanding of this distinction that sets apart those who really work for South Africa's long-term success from those who, however well-intentioned, wittingly or unwittingly remain part of the same problem that has held our country back for so many decades.

For the time being, this distinction, let alone the idea that race should not be the basis of policy, will remain heretical. Our objective is to change that and to ensure that in time the acceptance of the distinction, and the policy implications that flow from it, will become commonplace. Only if that happens does the ideological modernisation become possible that will in turn sweep away the raft of policies that stand between South Africa and its potential as a free, prosperous, and open society.

In this fight we have one great asset which is that, contrary to what is seen on social media and promoted in much of the mainstream media, South Africa is not a society divided against itself. Racism is not South Africa's greatest problem. It stands out in our polling time and again that a comfortable seven out of ten South Africans, across lines of race and class, respect one another and remain much invested in the others' success, while sharing a surprising degree of common ground on the importance of individual choice, property rights, a market economy, and the rule of law. The great unmet challenge of South African politics is to unite the middle of good, hard-working, family-oriented South Africans – black and white. That unity has threatened every government that has ruled our country and it is a threat we are working very hard towards making materialise.

I am delighted to report that over the past year thousands of people who agree with the principles that we have defended for 90 years have joined us as Friends of the IRR, making small monthly contributions averaging less than R100. It sounds insignificant, but collectively, multiplied thousands of times over, it allows us extraordinary influence. It also cuts our dependency on the donor community which is in the main hostile to the views we advocate. We have always been a highly innovative think tank, and had we not innovated to the extent we have over the past several years I estimate that we would today be 75% smaller in terms of staff, reach, and influence. But by animating the public to support us, we can by force of numbers better prosecute the battle of ideas and turn public opinion, opening the way for sane policies that respect property rights and thereby South Africa's future as a constitutional democracy.

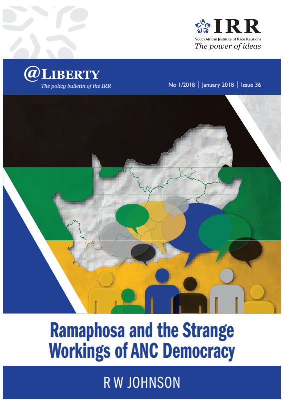
To encourage us further, know this: change in societies happens at points of crisis – and the direction of that change will usually follow that of the group which had the greatest influence on public opinion at the time of the crisis. The crisis is not far off now, and we intend to exploit it to help to define the post-crisis era.

Reports released in 2018

@Liberty

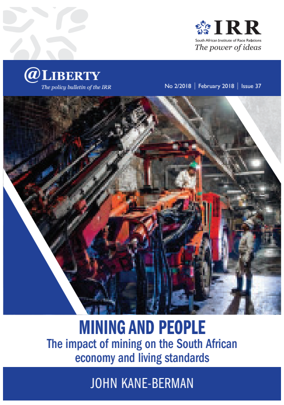
@Liberty is an occasional report which features policy analysis, proposals, and solutions for South Africa.

Ramaphosa and the Strange Workings of ANC democracy



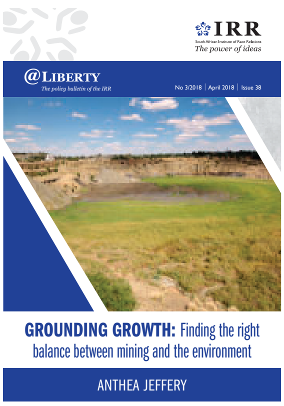
January 2018 – This report canvassed the views of some 5 000 South Africans, including roughly 2 700 self-declared ANC voters, on the ANC leadership contest (Dr Nkosazana Dlamini-Zuma versus Cyril Ramaphosa), the fight against corruption, and whether economic policies should focus on growth or redistribution. The results of this opinion poll (carried out in September 2017, with follow-up questions to many ANC voters in November 2017) showed that most South Africans are moderate in their thinking. The great majority favoured Ramaphosa, strong action against corruption, and business-friendly policies that would help generate jobs. The survey results suggested that the leadership of the ANC was badly out of touch with the views of its voter base.

Mining and People: The impact of mining on the South African economy and living standards



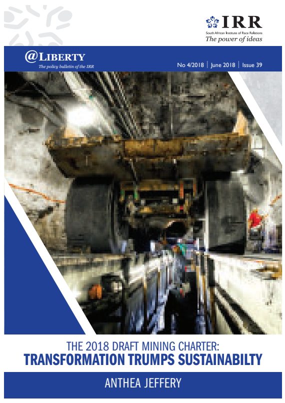
February 2018 – This report highlighted the importance of mining to the economy and wider society. Though the sector no longer dominated the economy, it still made vital contributions to export earnings, jobs, and tax revenues, among other things. Four of the nine provinces were still heavily dependent on mining, as were several large towns and the port of Richards Bay. Mining wages had increased substantially over the years, and the industry played a major part in improving the living standards of very many South Africans.

Grounding Growth: finding the right balance between mining and the environment



April 2018 – This report warned that the South African mining industry was at risk of becoming 'uninvestable' under the impact of ever-shifting empowerment rules, in particular. The industry also faced major challenges from environmental policies, where the right balance has yet to be found between protecting the environment and preserving the competitiveness of the industry. Key environmental policy challenges highlighted in the report included the absence of a single permitting system; difficulties in ensuring adequate community consultation on complex environmental issues; and the risks arising from the introduction of permanent environmental liability. Under rules recently introduced, the report pointed out that mining companies were made liable for latent environmental impacts that might come to light only decades after the issuing of a closure certificate. This unduly onerous regulatory burden, not found in other mining jurisdictions, could undermine the sustainability and competitiveness of many struggling mines.

The 2018 Draft Mining Charter: Transformation Trumps Sustainability



June 2018 – This issue analysed the mining charter gazetted on 15 June 2018, and warned that it was likely to damage the mining industry and the wider economy. The 2018 draft was an improvement on the charter gazetted in 2017, but it still included many unduly onerous and costly provisions. By changing the BEE ownership rules, it also signalled that ownership targets were likely to keep shifting in the future, thereby undermining the certainty investors need. In addition, the draft charter required mining companies to maintain 100% scores on the ownership element for some 30 years or more. It also made it clear that their mining rights could be cancelled if they failed to do so (and simultaneously fell down on other onerous charter targets). This undermined the security of mining rights and would make it more difficult to attract investment and expand the industry.

The *Risk*REPORT

The *RiskREPORT* is a confidential briefing note made available exclusively to premium subscribers of the Centre for Risk Analysis (CRA). The CRA produced six editions of the *RiskREPORT* in 2018.

Volume 1: April 2018

This edition flagged policy moves towards EWC as the country's single greatest investment risk. The report also flagged the absence of firm reformist action in areas that ranged from the labour market to empowerment policy. It also cautioned that low Treasury growth projections, a failure to demonstrate fiscal discipline and undershooting on revenue collection collectively would leave South Africa open to future rating downgrades.

Volume 2: May 2018

This edition cautioned that the rise in confidence in the reformist capacity of the government was overdone. Such confidence revealed a combination of 'big-business' political naiveté and lack of analytical rigour, and a near crippling climate of political correctness in public pronouncements. Little was anticipated in the way of moves towards structural reform in areas from labour to healthcare, education, investment, entrepreneurship, and property rights policy. Indicators from GDP growth to employment to debt and deficit levels must be expected to continue underperforming projections. The currency faced significant downside risks and South Africa was geared to sharp economic and political reversals.

Volume 3: June 2018

This edition argued that minimum wage, NHI and expropriation policies reflected a deeply established penchant for ideologically based policy and political rhetoric without regard for economics. The report highlighted negative first quarter GDP data (in line with CRA warnings) and demonstrated that the growth rate remained insufficient to address the unemployment crisis. The report warned that young people represented a political, economic, and social Achilles heel, the consequences of unemployment at over 50% and a NEET rate at over 30% in an underperforming economy being compounded by poor education outcomes. The report anticipated a rising tide of populist politicking and increasing levels of violent protest action.

Volume 4: August 2018

This edition warned that President Ramaphosa would delay or even sacrifice policy reform in order to secure unity within the ANC. It further warned that GDP growth would undershoot Treasury forecasts and take South Africa close to recessionary territory. Expropriation policy was likely to apply to areas well beyond land and agriculture and would thereby create sufficient uncertainty to, in and of itself, prevent an economic recovery. All major indicators were due to undershoot official forecasts. Electricity supply constraints would dampen the economic outlook further while government assurances that Eskom was being turned around were misleading.

Volume 5: September 2018

This edition warned that Chinese and United States (US) tensions were likely to escalate into 2019 driving significant risk-off sentiment and weakening emerging market assets and currencies. The report warned that ideology remained the dominant driver of policy and recent moves around competition policy allowed the government a dangerous degree of discretionary control over investors which in turn would open the door to corruption and power abuses. Eskom's crises were far from resolved. Major indicators were expected to undershoot forecasts. GDP growth was set to remain at around 20% of emerging market norms.

Volume 6: December 2018

This edition warned that policy makers remained far too invested in the draconian enforcement of racial edicts and related ideology to introduce the reforms necessary to pull South Africa out of its economic rut. Tax receipts were expected to disappoint amid low growth, and interest rates looked set to continue rising in conjunction with global rates, putting pressure on household spending. The report anticipated further populist politicking amidst stagnant living standards and high levels of violent protest action.

Strategic Intelligence report

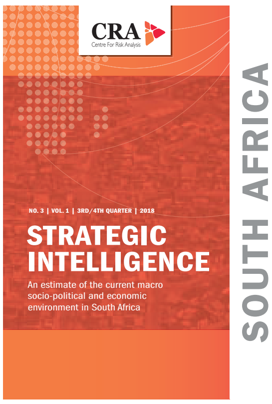
These reports provide a deep-dive analysis of the current macro socio-political and economic environment in South Africa together with scenarios on how that environment will change over the next decade. It is provided exclusively to CRA users.

April 2018: Strategic Intelligence – an estimate of the current macro socio-political and economic environment in South Africa (Vol 1/No 1/Quarter 1)

This report cautioned against premature optimism at the ascendancy of President Ramaphosa, given the slim margin of his victory at the ANC's December 2017 electoral conference, as well as the new president's often approvingly noted inclination to proceed by consensus and negotiation. If this attribute might have served President Ramaphosa well had he come to power in 1999, the report noted, it did not match the ruthless determination South Africa needed in its leader in 2018 to introduce the requisite structural policy reforms, or rid his party of the surviving corrupt and dangerous influences of the Zuma era. Given weak economic growth, hostile labour regulation, and poor schooling, the report judged that socio-economic conditions would not improve by any significant extent over the short to medium term.

July 2018: Strategic Intelligence – an estimate of the current macro socio-political and economic environment in South Africa (Vol 1/No 2/Quarter 2)

This report anticipated that, based on polling, the ANC would secure a near 60% majority in the May 2019 elections, but that the party would remain fractured and fractious, with the authority of President Ramaphosa being continually tested amidst an absence of ideological common ground. There was no appetite to challenge revolutionary dogma in the party. Corruption, and a resistance to a clean-up among former Zuma-aligned elements and attempts by party dissidents to paralyse and undermine the leadership would further dampen investor sentiment. Given the many tensions within the ANC, internal unity would be the top priority in the party until after the election, confirming an outlook of no structural reform over the short term to medium term.



November 2018: Strategic Intelligence – an estimate of the current macro socio-political and economic environment in South Africa (Vol 1/No 3/Quarter 3&4)

This report argued that the ability of the ANC to drive an economic reform agenda was increasingly impeded by a structural problem within the party, with branch structures having over several years come to reflect increasing rural dominance and the emergence of 'rural barons' reluctant to embrace reforms in areas ranging from education to the provision of title deeds. This left modernisers and reformers in the party on the back foot. It could thus not be assumed that weak economic performance and poor socio-economic indicators would necessarily prompt a coherent programme of policy reform. More likely would be a surge in aggressive and divisive racial nationalist campaigning, and populist promises, aimed at inciting racial tensions and societal divisions in the hope of maintaining party unity and shoring up flagging voter support. Better-educated and more upwardly mobile urban people were now an electoral threat to the ANC. The party would likely win the 2019 election with a diminished but still reasonable majority, but with little appetite for structural reform. Instead, South Africa would more likely see a continuation of summits, conventions, and advisory panels; envoys, road trips, and tours; gimmicks such as sovereign wealth funds, youth employment schemes, and stimulus packages; and impossible policy contradictions such as those between higher minimum wages and youth unemployment, and expropriation and the call for more investment. The report anticipated a social environment of weak schooling, poor healthcare, high unemployment, and high levels of criminal violence to remain largely unchanged over the short to medium term.

Inside Politics report

This was a new report based on the IRR's growing investment in polling and sought to provide CRA users with an inside track on the events and the inner workings of political parties.

April 2018: Inside Politics Vol 1, Quarter 1
This first edition focused on the key battleground of Gauteng ahead of the 2019 election and the internal state of play in the big three political parties. It noted that Cyril Ramaphosa's ascendancy had left the ANC half-in and half-out of the brave new world the new president had promised. The party appeared trapped between the remnants of a largely populist, socialist agenda that remained in former president Jacob Zuma's wake, and the 'new dawn' that more naïve observers thought might define the ANC under President Ramaphosa.

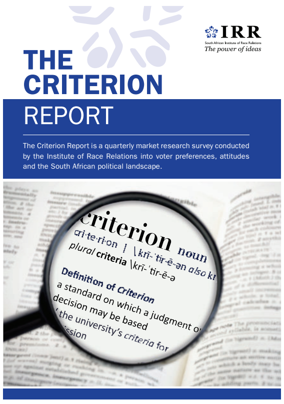
July 2018: Inside Politics Vol 1, Quarter 2
This second edition of Inside Politics provided a comprehensive review of the national election performances of all three big parties in each national and provincial election since 1994. This was coupled with an analysis of turnout trends and of party support for each of the big three parties in the key provinces. Evidence suggested that ANC support was on the rise – between 57% and 60% – largely on the back of the change in the presidency. DA support, on the back of internal ructions and the Western Cape drought, as well as some renewed ANC enthusiasm, was the most volatile, fluctuating down as low as 19% or 20%, but generally stabilising above that.

September 2018: Inside Politics Vol 1, Quarter 3
This edition of Inside Politics focused on a series of findings on President Ramaphosa and his presidency, drawn from an IRR poll, including 'Trust in Ramaphosa's Reform Process', 'The Pace of Ramaphosa's Reforms', 'Ramaphosa's Perceived Control over the ANC' and 'Optimism in Ramaphosa's Presidency.' The findings were also broken down by support for each of the big three political parties. The report noted that when all voters were asked whether Ramaphosa's 'New Dawn' was a meaningful idea, or merely empty rhetoric, the majority – and 65% of black voters – gave the president the benefit of the doubt. A high 77% of ANC supporters expressed confidence in Mr Ramaphosa's intentions.

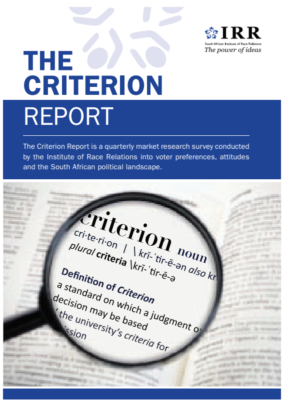
December 2018: Inside Politics Vol 1, Quarter 4
This edition focused on the findings from an IRR poll, including national voting intention (party political support levels), voting intention in Gauteng and KwaZulu-Natal and perceptions about President Ramaphosa and his approach to job creation and economic growth. Some 39% of all voters believed Mr Ramaphosa had done 'somewhat or exceptionally well' on economic growth and job creation (with 23% believing he had done 'somewhat or exceptionally poorly'). Among EFF supporters, 36% believed he had performed 'somewhat or exceptionally well' on the economy (with 30% believing he had performed 'exceptionally well').

The Criterion Report

The Criterion Report was another new report launched in 2018 and was intended as a quarterly market research survey conducted by the IRR into voter preferences, attitudes, and the South African political landscape. It would be freely circulated in the public domain.

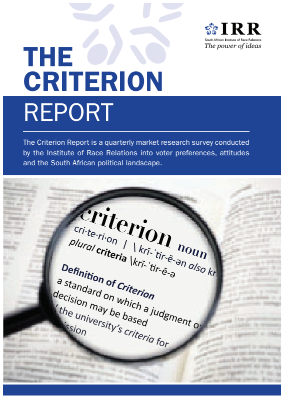


September 2018: The Criterion Report: Vol 1, No 1
This first edition of the Criterion Report set out party political support levels for the country as a whole, and for Gauteng, as at September 2018, and measured what voters regarded as priority issues for the government. It found that the ANC was polling at 52% nationally, the DA at 23% and the EFF at 13%. In Gauteng, no party enjoyed a 51% majority. The report noted that land reform polled as the least important priority government issue, with jobs and unemployment rated the highest.



September 2018: The Criterion Report: Vol 1, No 2
This second edition of the Criterion Report focused on a second tranche of findings from an IRR poll – a 'deep dive' into questions of land, land reform, property rights and the attitude of voters towards these issues. It found that more than two thirds of South Africans believed individuals should have the right to own property, and 90% were opposed to the government being able to take away land they owned themselves. Just over half believed South Africa should pursue an alternative to EWC policy. The report noted that while 31% of all voters believed 'All land in South Africa should be owned by the government', support for EWC collapsed when

respondents were asked whether government should be able to take land they own themselves.



December 2018: The Criterion Report: Vol 1, No 3

This edition contained the results of a poll, focusing exclusively on party political support. The key findings were that the ANC was on 56%, up four percentage points from September and, on a projected 69% turnout scenario, came out with 59%; the DA was on 18%, down five percentage points from September and, on a projected 69% turnout scenario, came out with 22%; and the EFF was on 11%, down two percentage points from September and, on a projected 69% turnout scenario, came out with 10%. In Gauteng, the ANC came out with 48%, the DA 25% and the EFF 12%.

Fast Facts

Fast Facts is a monthly report which updates subscribers on over 200 economic and social indicators for South Africa. It features in-depth data analyses across a range of policy areas and is distributed to thousands of recipients in business, government, civil society, and the media. The report was significantly reworked and expanded and twelve editions of *Fast Facts* were published in 2018.

January 2018: Will 'Ramaphosa effect' save SA from taxing itself into prosperity?

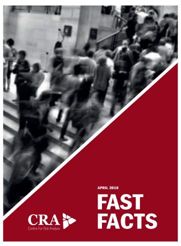
This edition presented data on taxpayers (corporate and individual) and tax revenue collected. Tax revenue was dependent on economic growth, an efficient tax administration system, and tax policy. The government revenue to GDP ratio had reached and exceeded an all-time high point and serious fiscal crises lay ahead.

February 2018: Old Mother Hubbard

This edition presented data on the 2018 Budget, and an assessment of its economic implications. It warned that, in the absence of profound changes in economic policy, President Ramaphosa would fail to translate his political success into an economic reformation.

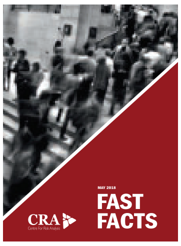
March 2018: The Public Sector Wage Bill: Slaying the Dragon

This edition analysed government-sector employment and its toll on the fiscus. More than two million people worked for the State, with their compensation translating into some 10% of South Africa's GDP. A key concern highlighted was that while the country was generating less capital, more was being spent on funding the public sector wage bill.

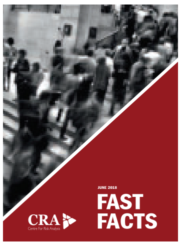


April 2018: Education the single greatest obstacle to socio-economic advancement in South Africa

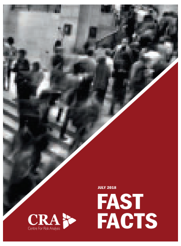
This edition tracked scores of education trends in an effort to provide an overall evaluation of the quality and output of South Africa's education system. It warned that the education system served as a significant impediment to poverty alleviation, job creation, and economic growth.



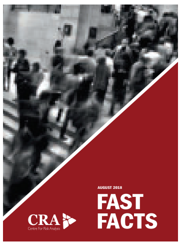
May 2018: Death is coming to the very top of South Africa's body politic
This edition provided insight into political assassinations in South Africa. KwaZulu-Natal was the epicentre of these killings, with the victims, typically at local government level, being murdered often over no more than a disagreement or the prospect of employment. The report cautioned that, if unchecked, such politically motivated killings could reach far more senior political figures and civil servants.



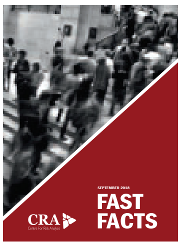
June 2018: South Africa's state of health
This edition provided an overview of major healthcare trends in South Africa against the background of the proposed NHI scheme and amid growing concern at its implications. Data on private medical cover — an indicator of middle class status — showed that less than a fifth of South Africa's population were beneficiaries of private schemes.



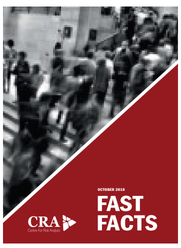
July 2018: South Africa's place in the game of trade
This edition provided an analysis of South Africa's trade with the rest of the world and found that the country recorded deficits with most major country and regional trade partners. Globally, China remained South Africa's biggest merchandise country trading partner. The European Union (EU) emerged as South Africa's biggest regional trade partner.



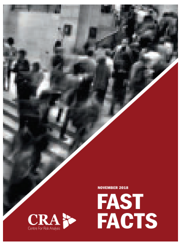
August 2018: South Africa's family fabric
This edition tracked population and household data and found that children accounted for a third of South Africa's population. Almost a fifth of white people were aged 65 and above, compared to 4.1% of black people, 6.3% of coloured people and 9.3% of Indian/Asian people. Some two thirds of all children lived in extended households (in which a couple and their children lived with relatives). About 40.8% of all children lived with their mother only, 34.9% with both parents, and 21.3% with neither parent.



September 2018: Economy besieged by hostile policy
This edition looked at the state of South Africa's economy and indicated that emerging markets were averaging economic growth rates of around 5% but, largely because of the government's counterproductive policy decisions, South Africa looked set to achieve only 20% of that. The report also demonstrated that there was very little life across any of ten major sectors of the economy and that this was in turn reflected in their combined weak contribution to employment growth.

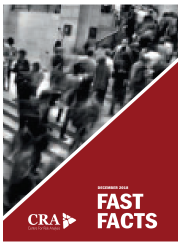


October 2018: Provincial profiles
This edition presented a detailed summary of more than 100 demographic, economic, education, health and social security, living conditions and governance, as well as crime and security indicators across South Africa's nine provinces. Among key patterns to emerge from the data was the continuing migration from worse-off to better-performing provinces, especially Gauteng and the Western Cape – both dominated by the country's biggest urban centres.



November 2018: South Africa's Quality of Life… good for some, but not all

This edition updated the Quality of Life Index (QOLI) first developed by CRA in 2017. The index is designed to enable users to benchmark South Africa's progress in improving the quality of life of its citizens, and to draw comparisons between provinces and the four race groups.



December 2018: South Africa: A brief demographic sketch

This edition looked at South Africa's demographic trends, noting that men made up 48.8% of the population, while women accounted for 51.2%. It also showed that some 80.9% of people were black, 8.8% coloured, 2.5% Indian/Asian, and 7.8% white. Life expectancy for men was 61.1 years while that for women was 67.3 years. The report made clear that South Africa demonstrated a very young population with only 35% of people being over the age of 35.

*Free*Facts

*Free*Facts was launched as a monthly publication in 2018 providing data analysis and trends for all major policy areas. It was freely distributed in the public domain and to civil society and media groups.

Eight editions were published in 2018.

May 2018: *Free*Facts on education: Parents not politicians must run SA's schools

This *Free*Facts looked at statistics on South African education, showing that the majority of schools lacked basic facilities, and could not provide children with a decent level of education, despite the country's spending large sums on education. The report argued that communities and parents should have greater control over schools.

June 2018: *Free*Facts on property rights: What do the numbers tell us?

This *Free*Facts looked at property ownership patterns in the country, following the decision by the governing ANC to seize property in the country without compensation. The report showed that politicians tended to abuse ownership data and statistics to inflame racial tensions and win support for populist policies.

July 2018: *Free*Facts on South Africa's state of health: South Africa's state of health

This *Free*Facts looked at the state of healthcare in South Africa against the backdrop of the proposed NHI system. It argued that while NHI would be costly and unworkable, expanding access to private healthcare and managing public healthcare better would give people more choice and achieve better outcomes.

August 2018: *Free*Facts on BRICS: SA hits BRIC wall on trade

South Africa's trading patterns with the BRIC countries (Brazil, Russia, India, and China) were analysed in this edition. While South Africa recorded trade surpluses with the United Kingdom and United States, the country recorded a large deficit with China. This *Free*Facts concluded that maintaining cordial relations with the West was in South Africa's best interests.

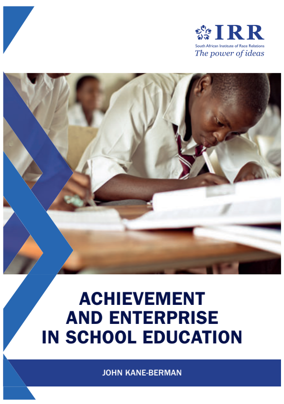
September 2018: *Free*Facts on family: South Africa's family fabric
The South African family was the topic of this *Free*Facts, which argued that many of South Africa's social ills could be attributed to problems related to the absence of a stable family environment.

October 2018: *Free*Facts on the economy: Economy besieged by hostile policy
This *Free*Facts showed how South Africa's economy had grown at a much slower rate than the country's emerging market peers. The report argued that policy reform geared to achieving investment-led growth was the key to improving socio-economic conditions in South Africa.

November 2018: *Free*Facts on crime: Is South Africa losing the war on crime?
This *Free*Facts analysed the latest crime data, and found that while some crime rates had declined, serious crimes – including murder and aggravated robbery – had shown a worrying uptick in recent years. It also included data showing declining faith in the police. The report highlighted IRR research showing continuing high levels of police involvement in serious and violent crime.

December 2018: *Free*Facts on South Africa's quality of life: Quality of life in South Africa – apartheid casts a long shadow
This edition on the quality of life of South Africans found that, in general, white South Africans had a higher quality of life, which was attributable in part to the legacy of apartheid, but mainly to the failure of post-apartheid governments to successfully address that legacy. The report urged the government to abandon leftist economic policies and give South Africans greater control over their lives and prospects.

Occasional reports



January 2018: Achievement and Enterprise in School Education
The first part of this report was largely based on interviews with principals of a dozen schools. Eight were public schools, ranging from no-fee schools in poor townships to fee-charging (former 'model C') schools in middle-class suburbs. Four were independent (that is, private) schools, including township schools, a special-needs school, and a suburban school. The schools were chosen because they had all achieved very high pass rates, and the objective was to record what their principals regarded as the secrets of their success. Transcripts of the interviews were published as an appendix. The second part of the paper focused on a report by the UN and two other agencies recommending greater private-sector involvement in education. The paper summarised the key recommendations of the report, then itemised criticisms levelled at it by various lobby groups, and finally criticised the criticisms.

February 2018: South Africa State of the Nation in 2018: Prognosis for Reform

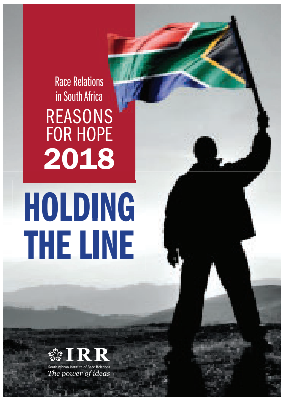
This report, which coincided with President Ramaphosa's inaugural State of the Nation address, cautioned that it was too soon to tell whether the promise of a 'new dawn' was assured, arguing that brighter prospects for South Africa hinged on two fundamental questions. The first was the restoration of the rule of law, the test of which would be the successful prosecution of senior politicians implicated in corruption. The second was structural policy reform. If the Ramaphosa administration succeeded in driving a reform programme to turn South Africa into a competitive investment destination, it was possible that economic growth could rise to average emerging market norms by the end of the decade.

February 2018: The EFF's Internal Revolution

This report dispelled the claim by EFF leader Julius Malema that the EFF 'is the only stable and genuinely united organisation in South Africa' by analysing the high turnover rate of EFF MPs in the National Assembly (NA) and the National Council of Provinces (NCOP). It found that, as of February 2018, 60% (15 out of 25) of all EFF MPs in the NA had resigned or been expelled since the 2014 national and provincial elections. In the NCOP, four out of six EFF MPs had resigned or been expelled over the same period. The EFF turnover rate was significantly higher than those of the other big parties – the ANC and DA in particular – and was attributed to 'a highly autocratic disciplinary machine, absolutely hierarchical in nature and self-protecting in the way it ensures permanent instability and uncertainty', as a means for the party leadership to augment and maintain power.

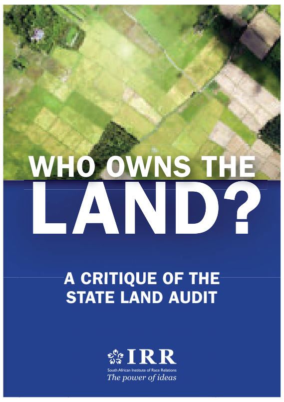
March 2018: South Africa's Secret Police: Inside the Multi-Billion Rand, Clandestine VIP Protection Services

This report found that the VIP Protection Services was a huge, complex machine, operating on a very large budget which had grown excessively over the preceding decade. For the 2018/2019 financial year, the Treasury spent just under R3bn on VIP Protection, and that estimate was deeply conservative. Yet VIP Protection remained shrouded in secrecy. The report attempted to describe how the VIP Protection Services worked, was structured, the outcomes it was responsible for and its performance. It also tracked the enormous rise in expenditure on VIP Protection over the preceding two decades, and demonstrated the degree to which this exceedingly well-funded police force operated in secret and, generally, without accountability or proper and regular civilian oversight.



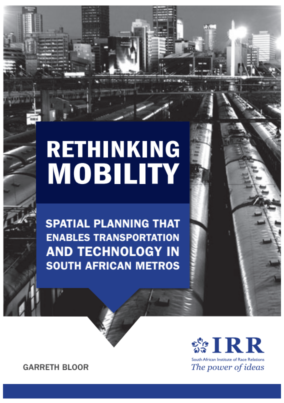
March 2018: Race Relations in South Africa: Reasons for Hope 2018

This poll-based report showed that 63% of black South Africans thought race relations had improved since 1994, while 16% thought race relations had remained much the same since then. These proportions far outweighed the 20% of black people who thought race relations had become worse since the political transition. At the same time, an overwhelming majority of South Africans (92%) – and no fewer than 90% of black respondents – agreed that the different races need each other in order to make progress and that there should be full opportunities for people of all colours. The report found that racial goodwill remained strong. This was an important and positive phenomenon, and a tribute to the perceptiveness and sound common sense of most South Africans. Despite the urgings of politicians and many other commentators, most ordinary people avoided over-simplifying complex issues by blaming them on race. This provided the country with important reasons for hope.



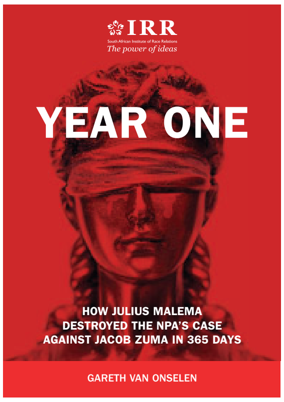
March 2018: Who owns the land? A critique of the State Land Audit

This report was prompted by the government's profoundly misleading Land Audit, and the widely cited claim that 'black people own less than 2% of rural land, and less than 7% of urban land' – used to justify the drive for expropriating private property without compensation. The report noted that aside from numerous errors, the government audit failed to support many of the claims made about land ownership. From the analysis, it emerged that the racial profile of ownership was only available for a little over a fifth of urban land and less than a third of rural land. No racial identity was assigned in the audit to land held by companies, trusts, community-based organisations or the State, all of which considerably exceeded land held by private individuals. The audit 'disappeared' vast tracts of land to which black people had access (including land in the former 'homelands', now classed as State land).



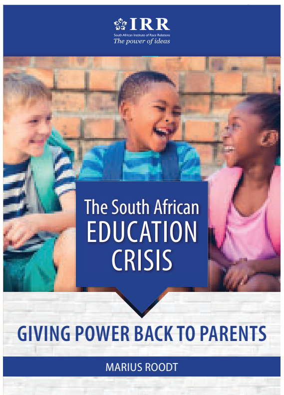
April 2018: Rethinking Mobility – Spatial planning that enables transportation and technology in South African Metros

This report made the case for a new approach to urban 'mobility', emphasising the individual choices of city residents about where and how they wanted to live and work. It advocated the removal of constraints imposed by land-use regulations and transport planning that more often than not limited people's mobility both in a physical and economic sense by denying them the choice to exploit opportunities to their own advantage. The report argued that effective planning in South Africa's metros must incorporate the everyday and often-changing needs, desires and decisions of ordinary people. Cities could thrive if they liberated the 'talent, enterprise and capital' of human agency in an enabling environment. Such an approach to mobility in its broadest sense offered the best hope of breaking inherited spatial patterns and divisions of the apartheid past.



May 2018: Year One: How Julius Malema destroyed the NPA's case against Jacob Zuma in 365 days

This report analysed events and statements spanning the year from Mr Malema's election as African National Congress Youth League (ANCYL) president in April 2008 to the decision of the National Prosecuting Authority (NPA) to drop all charges against Mr Zuma in April 2009. The narrative was formed from Malema's own words, drawn from over 2 000 news stories over that period. Its purpose was two-fold. First, to demonstrate how Malema led the public charge in a sustained and systematic fashion over twelve months, to promote the narrative that the case against Mr Zuma was the product of a political conspiracy, with former President Thabo Mbeki at its heart – and to that end, the harm he helped facilitate and justify to the NPA, the integrity of the judicial system, the Directorate of Special Operations (the Scorpions) and the ANC itself. Second, to demonstrate how Mr Malema swept the media up with him, how rhetorical grandiloquence and blunt demagoguery captured the public imagination while simultaneously destroying debate.

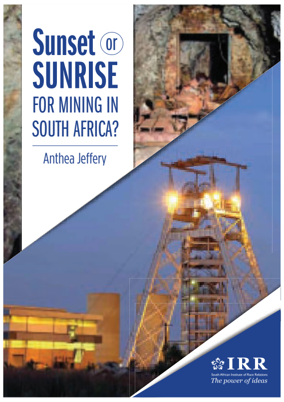


May 2018: The South African Education Crisis: Giving Power Back To Parents

This report on South Africa's schools showed how poorly, in general, South African children fared on almost every educational metric. It revealed the wide differences in provincial outcomes (with Gauteng and the Western Cape regularly outperforming poorer provinces) and the importance of infrastructure. Perhaps unsurprisingly, schools with, for example, a library, had better outcomes than those that lacked such facilities. Analysis in the report highlighted the influence of the South African Democratic Teachers' Union (SADTU) as a key reason for the failings of South African schools. The report also noted that there seemed to be a political move (in Gauteng especially) to do away with Afrikaans schools, despite their relative success compared to schools teaching in other mediums. The report argued that improved outcomes could be achieved by giving parents greater power over schooling, and using a voucher system to give parents and their children greater choice in securing a better education.

June 2018: Empowering the State, impoverishing the people

This paper explained the implications of the ANC's push to have the Constitution amended to allow for the taking of private property in South Africa through EWC. As the IRR pointed out, the ANC and its EFF ally had embarked on a sustained propaganda campaign in support of the expropriation proposal. As part of this campaign, the ANC had repeatedly claimed that EWC was vital to speed up land reform and put an end to poverty. But, the IRR demonstrated, expropriation would do nothing to address socio-economic crises. If anything, it would exacerbate the inefficiencies, corruption, and elite capture that had stymied anti-poverty programmes to date. In addition, land expropriated without compensation would not be transferred to new black owners. Instead, it would be held by the State as a patronage tool and would be used by it to deepen dependency on the ruling party. The IRR showed that there were far more constructive ways in which effective land reform could be achieved. (*Different drafts of this report were released by IRR staff in the United States of America and in Europe and Britain).*

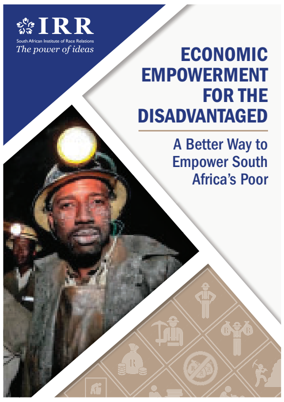


June 2018: Sunset or sunrise for mining in South Africa

This report examined the prospects for an industry vital to the future of the country, but facing great pressures from a host of flawed policies and a difficult operating environment. South Africa's virtually unparalleled mineral riches (valued at some $2.5 trillion in 2010) should be enough to secure the future of the industry. The sustainability of the mining industry was, however, increasingly in question. Much of its remaining gold and platinum reserves were located at great depths and were difficult to reach. Input costs had risen sharply, while commodity prices had often failed to keep up. Mining policy had also undermined the industry's competitiveness. Deterrents to investment in mining in South Africa included onerous and shifting empowerment obligations, fractious labour relations, costly and insecure electricity supply, unrealistic community development obligations, a complex environmental regime, and a shortage of necessary skills.

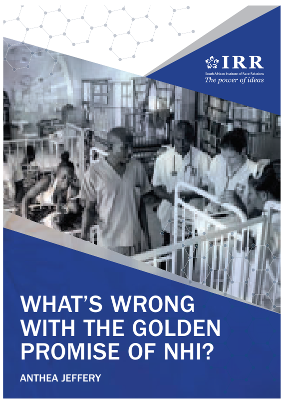
July 2018: Notes for discussions in Britain on Expropriation without Compensation

This document was intended to brief foreign audiences during the IRR's visit to Europe and Britain about the implications of, and motivation for, the government's moves towards expropriating privately held property without compensation. It described and dispelled numerous myths routinely propagated to justify expropriation and warned of the dire consequences both for South Africa and its trading and investment partners should proposed expropriation policy be implemented.



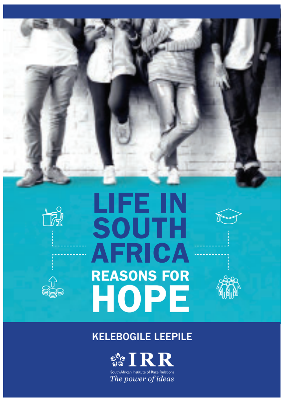
July 2018: Economic Empowerment for the Disadvantaged: A Better Way to Empower South Africa's Poor

This report set out the IRR's innovative Economic Empowerment for the Disadvantaged or EED policy as an alternative to the failed Broad-Based Black Economic Empowerment (BBBEE) policy model of the government. The report demonstrated why EED would succeed where BBBEE had failed. It argued in favour of a model of socio-economic empowerment that identified its beneficiaries on the grounds of actual established disadvantage.



August 2018: What's wrong with the golden promise of NHI?

This report explained many of the weaknesses in the proposed NHI policy. It pointed out that under NHI, the State would be empowered to decide on all aspects of healthcare, from the services to be covered to the fees to be paid to doctors and other providers, the medicines to be prescribed, blood tests to be allowed, medical equipment to be used, new health technologies to be permitted, and the prices to be paid for every item (from aspirins and antiretrovirals to sutures and CAT scanners). A huge bureaucracy would be needed to implement these controls and would be costly and inefficient. Pervasive State controls would also stifle innovation, reduce competition, and promote corruption. The country's excellent private healthcare sector would effectively be nationalised, giving the government a monopoly over healthcare. This could be just as inefficient and vulnerable to 'capture' by a small elite as the State's monopoly over electricity (via Eskom) had proved to be. In addition, the NHI proposal had never been properly costed and was likely to prove unaffordable. Large numbers of doctors and other health professionals could choose to emigrate rather than subject themselves to State control, thus reducing the country's healthcare resources. The report argued that the solution was to improve the efficiency of public hospitals and clinics, most of which failed to comply with core healthcare standards, and increase access to private healthcare via low-cost medical schemes and primary health insurance policies. Poor households should be given tax-funded health vouchers to enable them to choose affordable private healthcare.

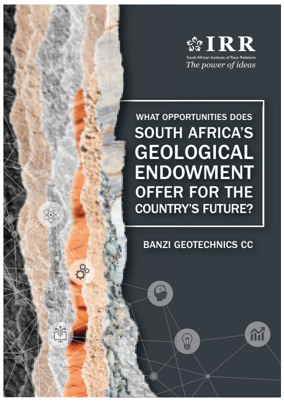


August 2018: Life in South Africa: Reasons for Hope

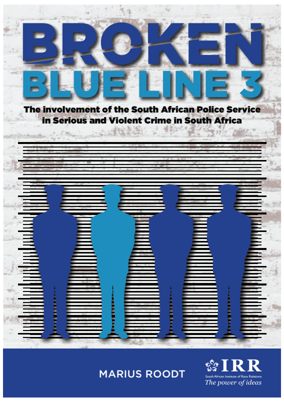
This report sought to remind South Africans of the significant progress the country had made under democracy, and the scope for resuming an upward trajectory towards growth and optimism. It highlighted progress in areas ranging from the economy to living conditions, health, education, and crime. However, the report also cautioned that the radical inflection of government policy after 2007 did great harm to the South African economy and stalled much of the progress being made to that point, and argued that proposed policies such as those around expropriation of private property would only defer a resumption of such progress. The report concluded that if policy makers adopted sensible ideas that drew investment, created new wealth and jobs, and grew the economy, there was no reason why the trajectory the country was on into 2007 could not be resumed.

September 2018: South Africa's NHI Scheme

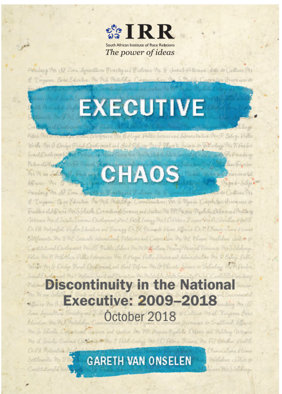
This report examined serious malpractice and related incidents in South Africa's public healthcare sector. It pointed out that the public healthcare system was already straining under current conditions, and this would only worsen if the government decided to implement a system of NHI. The bulk of the report was devoted to a collation of more than 100 media reports on negligence, corruption, and mismanagement in our public health sector between April 2017 and August 2018.



September 2018: South Africa's Geological Endowment
This report examined South Africa's underlying geology, the foundation of a wide range of vital economic sectors from mining to manufacturing. It catalogued and analysed the remarkable trove of minerals beneath South Africa's soil. The report argued that this endowment could be translated into tangible economic benefits for ordinary South Africans if the government could be persuaded to turn from its destructive redistributive ideology and embrace structural reforms.



October 2018: Broken Blue Line 3
This was the third in the IRR's Broken Blue Line series of reports on the extent to which police officers committed serious and violent crimes. The report showed that rampant criminality remained a serious problem within the police – the same conclusion reached in the two earlier Broken Blue Line reports. The report also highlighted declining public trust in the police, warning that this had serious implications for future social stability.

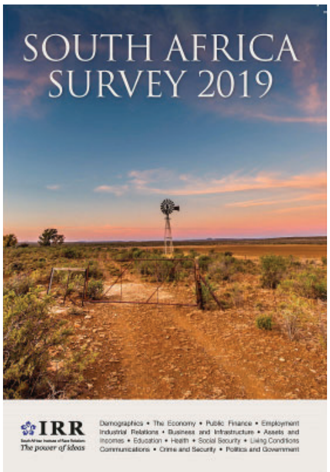


October 2018: Executive Chaos: Discontinuity in the National Executive 2009-2018
The report set out the evidence of turmoil in the national executive since Jacob Zuma first came to office in May 2009. It found there had been 14 reconstituted national executives since 10 May 2009. The average national executive lasted 245 days (or 165 working days) until it was reconstituted. The longest lasted 540 days (or 372 working days). The shortest lasted just five days (or three working days). Eight national executives had lasted less than 200 working days; four had lasted less than 100 working days. In all, 164 changes were made to the national executive since 2009, 94 to ministerial positions (including one to the position of President) and 70 to Deputy Ministerial positions (including two to the position of Deputy President). In total, 129 people had served as either a Minister or Deputy Minister since 2009.

South Africa Survey

The 2019 edition was published in February 2019 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. Both ran to some 1 050 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
- Public Finance
- Industrial Relations
- Assets and Incomes
- Health
- Living Conditions
- Crime and Security
- The Economy
- Employment
- Business and Infrastructure
- Education
- Social Security
- Communications
- Politics and Government



Written and oral submissions

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

Request to Joint Constitutional Review Committee (5 June 2018): The IRR requested that the 15 June 2018 deadline for submissions to the committee be postponed. It pointed out that the issue of whether the Constitution should be amended to allow EWC was a particularly complex and important one. Hence, 60 days was too short a period for submissions on this topic.

Submission to the Joint Constitutional Review Committee regarding its 'review of Section 25 of the Constitution and other sections where necessary, to make it possible for the state to expropriate land in the public interest without compensation' (15 June 2018): Here the IRR said that EWC would not address the five key reasons why land reform had failed:

- First, the budget for land reform had long been set at only some 1% of total budgeted expenditure.
- Second, redistributed land was generally kept in State ownership and could only be leased, not bought, by emergent black farmers. These farmers generally lacked title to the land they worked, which meant they could not use this land as collateral and battled to raise working capital.
- Third, the government seemed to assume that access to land was sufficient in itself for success in farming. However, land was only the first on a long list of requirements. No less important were experience and entrepreneurship, along with working capital, know-how, machinery, labour, fuel, electricity, seed, chemicals, livestock, security, and water.
- Fourth, many of the people to whom land had been transferred had little knowledge of agriculture, and had simply been dumped on farms with little effective support from the state. No proper 'after-settlement' support had been provided to beneficiaries.
- Fifth, the restitution process had been dogged by so much inefficiency and corruption that officials did not know how many claims they had received, how many they had gazetted, how many had been wrongly gazetted (and should thus be delisted), and how many had yet to be resolved.

In addition, the land reform process had often been abused to benefit ANC insiders who used their political connections to get the state to buy them farms. These beneficiaries then frequently sold off cattle and other assets and allowed crop land to fall fallow. For these (and a host of other reasons), the ANC's expropriation policy was certain to cause economic disaster and food shortages, as had happened in Venezuela and Zimbabwe.

Objections to procedural and substantive flaws as regards the Restitution of Land Rights Amendment Bill of 2017 (28 June 2018): This Private Member's Bill was intended to replace the Restitution of Land Rights Amendment Act of 2014 (the 2014 Act), which had sought to amend the Restitution of Land Rights Act of 1994 (the 1994 Act) by re-opening the land claims process for a fresh five-year period.

The Constitutional Court had struck down the 2014 Act for the lack of a proper public participation process, and had given Parliament until July 2018 to adopt a replacement measure. However, the 2017 Bill was now being rushed through the legislative process, again without proper public consultation. In addition, the 2017 Bill would again undermine the rights of those who had successfully reclaimed land in the first window period (from 1994 to 1998). If it was enacted, moreover, it would vastly increase the burden on the Land Claims Commission, which should instead be allowed to concentrate on finalising and resolving the 20 000 or more claims that remained outstanding from the initial window period. The IRR noted that the 2017 Bill was too flawed to proceed – on both procedural and substantive grounds – and urged that it be abandoned.

Submission to the Department of Mineral Resources regarding the Draft Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (31 August 2018): The IRR pointed out that the 2018 draft charter was unlawful and invalid in a host of ways. The most fundamental legal barrier to its validity stemmed from Section 100 of the Mineral and Petroleum Resources Development Act (MPRDA), which empowered the mining minister to 'develop a broad-based socio-economic empowerment charter' within six months of the statute coming into effect. The minister had no power to amend, repeal, or replace this charter in terms of this wording. The 2004 charter was the document adopted under Section 100, and it could not now be repealed or replaced by the minister. The 2018 draft charter was ultra vires the minister's powers under the MPRDA and unlawful in its entirety.

It followed, as the IRR pointed out, that the draft charter's requirement that existing rights holders must 'top-up' to 30% BEE ownership within five years was also unlawful. The minister also lacked the power to remove the 'continuing consequences' principle from the 2004 charter. In addition, he had no legislative authority to repeal and replace that charter. Altogether, some 15 provisions in the draft charter were inconsistent with the MPRDA or otherwise unlawful, while some were also in conflict with the Constitution.

Submission to the Department of Health regarding the National Health Insurance Bill and the Medical Schemes Amendment Bill (21 September 2018): In this submission, the IRR warned that pressing ahead with the NHI proposal would have many negative consequences. For public consultation on the bills to have been 'meaningful', people should also have been given adequate information about the likely costs and benefits of both the NHI Bill and the Medical Schemes Amendment Bill. However, such information had not been provided. Instead, the public had been left in the dark as to:

- what health services the proposed NHI Fund would in fact cover, and how much this coverage (depending on budget constraints) would change from year to year;
- how the supply of health professionals and facilities would realistically be expanded to cater for the increase in demand the promise of 'free' health services was sure to trigger;
- what the NHI system was likely to cost, the 2010 estimate of R256bn in 2025 (on which the minister continues to rely) being eight years old and entirely unrealistic;
- how the country could afford the large sums likely to be needed for the NHI when the economic growth rate was so low, the unemployment rate was so high, and public debt (including government guarantees to struggling state-owned enterprises) already stood at a worrying 70% of GDP;
- just how big a bureaucracy would be needed to administer the NHI Fund and implement State price and other controls on every aspect of health care;

- whether the increased taxes needed to fund the NHI could realistically be imposed on a small and already over-burdened tax base;
- why the minister had ignored the Davis Tax Committee's warning that the NHI could not be sustained without higher rates of economic growth;
- whether the NHI Fund could realistically be shielded from the gross inefficiency and rampant corruption which increasingly plagued Eskom and other State monopolies; and
- why medical schemes were to be regulated into bankruptcy when the NHI would clearly not be able to meet the country's health needs – and South Africans would still require an effective private sector alternative on which to rely.

A dominant voice in the battle of ideas

All of the above was in pursuit of prosecuting the battle of ideas in favour of limited government, a market economy, private enterprise, freedom of speech, individual liberty, property rights, and the rule of law.

Battle-of-ideas theory holds that the victor in any great policy or ideological battle is the side that injected the greatest volume of compelling argument into the public domain. The table below shows that the IRR placed over 858 self-authored opinion articles in the media in 2018 at a rate of 3.3 per working day. This is an all-time high number for the IRR and an increase of 741% compared to five years ago. In addition, we granted 1 302 television, radio, and print media interviews at a rate of 5 per working day – another record high. IRR staff and analysts secured 1 684 citations in the media at a rate of 6.5 per working day. All in all, a sterling effort by all IRR staff and especially media and campaign staff. The IRR's media influence is now such that we are comfortably reaching several hundred thousand people per day with our arguments – a dominant voice in promoting sensible policies that will secure South Africa's future as a free and open society.

Such media and opinion influencing is buttressed via direct advocacy and lobbying efforts targeted at policy shapers and influencers in areas that range from political parties to government and business. In pursuit of those efforts, the IRR facilitated/presented 510 meetings/briefings for influencers at a rate of 1.9 per working day – another all-time high figure. Of these, approximately 90% were onshore with the balance occurring in Europe and the United States of America. Audiences ranged from corporate boards, investment banks, diplomats, government agencies, and political parties to churches, civil society groups, and media houses.

The table below sets out some detail.

Media and opinion influencing							
	2014	2015	2016	2017	2018	Percentage change 2018 v 2014	2018 number per day
Op-eds placed	102	151	292	215	858	741%	3.3
Interviews granted	798	955	867	958	1302	63%	5
Citations	1 632	1 563	1 472	1 238	1 684	3%	6.5
Direct advocacy							
Meetings/briefings facilitated or presented	333	343	365	479	510	53%	1.9
Reports/policy submissions published	50	55	78	60	86	72%	0.3

Governance and compliance

Elections

Board election: All members of the Board are nominated annually by Council and elected by the AGM of Members.

Death of Council member

It is with great regret that I record the death of Dr Norris Dalton in May 2018. He served on Council from 2007 until his death. He was one of the representatives of institutional members, CEO of the South African Institute of Management (SAIM), and previously headed the Atomic Energy Agency.

Finance, administration, and staff

Finance and administration

Attached are the financial statements which show that the IRR secured income from projects, donors, and sales of R17 646 227 in 2018, an increase of 26% over that of 2017, and had expenses of R22 930 348 in 2018 against R18 631 447 in 2017, an increase of 23%. This amounts to a deficit of R5 284 121 million. When interest and dividend income is added, the operating deficit reduces to R3 779 715. When realised and unrealised losses on investments are included, the deficit for the year after comprehensive income is R6 686 830.

Deficits have been financed out of investments for the past several years. One of our assumptions of five years ago was that equity markets would lift by around 10% a year. That has not happened and the market has lifted by barely 10% over the full five years. On 1 January 2014, IRR investments were valued at R40 574 203. At 31 December 2017, the value was R39 071 370 and at 31 December 2018, the value, including fixed deposits (much of the onshore portfolio was liquidated during the year and placed in fixed deposits), was R29 812 918. The difference of R9.3 million is accounted for by a realised loss on liquidating investments of R3.5 million, unrealised gain on investments of R0.6 million, an operating deficit of R3.8 million, an increase in working capital of R2.6 million.

The table shows that we have accumulated operating deficits (before interest, dividend, and unrealised or realised gains) of R18 311 685 over the last 5 years. When dividend income is added, that deficit falls to R13 584 623. When interest income is added, it reduces further to R12 072 098 or roughly R2 414 420 per year. That is the amount of capital we have consumed over five years. When unrealised gain of R4 485 137 is added the figure decreases to R7 586 961. Note that as the deficits widened revenue expanded from R11 483 659 in 2014 to R17 646 227 in 2018 or by 54%.

Year end	2014	2015	2016	2017	2018	Total 5 years	Average pa
Operating Deficit	(1 208 118)	(2 934 568)	(4 280 574)	(4 604 304)	(5 284 121)	(18 311 685)	(3 662 337)
Dividends	1 248 861	1 218 616	1 083 373	749 311	426 901	4 727 062	945 412
Net loss before interest	**40 743**	**(1 715 952)**	**(3 197 201)**	**(3 854 993)**	**(4 857 220)**	**(13 584 623)**	**(2 716 925)**
Interest	126 915	82 554	107 188	118 363	1 077 505	1 512 525	302 505
Net loss from operations	**167 658**	**(1 633 398)**	**(3 090 013)**	**(3 736 630)**	**(3 779 715)**	**(12 072 098)**	**(2 414 420)**
Realised and unrealised gain/(loss) on investments	4 067 330	4 916 137	(3 019 344)	1 428 129	(2 907 115)	4 485 137	897 027
Surplus/(deficit) after realised and unrealised adjustments	**4 234 988**	**3 282 739**	**(6 109 357)**	**(2 308 501)**	**(6 686 830)**	**(7 586 961)**	**(1 517 392)**
Revenue	11 483 659	12 195 486	12 570 508	14 027 143	17 646 227	67 923 023	13 584 605

It has been our policy that when necessary we will finance deficits out of investments, given the IRR's role in countering the ever more dire threats to South Africa's future as a free and open society. That investment has seen a considerable increase in the IRR's levels of output, influence, and share of voice in the battle of ideas – as reported earlier in this report. Five years ago, the IRR had three senior policy staff under its umbrella. The number today is twelve.

The investment in organisational expansion was done with a view to creating the prominence and public profile that would in turn allow the IRR to secure broad financing for its endeavours thereby securing its long-term financial sustainability.

Part of that strategy was the creation, roughly a decade ago, of the Centre for Risk Analysis, the model of which is to draw modest amounts of funding from large numbers of organisational consumers of its research. In 2018, the CRA contributed 39% of IRR income.

A further part of that strategy was the establishment of the Friends programme in 2018. In June of last year we launched the Friends initiative that seeks to attract support from members of the public who agree with the principles the IRR was established to defend. The launch could only occur once we were satisfied that our media outputs had expanded sufficiently to reach literally hundreds of thousands of people a day. We needed to create awareness of what we do and how we do it before asking the public for support. At the time of drafting this report in March of 2019, we had attracted 5 326 Friends. This amounts to an average recruitment rate of roughly 500-550 per month – or 20 to 25 per day. Friends contribute to the IRR via debit order any amount they choose. The average has settled at around R79 per month. As Friends grew we also came to attract a number of contributions well in excess of R79 per month from key individuals who asked if they could contribute extremely generous sums to our cause. That saw us create a sub-category of Friends that we call Friends+. At current rates of recruitment, Friends may contribute roughly a third of IRR income for 2019, which means that in a year the Friends initiative has come to rival income secured by the Centre for Risk Analysis which has been in operation for a decade.

Both initiatives have something in common. We expand our share of voice and then rely on those organisations and individuals who hear that voice to finance us. We have not followed the traditional course which is to rely wholly on traditional donor organisations. The traditional approach is to ask a donor to help you say things. While donors remain very important, our approach has been to say things and then to win support from those who hear them.

You can see the trend.

Consider that in 2014, IRR income was split as follows:

- Donor-financed projects 19.8%
- Core donor financing 14.3%
- Other projects 11.6%
- CRA income 36.2%
- Investment income 10.7%
- Other income 7.4%

Distil this further and what it means is that in 2014 roughly 34% of IRR income came from traditional donor sources (core donors and project donors) while 66% was self-generated.

In 2018 the picture was different:

- Donor-financed projects 9.9%
- Core donor financing 14.9%

- Other projects 14.8%
- CRA income 39.6%
- Investment income 7.9%
- Other income 4.9%
- Friends 8%

Last year, roughly 25% was donor-financed and 75% self-generated.

Our estimates are that the figures for 2019 will be 13% and 87%.

The trend is that the IRR is ever less a donor-financed organisation and ever more self-financed and, more than that, crowd-financed.

Our latest projections are that should Friend recruitment efforts continue at the current tempo, and all other funding initiatives remain as they are, the IRR should reach a break-even position by 2021. We have invested a lot of money in growing to reach this point. Breaking-even, as an expanded organisation that does not rely to an overly great extent on traditional donor funding, is very much our strategic objective. We aim to become an essentially crowd-financed think-tank – maintaining key donor relations where strategic objectives intersect.

It is plain, however, that regardless of the perils faced by South Africa the IRR cannot forever incur deficits on a par with those of recent years. Should we face any significant funding reversals, we will respond via a strategy of internal restructuring ahead of 2021 to allow for a break-even position.

Staff

It is with great regret that I record the death of Gabriela Mackay, who worked for the IRR from September 2014 until her sudden death in July 2018. She was a highly skilled and capable analyst who was memorably adept at handling radio and television interviews.

During 2018 we made six new appointments, mostly senior, and received two resignations. Three staff members were retrenched.

Kerwin Lebone celebrated 15 years of service, and Rhona le Roux, Sherwin van Blerk, and Martin Matsokotere 10 years of service each.

Thanks

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

Johannesburg

March 2019

F J C Cronje

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS NPC

ANNUAL FINANCIAL STATEMENTS for the year ended 31st December 2018

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

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The annual financial statements set out on pages **50-67** 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 2018

COMPANY INFORMATION

Country of incorporation	South Africa	
Registration numbers:		
Company registration number	1937/010068/08	
Non-Profit registration number	000-709-NPO	
Public Benefit Organisation number	930006115	
Nature of business	Research and bursary administration	
Registered address	2 Clamart Road Richmond 2092 Johannesburg	
Postal address	P O Box 291722 Melville 2109 Johannesburg	
Auditors	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors	
Bankers	First National Bank	
Council Office Bearers	J D Jansen	President
	R D Crawford	Vice President
	P G Joubert	Vice President
	I Mkhabela	Vice President
Non Executive Directors	T Coggin	Chairman of Board of Directors
	T A Wixley	Audit Committee Chairman and Honorary Treasurer
	P Leon	Honorary Legal Adviser
	P L Campbell	
	R D Crawford	
	R Dagada	– Resigned January 2018
	J A Elgie	
	P G Joubert	
	P Letselebe	
	I Mkhabela	
	M J Myburgh	– Resigned October 2018
	A Patel	
	D F P Taylor	
	G N Towell	
Executive Director	F J C Cronje	Chief Executive
Company Secretary	R D le Roux	
	Business address: 2 Clamart Road Richmond 2092 Johannesburg	*Postal address:* P O Box 291722 Melville 2109 Johannesburg

CORPORATE GOVERNANCE

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

Board of Directors

The Institute is controlled by the Board, which meets quarterly. The roles of Chairman and Chief Executive do not vest in the same person. Directors are appointed annually and re-appointment is not automatic. New members of the Board are appropriately inducted and the Board and its committees are evaluated annually. Membership of the Board is set out on page **48** 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 5 independent non-executive directors, meets at least twice a year.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of executive management and recommending overall remuneration policies to the Board. The Committee consists of no fewer than 4 independent non-executive directors appointed by the Board. The remuneration of the Chief Executive and the Prescribed Officers 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 2019 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 **53**.

The annual financial statements set out on pages **54** to **67**, which have been prepared on a going concern basis, as well as the Directors' report presented on pages **51** and **52**, were approved by the Board on 13 May 2019, and were signed on its behalf by:

Tom Wixley

F J C Cronje | T A Wixley

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 2018 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 2018.

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.

Events after reporting date

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

Auditors

The entity was advised by its audit firm Grant Thornton Johannesburg Partnership that there was a change in network firm membership from Grant Thornton to BDO South Africa Incorporated "BDO". The change was initiated following the merger of Grant Thornton Johannesburg Partnership and BDO effective 1 December 2018. Accordingly, the audit firm is now BDO and the designated partner, Mandi Terner, has remained.

Secretary

R D le Roux served as secretary of the Institute for the year ended 31st December 2018.

Directors

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

Non-Executive Directors	T Coggin	Chairman of Board of Directors
	T A Wixley	Audit Committee Chairman and Honorary Treasurer
	P Leon	Honorary Legal Adviser
	P L Campbell	
	R D Crawford	
	R Dagada	– Resigned January 2018
	J A Elgie	
	P G Joubert	
	P Letselebe	
	I Mkhabela	
	M J Myburgh	– Resigned October 2018
	A Patel	
	D F P Taylor	
	G N Towell	
Executive Director	F J C Cronje	Chief Executive

Remuneration policy

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

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

Report of the Audit Committee

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

- Recommended BDO South Africa Inc. as auditors and Mandi Terner as the designated auditor for the 2018 financial year;
- Satisfied itself that the auditors are independent;
- Approved the annual financial statements of the Institute for 2018, 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 IRR from time to time.

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Independent Auditor's Report

To the members of

South African Institute of Race Relations NPC

Opinion

We have audited the financial statements of South African Institute of Race Relations NPC set out on pages 46 to 59, which comprise the statement of financial position as at 31 December 2018, and the statement of 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 2018, and its financial performance and cash flows for the year then ended in accordance with the 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B). 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 Directors' Report as required by the Companies Act of South Africa. 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 the 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 the 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 Incorporated
Registered Auditors

M Terner
Director
Registered Auditor

20 May 2019

STATEMENT OF FINANCIAL POSITION

as at 31st December 2018

	Notes	2018 R	2017 R
ASSETS			
Non current assets			
Plant and equipment	2	2 349 408	2 122 354
Intangible assets	3	191 368	–
		2 540 776	2 122 354
Investments			
Special Funds			
– Bursary	19.1	13 870 010	15 101 952
		13 870 010	15 101 952
Other Institute investments	19.2	29 812 918	39 071 370
		43 682 928	54 173 322
Current Assets			
Trade and other receivables	5	1 849 246	882 580
Cash resources	6	517 990	567 425
		2 367 236	1 450 005
TOTAL ASSETS		**48 590 940**	**57 745 681**
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated funds		28 935 608	35 622 438
		28 935 608	35 622 438
Special funds			
– Bursary	17/18	13 870 010	15 101 952
		13 870 010	**15 101 952**
Non current liabilities			
Finance leases	8	689 369	958 762
Instalment lease	9	263 366	–
		952 735	**958 762**
Current liabilities			
Finance leases	8	269 848	243 665
Instalment lease	9	92 908	–
Income received in advance		2 142 469	2 565 456
Trade and other payables	7	2 327 362	3 253 408
		4 832 587	6 062 529
TOTAL FUNDS AND LIABILITIES		**48 590 940**	**57 745 681**

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2018

	Notes	*2018* *R*	*2017* *R*
INCOME			
Administration fees received		954 850	838 910
Bad debts recovered		–	95 062
Grants and donations		9 099 890	6 769 378
Membership fees and subscriptions		7 448 626	5 995 993
Publication sales		142 861	327 800
		17 646 227	**14 027 143**
EXPENSES			
Amortisation	3	64 998	–
Auditors' remuneration			
– Fees for the audit	12	279 312	283 435
Bad debts		238 078	–
Outsourced contributors		2 062 398	1 225 133
Depreciation	2	605 431	496 155
Finance cost	11	117 960	130 766
Lease expenditure		52 970	25 003
Loss on disposal of plant and equipment		–	12 683
Overheads and administration		1 379 755	1 354 530
Personnel		14 967 318	12 368 459
Postage		138 694	176 620
Printing		264 298	234 475
Rent and utilities		1 052 938	1 068 980
Survey/Polling cost		552 133	250 000
Telecommunications		341 475	180 474
Travel		812 590	824 734
		22 930 348	**18 631 447**
OPERATING DEFICIT FOR THE YEAR		**(5 284 121)**	**(4 604 304)**
INCOME FROM INVESTMENTS			
Dividends from investments		426 901	749 311
Realised loss on disposal of investments		(3 503 534)	–
Unrealised gain on investments		596 419	1 428 129
Interest received		1 077 505	118 363
		(1 402 709)	**2 295 803**
DEFICIT FOR THE YEAR		**(6 686 830)**	**(2 308 501)**
Other comprehensive income		–	–
DEFICIT FOR THE YEAR AFTER OTHER COMPREHENSIVE INCOME		**(6 686 830)**	**(2 308 501)**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2018

	Note	*Accumulated funds R*
Balance at 1st January 2017		37 930 939
Deficit for the year		(2 308 501)
Balance at 31st December 2017		**35 622 438**
Balance at 1st January 2018		35 622 438
Deficit for the year		(6 686 830)
Balance at 31st December 2018		**28 935 608**

STATEMENT OF CASH FLOWS

for the year ended 31st December 2018

Cash flows from operating activities	*2018 R*	*2017 R*
Deficit for the year	(6 686 830)	(2 308 501)
Adjustments:		
Depreciation/Amortisation	670 429	496 155
Interest received	(1 077 505)	(118 363)
Fair value loss/(gain) on investment	2 907 115	(1 428 129)
Straight-lining of office lease	(39 848)	25 350
Loss on disposal of plant and equipment	–	12 683
Movement in working capital		
– (increase)/decrease in trade and other receivables.	(966 667)	1 593 256
– (decrease)/increase in trade and other payables	(965 894)	(1 734 226)
Sub total	(6 159 200)	(3 461 775)
Interest received	1 077 505	118 363
Net cash outflow from operating activities	**(5 081 695)**	**(3 343 412)**
Cash flows from investing activities		
Net acquisition of investments	(22 465 413)	–
Net sale of shares	28 816 750	2 357 586
Acquisition of plant equipment and other intangible assets	(1 088 851)	(208 470)
Net cash inflow from investing activities	5 262 486	2 149 116
Payment of finance lease arrangements	(230 226)	(162 734)
Net cash utilised for the year	(49 435)	(1 357 030)
Cash resources at beginning of the year	567 425	1 924 455
Cash resources at end of the year	**517 990**	**567 425**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31st December 2018

1. ACCOUNTING POLICIES

Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Financial assets measured at cost and amortised cost

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

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

Impairment testing

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

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

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

Taxation

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

Fair value measurement

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

Useful lives of depreciable assets

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

1.2 Plant and equipment

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

Furniture and equipment	3–6 years
Motor vehicles	5 years

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

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

1.3 Accumulated Funds

All reserves are reflected under accumulated funds.

1.4 Impairment

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

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

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

1.5 Contingencies and commitments

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

1.6 Financial instruments

Initial recognition

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

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

Financial instruments at amortised cost

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

NOTES (continued)

Investments

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

Special Funds

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

Bursary Funds and Special Research Projects

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

1.7 Cash and cash equivalents

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

1.8 Revenue

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

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

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

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

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

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

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

Membership fees and subscriptions

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

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

Donations and grants

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

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.

NOTES (continued)

2. PLANT AND EQUIPMENT

	Furniture and equipment R	*Motor vehicles R*	*Library R*	*Total R*
Year ended 31st December 2018				
Opening net carrying amount	1 611 147	107 207	404 000	2 122 354
Additions	521 379	311 106	–	832 485
Depreciation	(557 106)	(48 325)	–	(605 431)
Closing net carrying amount	**1 575 420**	**369 988**	**404 000**	**2 349 408**
Year ended 31st December 2018				
Cost	3 294 952	559 855	404 000	4 258 807
Accumulated depreciation	(1 719 532)	(189 867)	–	(1 909 399)
Closing net carrying amount	**1 575 420**	**369 988**	**404 000**	**2 349 408**
Year ended 31st December 2017				
Opening net carrying amount	815 301	144 937	404 000	1 364 238
Additions	1 447 670	–	–	1 447 670
Disposals	(193 399)	–	–	(193 399)
Depreciation	(458 425)	(37 730)	–	(496 155)
Closing net carrying amount	**1 611 147**	**107 207**	**404 000**	**2 122 354**
Year ended 31st December 2017				
Cost	2 773 573	248 749	404 000	3 426 322
Accumulated depreciation	(1 162 426)	(141 542)	–	(1 303 968)
Closing net carrying amount	**1 611 147**	**107 207**	**404 000**	**2 122 354**

Certain office equipment and motor vehicles are held under finance lease (refer to Note 8).
Book value of assets held under finance lease cost R1 239 200.
A register with details of Plant and Equipment is available for inspection by members or duly authorised representatives at the registered office of the company in terms of Regulations 25(3) of the Companies Act 2011.

3. INTANGIBLE ASSETS – WEBSITE DEVELOPMENT AND COMPUTER SOFTWARE

Website development and computer software:	*2018*	*2017*
Year ended 31st December 2018		
Opening net carrying amount	–	–
Additions	256 366	–
Amortisation	(64 998)	–
	191 368	–
Year ended 31st December 2018		
Cost	713 493	457 127
Accumulated depreciation	(522 125)	(457 127)
	191 368	–

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 51 and 52 of this annual report. With the exception of one executive director, whose remuneration is set out in Note 13, there have been no transactions with the non-excutive directors of the Institute.

5. TRADE AND OTHER RECEIVABLES

	2018 R	2017 R
Receivables	1 400 796	661 778
Receiver of Revenue – VAT	293 531	144 145
Staff debtors	154 920	76 657
	1 849 247	**882 580**

6. CASH RESOURCES

Cash on hand	620	1 835
Current account	458 825	554 335
Call account	58 545	11 255
	517 990	**567 425**

7. TRADE AND OTHER PAYABLES

Payables	1 565 073	2 631 840
Accruals	27 660	8 000
Accrual for leave pay	734 629	613 568
	2 327 362	**3 253 408**

8. FINANCE LEASES

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

Office equipment:	*2018* *R*	*2017* *R*
Minimum lease payments:		
– within a year	269 848	243 665
– within second to fifth year	857 305	1 203 900
	1 127 153	**1 447 565**
Less future lease charges	(167 936)	(245 138)
Present value of minimum lease payment	**959 217**	**1 202 427**
Current liabilities	269 848	243 665
Non current liabilities	689 369	958 762
	959 217	**1 202 427**

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

9. INSTALMENT SALE

Motor vehicle:	*2018* *R*	*2017* *R*
Minimum instalment payments:		
- within a year	92 908	–
- within second to fouth year	366 556	–
	459 464	–
Less future lease charges	(103 191)	–
Present value of minimum lease payment	**356 274**	–
Current liabilites	92 908	-
Non current liabilites	263 366	-
	356 274	-

A new motor vehicle was purchases in November 2019 on a instalment sale over 5 years.

NOTES (continued)

10. OPERATING LEASE COMMITMENTS

The Institute has an operating lease on office premises and office equipment. In terms of the lease the Institute's commitments are as follows:

Premises:	2018 R	2017 R
Minimum lease payments:		
– within a year	949 788	880 176
– within second to fifth year	324 484	1 272 938
	1 274 272	**2 153 114**

Operating lease payments represent rentals payable by the Institute for its office premises. The average escalation is 8% (2017: 8%) and has been reflected in the amounts above.

11. FINANCE COST	2018 R	2017 R
Finance lease charges	117 960	130 766
	117 960	**130 766**

12. AUDITOR'S REMUNERATION	2018 R	2017 R
Institute	279 312	283 435
	279 312	**283 435**

Audit fees paid in the 2018 financial year to BDO South Africa Inc for the audit of the 2017 financial year. The 2018 audit fees to BDO South Africa Inc will be paid in 2019 and will reflect as such in the financial statements.

13. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

One director and two prescribted officers' emoluments in connection with the affairs of the Institute, were as follows:	2018 R	2017 R
FJC Cronje – Salary	1 871 780	1 703 943
RD Le Roux – Salary	1 054 644	971 782
G Ngwenya – Salary (Resigned February 2018)	179 300	1 000 000
	3 105 724	**3 675 725**

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

14. TAXATION

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

NOTES (continued)

15. RETIREMENT BENEFITS

Defined contribution plan

The Company encourages employees to belong to a pension or provident fund. 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.

	2018 ***R***	***2017*** ***R***
The total contribution to such schemes	140 860	151 448

16. CAPITAL EXPENDITURE

	2018 ***R***	***2017*** ***R***
Authorised but not yet contracted for	450 000	200 000

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

17. SPECIAL FUNDS

Bursary	***2018*** ***R***	***2017*** ***R***
Donations and grants	6 536 398	5 299 601
Interest	80 889	123 682
Dividends	208 700	227 572
Surplus on investments	–	1 283 053
	6 825 987	**6 933 908**
EXPENSES		
Administration fees and running costs	1 108 300	995 737
Bursaries and grants	6 070 286	5 266 713
Unrealised loss on investments	879 243	–
	8 057 929	**6 262 450**
(LOSS)/SURPLUS FOR THE YEAR	(1 231 942)	671 458
Accumulated funds at beginning of year	15 101 952	14 430 494
NET ACCUMULATED FUNDS	**13 870 010**	**15 101 952**

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)

18 SPECIAL FUNDS

Bursary Funds

	Capital ***R***	***Amounts held for Bursary awards*** ***R***	***2018*** ***R***	***2017*** ***R***
Amcham Fund	–	1 023 195	1 023 195	1 198 339
Clive Beck Education Trust	–	243 898	243 898	544 814
Durban Thekwini Bursary Fund	–	42 578	42 578	41 869
Giannopoulos Bequest	322 000	182 228	504 228	520 761
Horace Coaker Fund	500	997 561	998 061	1 033 422
Hungjao Bequest	821 831	204 899	1 026 730	1 142 859
Isaacson Foundation Bursary Fund	–	738 108	738 108	935 376
Johnson and Johnson Medical Bursary Fund	–	340 660	340 660	219 151
Luthuli Memorial Foundation Fund	107 883	57 276	165 159	165 159
Oppenheimer Memorial Trust		3 212 149	3 212 149	2 546 845
Reginald Smith Memorial Trust	10 000	4 174	14 174	13 782
Robert Shapiro Trust	–	3 595 558	3 595 558	4 441 808
Senior Bursary Fund	50 000	33 797	83 797	82 574
Shirley Simons Fund	772 778	1 108 937	1 881 715	2 215 192
TOTAL BURSARY FUNDS	**2 084 992**	**11 785 018**	**13 870 010**	**15 101 952**

NOTES (continued)

19 INVESTMENTS

19.1 Bursary funds (Note 18)	*2018 R*	*2017 R*
Listed Investments (Note 20)	9 499 799	8 561 842
	9 499 799	8 561 842
Total equities and other investments	9 499 799	8 561 842
Cash deposits	4 370 211	6 540 111
	13 870 010	**15 101 952**

19.2 Other Institute Investments

Investec Fixed Deposit	14 656 721	–
FNB Fixed Deposit	7 808 692	–
Listed Investments (Note 21)	7 347 506	39 071 370
	29 812 918	**39 071 370**
TOTAL INVESTMENTS	**43 682 927**	**54 173 321**

20. LISTED INVESTMENTS OF BURSARY FUNDS

	2018 Qty	*2018 R*	*2017 Qty*	*2017 R*
Broadcasting and Entertainment				
Naspers Limited	630	1 822 130	380	1 311 380
Chemicals, Oils and Plastics				
Sasol Limited	3 060	1 300 500	3 060	1 310 231
Clothing and Accessories				
Compagnie Financiere Richemont SA	12 450	1 165 943	12 450	1 391 287
Food Retailers and Wholesalers				
Bid Corporation Limited	6 344	1 681 160	6 344	1 909 481
Paper				
Mondi PLC	3 000	912 210	–	–
Preference Shares				
Firstrand B-Preference shares	16 000	1 305 600	–	–
Services				
Bidvest Group Limited	6 344	1 312 256	6 344	1 383 563
Cash held for investments		–		1 255 900
		9 499 799		**8 561 842**

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

NOTES (continued)

21. LISTED INVESTMENTS OF OTHER FUNDS

	2018 Qty	*2018 R*	*2017 Qty*	*2017 R*
Beverages				
Anheuser-Busch InBev SA NV	–	–	820	1 122 826
Broadcasting & Entertainment				
Naspers Limited	–	–	1 385	4 779 635
Business Support Services				
Santova Limited	–	–	500 000	1 540 000
Equity Investment Instruments				
Rand Merchant Insurance Holdings Limited	–	–	42 209	1 937 393
Food Retailers and Wholesalers				
Bid Corporation Limited	–	–	6 690	2 013 623
Furnishings				
Steinhoff International Holdings Limited	–	–	33 900	157 635
General mining				
Glencore Plc	–	–	16 000	1 029 760
Investment Services				
PSG Group Limited	–	–	8 000	2 160 000
Life Insurance				
Sanlam Limited	–	–	21 000	1 827 000
Paper				
Mondi Plc	–	–	5 150	1 644 498
Pharmaceuticals				
Aspen Pharmacare Holdings Limited	–	–	6 350	1 762 125
Real Estate Holding & Development				
Nepi Rockcastle Plc	–	–	16 847	3 598 014
Retailers				
Clicks Group Limited	–	–	17 000	3 079 210
Services				
Bidvest Group Limited	–	–	10 390	2 265 955
Tobacco				
British American Tobacco Plc	–	–	4 102	3 402 609
Foreign instrument: Société Générale SA				
Berkshire Hathaway Class 'B' Com USD	650	1 914 244	650	1 592 706
Facebook Inc Com USD	450	850 849	450	981 598
Alphabet Inc Cap Stk USD	120	1 792 455	120	1 552 221
Siemens AG NPV EUR	750	1 210 677	750	1 293 597
Roche Holdings AG Genusscheine NPV	410	1 455 406	410	1 280 372
Cash held for investments		123 875		50 593
		7 347 506		**39 071 370**

The fair values of listed investments are based on the quoted market price at the reporting period date. The foreign investments values are based on the quoted market price and translated into South African Rand at the exchange rate of 31 December 2018. The portfolio on the local Johannesburg Stock Exchange was liquidated in June 2018 and placed into fixed deposit accounts at Investec and First National Bank (Refer to note 19.2).

22. GOING CONCERN STATEMENT

After reviewing the Institute's cash-flow forecast for the year ending to December 2019, the Directors is of the opinion that, the Institute has resources to maintain its operational existence for the foreseeable future and that:

— The Institute assets fairly valued exceed its liabilities fairly valued; and

— The Institute will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2018.

23. EVENTS AFTER THE REPORTING DATE

There have been no material events that would require adjustment or disclosure in the annual financial statements between 31 December and the date of this report.