

THE SOUTH AFRICAN STATE THEATRE

# ANNUAL REPORT

2020 | 2021



an agency of the  
Department of Sport, Arts and Culture

PRICE R30 15 JUN - 31 DEC 2020 INCUBATOR PROGRAMME

**NCAMISA**  
*Ngana*

STATE THEATRE  
The South African State Theatre

YouTube

TICKETS R30 Directed & Choreographed by Luyanda Sidiya

**AMAWETHU**

AVAILABLE FROM 16 JUNE 2020

STATE THEATRE  
The South African State Theatre

YouTube

DIRECTED BY AUBREY SEKHABI  
MARGAL BREIDER SARELO BONAKHISHELO TOSGO OMORODIWAHOPE MBI & MARGAL BREIDER VIKTOR DORRBERG COFFINE DECKER JESSE MORFE

**FREEDOM**

16 JUNE-5 JULY 2020 AT 3PM 13(LV)

BEST BEST BEST BEST BEST BEST BEST BEST

STATE THEATRE  
The South African State Theatre

YouTube

16 JUNE - 5 JULY 2020 AT 5PM ALL AGES INCUBATOR PROGRAMME

BY TORSTEN TEBOGO RYKA AKA CLEAR

**SPEAKING FROM EXPERIENCE**  
"GROWTH"

STATE THEATRE  
The South African State Theatre

YouTube

**THE FALL**  
ALL RHODES LEAD TO DECOLONISATION

15 - 30 JUNE 2020 AT 8PM PG18

STATE THEATRE  
The South African State Theatre

3 BANKERS THEATRE CENTRE  
The South African State Theatre

YouTube

KAARTJIE R30

**Koekeloer!**  
'n Lekkerlag-klugkomedie!

13(LV)

21 JULY - 9 AUGUST 2020 AT 8PM 13(LV)

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

Choreographed by Yusuf Thomas INCUBATOR PROGRAMME

**TRAFFICKED**

0 1003 4-00181 71 00

21 JULY - 9 AUGUST 2020 AT 8PM 13(LV)

STATE THEATRE  
The South African State Theatre

YouTube

TICKET R30

THAT NIGHT OF  
**TRANCE**

13(LV)

DIRECTED BY NISHENG MOKGORO  
CO-WRITTEN BY NISHENG MOKGORO & BILLY LANGA  
MUSIC DIRECTOR NISKA NGOMGA CHOREOGRAPHER PHILI MOGELA

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

TICKET R70

Live in Concert with  
**ZONKE DIKANA**

9 AUGUST 2020 AT 3PM

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

**MOSADI POO**  
Inspired by DUMA KA NDLOVU'S THE GAME

10 AUGUST - 31 AUGUST 2020 13(LV)

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

**MARIKANA**  
THE MUSICAL

12 AUGUST - 16 SEPTEMBER 2020 ALL AGES

WRITTEN & DIRECTED BY AUBREY W SEKHABI

STATE THEATRE  
The South African State Theatre

YouTube

TICKET R70

**SIBONGILE KHUMALO**  
LIVE IN CONCERT

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

KAARTJIE R30

DIE AFRIKAANSE HOER MEISIESKOOI EN DIE SUID-AFRIKAANSE STAATSTEATER  
MET TOESTEMMING VAN ADD-LIFE PRODUCTIONS

6 - 27 SEPTEMBER 2020

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

TICKET R70

**FELA AND THE KALAKUTA QUEENS**

7 - 30 SEPTEMBER 2020 13(LV)

DIRECTED BY BOLANLE AUSTEN-PETERS

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

TICKETS FROM R70

**AMAHUBO**  
IN CONCERT

BY MBUSO KHOZA  
FEATURING ZAWADI YAMUNGU

24 SEPTEMBER 2020 AT 19:00

web tickets  
Click n Day

STATE THEATRE  
The South African State Theatre

YouTube

Cover Image: Angola Camp 13

TICKET R200

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# METSI

DIRECTED BY HANNAH VAN TONDER • DRAMATURGE BY PAUL NYIRO  
PERFORMED BY KOSILE BONGAKANA, TRUSSE BIDA, ARONKOLE MOKOBE MATHEU  
AND SANDILE KHAKHOZI

28 SEPTEMBER - 18 OCTOBER 2020 (ALL AGES)

STATE THEATRE The South African State Theatre

web tickets

WEAR A MASK AND PRACTICE SOCIAL DISTANCING. STAY HOME & STREAM #READONLINEATHEATRE

TICKET R200

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# An evening of FOLKLORE

Live in the Theatre

By Mbuso Khoza | Guest Vocalist: Nandi Mzobe

OPERA THEATRE 30 & 31 OCT 2020 AT 7PM

STATE THEATRE The South African State Theatre

web tickets

WEAR A MASK AND PRACTICE SOCIAL DISTANCING

TICKET R150

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH ON POINT RECORDS PROUDLY PRESENTS

# ENCORE HOMECOMING

LIVE IN THE THEATRE

OPERA THEATRE 27 NOVEMBER 2020 | 8PM

STATE THEATRE The South African State Theatre

web tickets

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# SAST FRINGE

Online Show with Bonafide Billi

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# NCAMISA NQANA

ONLINE SHOW ON SAST FRINGE

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R200

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# SAST FRINGE ONLINE SHOW WITH MANAKOMBA

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# ITU SINGS

ONLINE SHOW ON SAST FRINGE

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# AZAH

ONLINE SHOW ON SAST FRINGE

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# SAST FRINGE ONLINE SHOW WITH TEHILLAMUSIC

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R50

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

# MANDLA NTLAKS

ONLINE SHOW ON SAST FRINGE

STATE THEATRE The South African State Theatre

web tickets

YouTube

TICKET R180

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH MANTI MZALI PROUDLY PRESENTS

# ANGOLA CAMP 13

MUSICAL EXTRAVAGANZA OF THE GOLDEN GENERATION

ARENA THEATRE 3 & 4 DEC AT 2PM 5 & 6 DEC AT 3PM 2020

STATE THEATRE The South African State Theatre

MANTI MZALI

web tickets

TICKET R150

MZANSI FELA FESTIVAL PROUDLY PRESENTS

# ONE NIGHT - ONE STAGE

KABZA DE SMALL & DJ MAPHORISA BLACK MOTION

AND MANY MORE...

4 DEC 20 15:00 - 00:00 -1 PARKING BASEMENT

STATE THEATRE The South African State Theatre

web tickets

MZANSI FELA FESTIVAL

TICKET R150 - R250

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BANDA BANDA AGENCY PROUDLY PRESENTS PHINDA MZALA

# LANGA MAVUSO

5 DECEMBER 2020 | 7PM | OPERA THEATRE

STATE THEATRE The South African State Theatre

web tickets

TICKETS R150 - R250

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BANDA BANDA AGENCY PROUDLY PRESENTS

# Zoë MODIGA

LIVE IN CONCERT

6 DECEMBER 2020 3PM OPERA THEATRE

STATE THEATRE The South African State Theatre

web tickets

TICKET R150 - R250

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BANDA BANDA AGENCY PROUDLY PRESENTS PHINDA MZALA

# BUNLEBENDALO

12 DECEMBER 2020 | 7PM | OPERA THEATRE

STATE THEATRE The South African State Theatre

web tickets



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A man with a grey beard and a black headband is performing on stage. He is wearing a vibrant green traditional short-sleeved tunic with multiple pockets. He holds a silver microphone in his right hand and a black staff in his left hand. The background is a deep blue with a subtle pattern. A semi-transparent black banner with a red section on the left contains the text 'PART A: GENERAL INFORMATION'.

## PART A: GENERAL INFORMATION

Folklore - Mbuso Khoza

# 1. PUBLIC ENTITY'S GENERAL INFORMATION

PUBLIC ENTITY:	THE SOUTH AFRICAN STATE THEATRE
PHYSICAL ADDRESS:	320 PRETORIUS STREET PRETORIA 0002
POSTAL ADDRESS:	P O BOX 566 PRETORIA 0001
TELEPHONE NUMBER:	+27 12 392 4000
EMAIL ADDRESS:	admin@statetheatre.co.za
WEBSITE ADDRESS:	www.statetheatre.co.za
EXTERNAL AUDITORS:	AUDITOR-GENERAL SOUTH AFRICA
BANKERS:	ABSA BANK LIMITED
COUNCIL SUPPORT:	ADAMS AND ADAMS ATTORNEYS

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AD</b>	Artistic Director
<b>AFS</b>	Annual Financial Statements
<b>A-GSA</b>	Auditor-General of South Africa
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COUNCIL</b>	The South African State Theatre Council (Board)
<b>DCS</b>	Director of Corporate Services
<b>DPSA</b>	The Department of Public Service and Administration
<b>DSAC</b>	The Department of Sport, Arts and Culture
<b>MANCO</b>	Management Committee
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NT</b>	National Treasury
<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999, as amended)
<b>SAST</b>	The South African State Theatre
<b>SCM</b>	Supply Chain Management
<b>SMME</b>	Small Medium and Micro Enterprises
<b>TR</b>	Treasury Regulations

### 3. FOREWORD BY THE CHAIRPERSON



**PROFESSOR FIKILE N. M. MAZIBUKO**  
CHAIRPERSON

#### INTRODUCTION

The Council of the South African State Theatre (SAST) presents the Annual Report for the 2020/21 financial year. This report, which serves as Council's tool of accountability to the shareholder and the people of South Africa, has been prepared by management and approved by Council, in accordance with the Cultural Institutions Act (Act 119 of 1998, as amended in 2001) and the Public Finance Management Act (Act 1 of 1999).

This report outlines the governance and operational activities of the SAST during the last year of this the previous Council's three-year term, which began on 1 December 2017, and the first four months of the new Council, which was appointed on 09 December 2020. We are grateful to the previous Council for compiling a comprehensive Handover Report, thus making it easier for the new Council to identify strategic priorities.

The previous Council and the new Council reviewed the SAST's Business Model focussing on long term sustainability, more particularly during the challenging times of the Covid-19 pandemic. There was common understanding that the SAST should identify and position itself as "the theatre of Africa", with its vision as: "To be the prestigious theatre of choice for a distinctly Pan-African experience", while recognising the internationalist and inclusive character of South Africa's past, present and future.

Since 2018 the strategic focus has been on identity and branding, generating revenue, marketing, stakeholder engagement, prioritisation of ICT governance, legislative compliance, and human resource capacity to deliver on the entity's mandate. This was confirmed at the new Council's induction workshop on 5 and 6 February 2021.

#### Operating Conditions and Audit Outcome

During the past three financial years, Council has made progress in the implementation of the strategic priorities which has resulted in the integration of the Strategy, Structure and Financial Resources, which is critical to the success and long-term sustainability of this organisation. In addition to its enhancement approach and reviewing strategic priorities, Council relentlessly pursued the consolidation of the strategic interventions to stabilise and place SAST on an upward trajectory.

Council has prioritised good governance practice and high performance by the executive team and the entire staff of the SAST. When the previous Council had its first meeting in February 2018 the SAST was emerging from a difficult period of negative audit opinions, fiscal constraints, operational downscaling, and organisational turnaround. Despite the challenges Council and management steered the organisation through this difficult terrain and, as a result, the organisational performance began to significantly improve. The new Council is committed to improvement in organisational performance and the achievement of operational efficiency.

The financial year 2020/21 was a particularly challenging financial year, with the unprecedented problems caused by the outbreak of the Covid-19 pandemic and the SAST had to grapple with the discovery of fraud and corruption which had been happening since the 2014/15 financial year. While the pandemic destabilised the whole world, the fraud was a particular SAST problem, which required attention to ensure that it was thoroughly investigated, and appropriate action taken. Despite the difficulty of the operating climate and the cloud of fraud hanging over the SAST's proverbial head, the institution has managed to triumph in respect of its core business by being innovative and creative, while the fraud has been the subject of investigation by the SAST's forensic investigators and the law enforcement agencies. We are confident that the investigation will be concluded during the 2021/22 financial year and those responsible be made to account for their actions.

SAST obtained a qualified audit opinion from the Auditor-General (AG) for the 2020/21 financial year audit. This is a shocking and disheartening outcome, more especially because the SAST has achieved unqualified audit opinions for the past three financial years. The audit opinion is based on matters relating to property, plant and equipment and the presentation of financial statements.

The Council, Audit and Risk Committee and the executive management have compiled an Audit Action Plan to ensure that these matters receive the necessary attention, and the progress on the plan will be a standing item at future Council meetings for purposes of monitoring and evaluation. The aim is to ensure that the SAST achieves an improved audit outcome in the next financial year. Council is determined to address the areas identified by the auditors and to enhance the SAST's performance particularly to balance artistic creativity and fiscal stability. Council will continue to perform its oversight role while also ensuring that there is accountability in respect of the 2020/21 audit outcome and the overall performance of the organisation.

#### Corporate Governance

The SAST Council and its committees, that is; the Audit and Risk Committee (ARC), the Human Resources and Remuneration Committee (HR-REMCO) and the Institutional Development Committee (IDC) executed their responsibilities in accordance with their respective charters and enabling legislation. During the year under review, Council established a Finance Committee and expressed its intention to establish the Social

and Ethics Committee. This has been achieved as the committee was established in February 2021.

The previous and the new Councils have continued to consistently strengthen the pillars of good corporate governance by reviewing the composition and mandates of committees, reviewing organisational policies, ensuring implementation of sound internal controls and risk management, monitoring, evaluation and enhancing legislative compliance. Council has ensured that there is improvement in the execution of its fiduciary and oversight responsibility as well as accountability by the executive management in respect of organisational performance.

During the financial year under review two ARC external and independent Council members, Ms Zanele Nkosi and Mr Theo Rochussen, were appointed in November following the resignation of Mr Yaasir Haffejee. Their appointment will strengthen the ARC, more especially in providing independent oversight and assurance to Council.

In addition, a new Internal Audit service provider will be appointed during the 2021/22 financial year as well as the establishment of the ICT Strategic Committee. The ICT Strategic Committee is in line with Council's strategic thrust of strengthening ICT governance within the SAST and ensuring that ICT drives organisational performance. This is crucial given the challenges and opportunities provided by the pandemic as well as the compliance requirements that have been imposed by the promulgation of the Protection of Personal Information Act (POPIA).

#### **Organisational Performance for the year under review**

SAST's achieved an overall performance of 87% against predetermined objectives, as set out in the SAST's revised 2020/21 Annual Performance Plan, which is 30% more than the performance for the 2019/20 financial year, but 4% less than the performance of the 2018/19 financial year. It is remarkable that the SAST achieved this level of performance during a year of unprecedented difficulties caused by Covid-19. Council is also pleased that the audit of the SAST's performance information has received no material findings from the AGSA in the past five years in respect of presentation and disclosure as well as relevance. While the performance has significantly improved, Council and management have put measures in place to ensure that the performance for the 2020/21 financial year significantly improved, albeit in the time of Covid-19.

Based on the audited Annual Performance Report the SAST has achieved all revenue generation targets, even those that had been raised as a concern during the 3rd Quarter. Artistic and audience targets were also achieved. The Annual Performance Report demonstrates that the SAST has done significantly better than the 2019/20 financial year. In addition to improving audience figures, the hybrid artistic programme and the decision to embrace technology has increased the profile of the SAST. Challenges in respect of infrastructure and the client satisfaction surveys have already been addressed to ensure improvement during the 2021/22 financial year. Through creativity and innovation, the SAST has performed remarkably during a particularly difficult year of the pandemic by registering 74 444 in audience attendance against a target of 65 000 and created 428 jobs against a target of 240.

The number of in-house productions staged during the year totalled 72 against a target of 24. Online and live performances were staged for these productions, attracting an audience of 74 444 and combined with theatre rental income, generated a revenue of R2,102,142. Rental of offices and other spaces generated R3,691,779 against a target of R500,000. Parking garage rentals generated R8,463,952 against a target of R6,000,000. Front of House revenue was R182,169.

Council is proud of the artistic work of the SAST, and the achievements made in cementing its

role as a premier theatre for both small and large-scale productions. It was no surprise that the theatre won 13 awards at the 2020 Naledi Theatre Awards. The 2020 productions continued to diversify and grow the SAST's audience. The artistic programme, which was drastically modified in May and June 2020, continued to stimulate debate on pertinent socio-economic and political issues, secure long-term sustainability for the arts, contributed to economic growth, and created jobs while also making critical commentary on nation-building, social cohesion, gender-based violence, racial discrimination, corruption, poverty, and inequality.

We are pleased that the SAST consistently pushed the envelope and broke new ground in presenting dynamic live and digital projects that reaffirm its identity as a Pan-African theatre, with growing national and international reputation.

#### **Financial Results**

The SAST's financial performance is outlined in the Annual Financial Statements, which form part of this Annual Report. The SAST Council and management remain committed to fiscal stability by implementing cost containment measures. Council will continue to engage the DSAC regarding the fact that theatre is still an unfunded mandate. This presents challenges, more particularly when one considers the size of the State Theatre infrastructure and the fact that only 15% of the budget is set aside for core business, namely the artistic productions.

Revenue collection from property tenants is still a matter of serious concern. Council has mandated management to implement various measures to address this challenge of poor revenue generation from leasing of facilities. This is being done with due regard to the difficult economic climate caused by the pandemic. The SAST is not just a theatre but has a huge property management portfolio. This complicates its operational efficiency as the theatre has to engage in debt collection while being mindful of the fact that the majority of its tenants are arts organisations whose funding is not constant. This places the SAST between the proverbial rock and a hard place in that it had to ensure legislative compliance while at the same time playing a humanitarian role of accommodating struggling arts businesses.

The SAST continues to engage with DSAC regarding the enhancement of capacity to generate own revenue as one of the key deliverables. This was confirmed during Council induction in February 2021. Strengthening the SAST's revenue generation capacity is crucial during the economic climate which has seen massive budget cuts by National Treasury for the financial year under review as well as the next three financial years. Council is encouraged by the DAC's willingness to assist in the funding of infrastructure maintenance. Funding of the maintenance of the massive but aging infrastructure will provide long term benefits towards ensuring sustainability and releasing some of the funds for the core business.

#### **Strategic Direction**

As mentioned in the Introduction, the SAST's strategic direction was reaffirmed during the Council workshop on 25 November 2020 and again by the new Council in February 2021. The entity's Programme of Action still focuses on five strategic pillars, which are: Maximise Revenue, Enhance Reputation, Develop and Manage Human Capital, Promote a Culture of Excellence, and Audience Development. Council resolved that the following are to be the key deliverables for the 2021/22 financial year:

- The diversification of revenue sources to ensure long-term sustainability.
- Resource mobilization in ensuring that the SAST responds meaningfully to the challenges of Covid-19 (including strengthening of ICT infrastructure and governance)

- Achievement of a clean audit outcome.
- Financial management – the need to strengthen the internal controls to avoid issues such as fraud and corruption.
- Strengthening the human capital development as an important strategic pillar.
- Infrastructure management – not only maintenance but also enhancing and upgrading infrastructure which would assist with revenue generation.
- Developing the relationship with the municipality and the province.
- Continuous identification of emerging risks brought about by the Impact of Covid-19.
- Development of a comprehensive Stakeholder Engagement Strategy.

In pursuing the strategic direction, Council remains cognisant of developments with regard to the constant budget reductions, the implementation of the Revised White Paper on Arts, Culture and Heritage as well as the governance and operational implications of the proposals contained in the Feasibility Study on the Amalgamation of DAC entities.

#### Acknowledgments

On behalf of the SAST, Council extends its sincere gratitude and acknowledgment of the foresight, insight and collective critical reflections driven by the Executive Authority, Honourable Minister of Sport, Arts and Culture, Mr Nkosinathi Emmanuel Mthethwa. The continued support from and mutual engagement with the team in the department, led by the Director-General Mr Vusumuzi Mkhize, is greatly appreciated.

I would also like to recognise and express appreciation for the profound and invaluable contribution made by all staff of the SAST. Staff consistently demonstrate strong work ethic, passion, civility, and professionalism. Despite extreme adversity caused by the outbreak of the pandemic and the discovery of fraud, the SAST staff were not disheartened but remained resolute in their commitment to company values and achievement of organisational goals.

Council will continue to provide strategic oversight, guidance, and leadership in order to ensure that the strategic priorities of the SAST are aligned to the National Development Plan 2030, the Minister's 10-Point Plan and the SAST's Five Year Strategic Plan. Most importantly, particular emphasis will continue to be placed on achieving good corporate governance, nation-building and social cohesion while ensuring a healthy balance between fiscal stability and artistic creativity.

I would like to express special word of gratitude to members of

the previous Council who, through their diligence and focus on building the institution, handed over an entity that has become more efficient and effective, while also subscribing to sound governance principles and values. Their detailed Handover Report ensured that the new Council focuses on enhancing the pillars of the strategic direction and the Programme of Action.

The achievement of a positive audit outcome will be of utmost priority during the 2021/22 financial year. The SAST Council looks ahead to the remaining two years of its term with renewed vigour and a resolve to achieve operational efficiency, good corporate governance, and accountability.



**Professor Fikile N. M. Mazibuko**  
Chairperson  
The South African State Theatre  
31 July 2021

## HIGHLIGHTS 2020/2021

- SAST launched its Online Theatre Programme in May 2020.
- SAST won 13 awards at the 2020 Naledi Theatre Awards.
- 428 short-term artistic jobs were created by inhouse productions for artists and technical production crew.

# SAST COUNCIL

TERM ENDED: 8 DECEMBER 2020



PROF FIKILE N.M. MAZIBUKO  
(CHAIRPERSON)



DR MATSHEDISO JOY NDLOVU  
(DEPUTY CHAIRPERSON)



MS NKOSAZANA TEBOGO MOSALA



MS MADILE MOFAMMERE



MS SHAMILA SINGH



MR TEBOGO MPHUTI



MR DHEREN SINGH



MS PHUMZILE HAZEL MASEKO



MR SYLVESTER CHAUKE

# SAST COUNCIL

APPOINTED: 9 DECEMBER 2020



PROF FIKILE N.M. MAZIBUKO  
(CHAIRPERSON)  
(REAPPOINTED)



DR MATSHEDISO JOY NDLOVU  
(DEPUTY CHAIRPERSON)  
(REAPPOINTED)



ADVOCATE KHAYELIHLE THANGO



DR LEBOGANG NAWA



MR SUREN MAHARAJ



MS HELLEN KENTSE MAKGAE



MR GLENN UJEBE RAMOTILE ERIC MASOKOANE

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



**DR SIBONGISENI MTHOKOZISI MKHIZE**  
CHIEF EXECUTIVE OFFICER

### INTRODUCTION

I have great pleasure in providing the overview of the SAST's Annual Report for the 2020/21 financial year. The South African State Theatre (SAST) remains committed to implement the mandate of the Department of Sport, Arts and Culture (DSAC), its Executive Authority, the Minister's 10-Point Plan and the relevant Outcomes of the National Development Plan. The SAST has aligned its mandate to the DSAC's strategic drivers, outcomes, and outputs.

The theatre's strategic goals have been formulated from the DSAC's strategy which aims to develop, preserve, protect, and promote, arts and culture in South Africa and mainstream its role in social cohesion, nation building and facilitation of socio-economic development.

This Annual Report is based on the 2020/21 Annual Performance Plan (APP), which is aligned to the government's Programme of Action, which is to support job creation, create a skilled workforce, build an empowered and inclusive citizenship as well as foster an effective, efficient, and responsive public service. These are outlined in detail in the Chairperson's foreword. As was the case with all other government entities, the SAST's 2020/21 APP was adjusted in July 2020 in light of the outbreak of the Covid-19 pandemic and the declaration of the National State of Disaster on 15 March 2020. The SAST's 2020/21 targets and deliverables therefore took into consideration the changing socio-economic climate and were adjusted accordingly. Planning had to be adjusted in line with lockdown regulations as well as the shrinking fiscal envelope which saw funds being redirected towards efforts to combat Covid-19.

### Delivery of Mandate and Audit Outcome

In implementing the performance plan, the SAST was informed by the strategic pillars and the Programme of Action, which were the outcome of Council's Strategic Planning workshop in November 2019. The SAST Council and executive management ensured that there was a constant review of its artistic programmes, investment in people and change in organisational culture, strengthen capacity to raise partnerships and attract sponsors, and enhance capacity to generate own revenue. In addition, there was focus on improving programmatic and institutional visibility, diversification of artistic offerings, and the use its artistic programme and the Transformation Project to promote its identity as a proudly Pan-African theatre. The SAST continued to review quality of spending, strengthen internal controls in financial management and safeguarding of assets, achievement of a healthy balance between artistic creativity and financial stability,

The financial year under review was the fourth year of implementation of the SAST's pan-African theatre vision and identity. This was expressed through the artistic programme and the initiation of the building blocks of the Transformation Project that will see the rebirth of the SAST, particularly changes in its interior design, renaming of spaces and the alignment of the theatre with the transformative and inclusive outlook of the

Department of Sport, Arts and Culture.

In order to provide strategic direction, Council held a workshop in November 2019, which identified key strategic priorities for the 2020/21 to 2024/25 MTEF period. These strategic pillars are a response to the theatre's challenges and seek to ensure long term sustainability. The strategic pillars:

1. Maximise Generation of Own Revenue
2. Enhance reputation
3. Develop and Manage Human Capital
4. Promote a Culture of Excellence
5. Audience Development

These priorities were reviewed in November 2020 and ultimately adopted by the newly appointed Council in February 2021. They will form the basis for the institution's strategic direction in the 2021/22 financial year.

During the financial year under review management ensured that their report on organisational performance centred on these strategic pillars. While there was notable progress in some, others will require more effort, especially revenue generation, development of human capital and the increase in audience attendance. The main contributor to the significant changes in performance was the Covid-19 pandemic.

During the audit of the 2020/21 financial year the SAST obtained a qualified audit opinion from the Auditor General. As mentioned in the Chairperson's foreword management has developed an Audit Action Plan to address the matters that were raised in the Final Management Report and the Audit Report. This plan will pay particular attention to strengthening internal controls in order to ensure that the fraud and corruption, which was uncovered during the 2019/20 financial year is not repeated.

### Artistic Performance

The SAST's artistic philosophy and programme are predicated on the SAST's pan-African identity. The artistic performance is in line with the deliberations and the strategic pillars as identified during the Council meetings and workshops. While the SAST continued to cement its place as a premier centre for the performing arts and a centre of artistic excellence, serious challenges persisted in audience attendance and ticket sales. As mentioned in the Chairperson's Report, the artistic achievements outlined above occur within a context of

resource constraints. Currently the SAST allocates 15% of its budget to the Artistic Programme. Council has realised that this is inadequate, and efforts are being made to strengthen the organisation's fundraising and sponsorship capacity. The SAST will continue to engage with DSAC and National Treasury to find ways to secure sustainable funding of theatre productions.

The hybrid artistic programme, which was driven by innovations around online/digital theatre, has broadened horizons, and opened new vistas in respect of partnerships, creativity, and artistic expression. This artistic programme also ensured that the SAST continues to execute its mandate of presenting theatre while also ensuring that it brought relief to the arts and culture sector. Council is confident that the SAST's creative team will continue to find creative ways of critically and innovatively engaging with the ever-changing challenges as well as opportunities brought about by the Covid-19 pandemic. From the 2021/22 financial year there will be renewed focus on the intersection between live theatre and information technology, literature, partnerships with the education sector, protection, and monetisation of intellectual property, and strengthening of international collaborations.

### Financial Performance

The finances of the SAST are managed in accordance with the Public Finance Management Act. The SAST's internal audit is conducted by a private company and its work has assisted Council, the Audit and Risk Committee (ARC) and management in strengthening the control environment and risk management.

During the 2020/2021 financial year, the SAST received an operational grant of R59,790,000 and capital expenditure grants totalling R3,699,127, self-generated revenue of R15,290,628 and sponsorship revenue of NIL. Revenue decreased by 14,83%. Expenditure decreased by 12,63%. The net inflationary adjustment after in-year budget reductions amounted to 0,6%.

The SAST management continue to intensify cost containment measures and to strengthen the control environment. Management continues to monitor and evaluate the quality of spending. Efforts were made to identify and quantify existing commitments to ensure alignment with the SAST's income generating capabilities. The biggest area of concern is revenue generation from property rentals. This has been exacerbated by the tough economic conditions caused by the Covid-19 lockdown. The SAST is exploring ways of maximising its capacity to collect money from its tenants and to attract new business through events and theatre bookings.

### Planning and Performance Reporting

During the 2020/21 financial year the SAST Council and management paid particular attention on the matters raised by the Auditor-General. Organisational performance was carried out in accordance with the Annual Performance Plan, with particular focus being placed on the strategic pillars as identified by Council.

Despite the challenges experienced during 2020/21 due to the outbreak of Covid-19, the SAST has achieved 87% of its APP targets. The SAST has achieved all revenue generation targets. Artistic and audience targets were also achieved.

The Annual Performance Report demonstrates that the SAST had done significantly better than the 2019/20 financial year. In addition to improving audience figures, the hybrid artistic programme and the decision to embrace technology has increased the profile of the SAST. Challenges in respect of infrastructure and the client satisfaction surveys have already been addressed to ensure improvement during the 2021/22 financial year.

### Risk Management and Compliance

Risk Management is a standing item at management and Council meetings. The Audit and Risk Committee reports to Council on a quarterly basis. During the year under review, the Risk Register review was completed in July 2020. The Risk Register is a living document and management uses it to track progress on mitigation of key risks, identification of and implement controls to deal with business unit risks, and the detection and mitigation of emerging risks as identified on a regular basis and tabled at the meetings of the Risk Management Committee which meets quarterly.

The SAST management places particular focus on risk ownership (responsibility and accountability), processes of identifying and reporting risks, education, and dissemination of information on risks, and develop measures to ensure that staff are educated about risk management and fraud prevention using technology. During the financial year the SAST conducted a Fraud Risk Assessment, and its findings have been incorporated into the 2021/22 Risk Register. Compliance with the Protection of Personal Information Act will be prioritised during the next financial year.

The SAST continues to monitor the risk exposure in respect of Health and Safety, Covid-19, ICT and Fraud. The ICT department has already developed an ICT Governance document which seeks to address the ICT Strategy, ICT Risks, Performance, ICT Integration, Cyber Security, Disaster Recovery and Policy Development. Most of the ICT Governance policies were approved in March 2021.

### Human Resources

During the financial year the SAST continued to face a serious challenge of achieving the alignment of the strategic plan with the structure, the budget, and the new Business Model (Business Improvement Strategy). While significant improvements were made, certain areas of the business such as marketing and sales of productions, property rentals, and human resources still need to be appropriately capacitated. The HR-REMCO identified the urgent need to strengthen the Human Resources department, appointment of a director responsible for corporate services, succession planning, and the reduction of the high vacancy rate. The Director: Corporate Services was appointed in December 2020, and has already embarked on strategic projects at HR, Business Development, and Infrastructure Management. Furthermore, the SAST will constantly review its human capital to ensure that it is configured to meet the challenges of the 21st century, embrace the Fourth Industrial Revolution and to deal with the new reality of the Covid-19.

### Infrastructure Management

During Council's strategy workshops infrastructure has been highlighted as an area of particular concern, the inadequate strategic integration between maintenance/capital works projects and the strategy of the State Theatre. It has also been highlighted as one of the risks in the SAST's Risk Register. Planned and regular maintenance of facilities and improvement of equipment will contribute significantly to the quality of productions, particularly large-scale musicals, and the general comfort of the patrons. Furthermore, the costs of maintaining the infrastructure and the payment for municipal services are increasing and have surpassed the money spent on the core business. Council has identified the infrastructure as an opportunity in terms of maximisation of revenue for long-term stability.

The current state of the infrastructure is important to take into consideration when exploring ways of ensuring the long-term sustainability of the SAST. Following several meetings between the SAST and DSAC, progress has been made with regarding to securing maintenance funding and the establishment of the Facility Management Contract. DSAC has already made significant efforts towards making funding available to maintain the SAST building.

The SAST management continues to engage all the stakeholders, that is, the DSAC, the

Gauteng Department of Infrastructure Development (DID) and the City of Tshwane to clarify the governance arrangements in respect of the State Theatre building. It is a problem that goes back to the early 2000s when the theatres that used to be owned by provincial arts councils before 1994 were handed over to the national government. While the institutions were declared as cultural institutions, the ownership of the actual buildings and the responsibility for their maintenance and payment of municipal rates and taxes remained unresolved.

### **Partnerships and Social Responsibility**

In pursuit of its institutional vision and pan-African identity, the SAST initiated discussions with other theatres and independent producers in the African continent and other parts of the world. During 2020/21 the SAST continued to engage in discussions and artistic collaborations with theatres and arts producers from Canada, the United Kingdom, Germany, Namibia, Botswana, Senegal, Nigeria, Kenya, and Zimbabwe.

The SAST is exploring new partnerships with universities and arts entities internationally, and this has been made easier by the Covid-19 pandemic which has broadened horizons and opened new opportunities. During the fourth quarter of the financial year, the SAST embarked on a drive to secure strategic media partnerships, as well as partnerships with the private sector and government departments. This is in line with the DSAC and the SAST's strategic priority of nation-building and promotion of social cohesion.

The SAST continued to promote accessibility by providing discounted and complimentary tickets to disadvantaged schools, old age homes and orphanages as part of audience development. Rental rebates and payment arrangements were also provided to different categories of tenants. This is over and above the SAST using its Online Artistic Programme as a vehicle to provide financial relief to artists and those companies that provide services which are part of the value chain.

### **New/Proposed Activities**

The SAST awaits finalisation of governance arrangements in respect of the Revised White Paper on Arts, Culture and Heritage, as well as the Feasibility Study of the Amalgamation of DSAC Entities. Furthermore, the SAST anticipates that there will be significant changes to its business and operating models during the 2021/22 financial year due to Covid-19 and the move towards ICT-oriented programmes. The SAST awaits further engagements with the DSAC and National Treasury in respect of the proposed National Theatre of South Africa.

### **Acknowledgements**

I wish to acknowledge the members of Council for the role they played in supporting executive management and providing leadership to set this organisation on an upward trajectory. Individually and collectively, members of Council carried out their fiduciary responsibilities in order to strengthen the fundamental principles of good corporate governance.

A special word of gratitude goes to the personnel of the SAST for their dedication to the institution. The theatre would not have managed to survive and thrive without the support of its partners in the performing arts sector. This is the sixth overview I have written for a SAST Annual Report, and I can confidently state that profound changes have taken place and remarkable progress has been made over the years. While there has been some challenges and serious setbacks, it would be proper to acknowledge the achievements made through the dedication of the SAST staff.

I echo the chairperson's sentiments in acknowledging the roles played by government

departments, the arts community, the City of Tshwane, local and international universities, and the private sector.

Lastly, I wish to thank the Department of Sport, Arts and Culture for the support given to the South African State Theatre.



**Dr Sibongiseni Mthokozisi Mkhize**  
Chief Executive Officer  
The South African State Theatre  
Date: 31 July 2021

## 5. ARTISTIC DIRECTOR'S OVERVIEW



**MR AUBREY SEKHABI**  
ARTISTIC DIRECTOR

At the start of the year, the artistic calendar was revised to adapt to the trading conditions brought about by the pandemic and the related lockdown regulations. As a result, several productions as well as the Kucheza, Youth Expressions and the Women's festival were cancelled. To mitigate these conditions, SAST immediately introduced the SAST Online Programme that was launched in May 2020. The programme used the YouTube platform to stream productions. Initially the programme relied on previously recorded content of productions staged by SAST in prior years which was followed by productions staged solely for the purpose of recording to be streamed online.

This was supplemented by workshops, masterclasses and other similar interactive programmes that were then streamed live online. The objectives of the online theatre programme focus on creating work for artists and providing them with opportunities to monetise their creative works while keeping the sector alive. It is imperative that artists are provided with an enabling environment in which to create a sustainable career. With the easing of lockdown regulations in the third quarter, SAST was able to stage live performances again including the annual Mzansi Fela festival in December 2020. Online productions continued along with live performances which saw the birth of a hybrid theatre model for SAST. Digital content distribution has long-been planned and the pandemic gave SAST an opportunity to introduce this new model to ensure continuity for SAST productions while simultaneously creating employment for artists at a time when the live entertainment sector had come to a stand-still. In total, during the year we managed to create 428 short-term jobs for actors and technicians in 72 productions.

The response from patrons to the online programme was very encouraging. 71,355 views were recorded for online productions. This included paid viewing for concerts by Zonke, Zoë Modiga, Mbuso Khoza and Mama Sibongile Khumalo (May Her Soul Rest in Peace). The SAST Online Theatre programme garnered immediate interest, both from local and international viewers. 1,365,528 general views, for all online SAST content including trailers and promotional material, have been recorded since April 2020 and the SAST YouTube Channel grew from a mere 42 subscribers in April 2020 to 5,544 in July 2021. This immediate uptake in the online theatre offering demonstrated the immense potential of digital content. Georgetown University in Washington DC, USA, included one of the productions streamed online into their course subject matter. Another American university, the University of South Carolina, also expressed interest as well as a school in India to include SAST productions in their course work. SAST will pursue these distribution channels of digital content expanding the very well-established programme of presenting School Set-works to local schools.

Digital content opened other doors for SAST to partner with corporates and banks to introduce theatre content to existing customers through their customer rewards programmes. Most notably, SAST has secured a partnership with Sterkinekor Cinemas to present theatre productions in their theatres across the country. This partnership provides additional income earning opportunities for artists and furthermore provides them with mainstream exposure and opportunities to grow their careers

in the arts.

SAST presented eight productions during the first quarter of 2020/21. All eight productions were in-house productions and were presented on the new SAST online programme streaming channel hosted on YouTube. The online programme was launched in Seasons, with on average four productions per season. The launch of the online theatre programme coincided with the Africa Month celebrations on 24 May 2020, which saw streaming of a never-before-seen performance by the multi-Grammy Award winning acapella group, Ladysmith Black Mambazo, alongside the Guinness Record holder, Percy Maimela, Mamelodi-born Ncamisa Nqana and rounded-off by Luthando Arts Academy's soul-stirring "Amawethu". The launch, curated as Season one, preceded the 2020 Africa Day celebrations which saw the SAST youth choir singing the African Union anthem. SAST curated the various segments of the live broadcast celebrations which were broadcast across the continent, alongside the main Africa Day Address by the Chairperson of the African Union and President of the Republic of South Africa, His Excellency C. M. Ramaphosa.

Season two, comprising a diverse palette of youthful productions, streamed previously recorded productions from SAST's archives including Freedom: The Musical! a ground-breaking musical production by the SAST's Artistic Director and multi-award-winning playwright, Aubrey Sekhabi. We also presented Artdiction, The Fall, and Speaking from Experience. The critically acclaimed play, The Fall headlined to commemorate Youth Month in June 2020. The production, created by seven University of Cape Town Drama graduates who were at the forefront of the movement, share their personal experiences during the #RhodesMustFall, #FeesMustFall and subsequent student movements that swept across South Africa during 2015 and 2016. A visual art exhibition doccie; Artdiction 0.1 by Anathi Nkanyuza featured in the programme. This self-taught smoke artist, affectionately known as Elpee, burst the newsfeed with his rare visual art technique when he exhibited under the Incubator Programme at State Theatre in 2018 and during the Mzansi Fela Festival in 2019. Using only a candle and paraffin lamp, he applies fire and smoke on paper to turn pieces of colour into something the world has never seen before. Torsten Tebogo Rybka, known on stage as Clear aka Clear as Fire brought a poetry production; Speaking from Experience (Growth). The production is a journey on the wings of poetry and music. Presented by the SAST and supported by a live band, a poet's voice soars to share his and others life-time experiences. The

production is described as an emotional journey of awareness.

Season three commenced in July 2020 with the productions *Koekeloer*, *Trafficked*, *That Night of Trance* and an *Elephant's Dream*. Season four, during August 2020, featured the productions *Marikana* and *Mosadi Poo* as well as virtual music concerts by the musical doyen Sibongile Khumalo and Zonke. The latter two productions of Season four gave special focus to Women's month and were aligned with the theme #Generation Equality: Realizing women's rights for an equal future. *Mosadi Poo* – by Mmapula Setlhako, the story of a woman called Mosadi Poo, played by Tebeka, who challenges the status quo. In a game of survival, Mosadi Poo finds herself having to carve a new path for herself in a world that has previously dictated her steps. The piece stands and advocates for personal freedom and expression. The critically acclaimed *Marikana: The Musical!* by Aubrey Sekhabi was streamed from 12 August to 06 September 2020. The musical play recounts the harrowing story about the killing of mineworkers on 16 August 2012 at Marikana in the North-west Province, who left behind widows and children.

During the second quarter we presented a series of Webinars, first a master-class two-part series with renowned theatre-maker Percy Mtwa in July followed by a three-part series from August to September in collaboration with Peo Colloquium with the discussion topics; *Women in Arts Speak*, *Independent Arts Producers* and *Art in Our Languages*. On 28 August, the SAST hosted a webinar entitled, 'Women in the Arts Speak,' which looked at women's leadership and roles in the arts. The panel consisted of Palesa Kwitshana, Aphiwe Mpahleni, Karabelo Plaatjie and Lindiwe Letwaba. On 25 September 2020, The State Theatre in association with SANAP hosted a webinar that focused on the importance of indigenous languages in the professional space under the topic: *Art in Our Languages-Cultivating Stories Preserving Our Languages*. Moderated by actor, producer, and cultural activist Karabo Kgokong, the webinar featured Lebo Leisa, Sabata Mokae and Mandla Mbothwe on the panel.

During the heritage month, the SAST online programme, presented Season 5, which was headlined by the award-winning Jazz music sensation Zoë Modiga in a virtual music concert as well as the cultural and heritage enthusiast, Mbuso Khoza performing *Amahubo* in concert. Adding to the rich line-up was archival production footage on the story of renowned Fela Kuti chronicled in a musical play entitled *Fela and the Kalakuta Queens* which was presented and recorded by the SAST. Also in this Season was the musical-theatre extravaganza *Sneeuwitjie*, an Afrikaans version of the pantomime *Snow-White*.

For season 6, SAST in association with Sketch Productions presented a love story set to unfold in a new play titled *Metsi*, written and directed by Hannah van Tonder, which explores a spiritual connection between destined soulmates whose stars align by circumstance. *Metsi* premiered on the SAST YouTube channel on 28 September 2020.

On the 30<sup>th</sup> of October we welcomed audiences back into the theatre with the production *Folktober* by Mbuso Khoza. During the third quarter we recorded new content with the diverse SAST Fringe programme as well as the award-winning production *Angola*. Season 7 that started on 8 November 2020, launched the fight against Gender Based Violence (GBV) with a poetry and music showcase aimed at amplifying the voices and the plight of women and the LGBTQI+ community titled, *Bodies Under Siege*. This programme featured a generational mix of poets and musicians. The SAST unequivocally tackled the GBV conversation in live edutainment. On 06 November, the public (especially men) were invited to come to the theatre and be part of a conversation focusing on GBV under the banner *Broken Jar* - a project by BMK during in which men spoke about their problems.

The 2020 instalment of the Mzansi Fela Festival (MFF) happened under turbulent times which were dynamically countered by innovation to make sure the festival was successfully delivered under Covid-19 lockdown conditions. The concerts of DJ Maphorisa alongside Kabza de Small on 4 December and Black Motion on 5 December, was not hosted inside closed theatre doors, but rather in the parking basement of Africa's largest theatre complex in order to accommodate the maximum number of audiences permitted under the prevailing lockdown regulations at that time. During the Mzansi Fela Festival (MFF), revellers were spoilt for choice with more live concerts by; award-winning jazz sensation Zoë Modiga on 6 December; acclaimed songbird Buhlebendalo on 11 December; and emerging musician and songwriter Langa Mavuso on 05 December. These three instalments were produced in partnership with BandaBanda Agency. Makhafula Vilakazi's album, *Concerning Blacks* was launched on 5 December and performed to a sold-out live audience, confirming that our audiences are hungry for live theatre. The City of Tshwane Metropolitan Municipality partnered in the 13<sup>th</sup> instalment of MFF. The SAST sought support of the municipality to enhance inclusivity of the capital city's talent in the programme. The featured Tshwane talent included versatile and upcoming house musician DJ Senior Ice on 4 December, and Jonathan Groenewald, a rapper who is a person living with disability performing on 5 December.

*Angola Camp 13*, produced in association with Mantimakhulu, returned to SAST from 3 to 6 December after winning six Naledi Theatre Awards in September 2020. Writer and director Sello Maseko, who won Best Director of a Musical, saw the production win Best Production of a Musical award amongst others. The two awards belong to the pool of thirteen (13) won by SAST for productions staged during the 2019 season. On 1 December 2020, the theatre hosted a closed celebratory event, *The Night of Di-Naledi*, to honour winners from the productions: *Angola Camp 13*, *Xova*, *My Children My Africa*, and *Aspoestertjie*. The event which received a message from the late CEO of the Naledi Theatre Awards, Ms Dawn Lindberg (May Her Soul Rest in Peace) celebrated young artists that fulfilled the mission of the SAST when we as SAST said we wanted to develop a new cadre of artists.

SAST presented twenty-five productions during the third quarter of 2020/21. Fifteen productions were presented on the SAST online programme streaming channel hosted on YouTube. During the quarter we also presented live performances, ten in total, which commenced in October. Ongoing online productions which premiered in previous quarters continued during quarter three. This included the productions *Koekeloer*, *Trafficked*, *That Night of Trance*, *Marikana*, *Sibongile Khumalo*, *Fela and the Kalakuta Queens*, *Sneeuwitjie*, *Amahubo in Concert* and *Zoë Modiga in Concert*. We presented another two webinars aimed at empowering artists, first by SARS on how to address their tax matters which was followed by a discussion with DALRO dealing with intellectual property rights. Outside productions were also welcomed back to the theatre during the third quarter, seven in total.

In the third quarter SAST launched the new SAST Fringe programme together with the complementary SAST ON Stage programme. Fringe is presented weekly, every Sunday, and is preceded by ON Stage on Saturday evening. The programme was launched with seven Fringe productions and seven ON Stage productions. The new SAST Fringe programme together with the complementary SAST ON Stage programme provided the majority of content streamed in the Online Programme. Fringe is presented weekly, every Sunday, and is preceded by ON Stage on Saturday evening. Fringe and ON Stage focus on upcoming and established musicians.

The Fringe programme, which resumed in early January, presented twelve productions that included the following; *Dudu Makhoba*, *Ngwako Manamela*, *Siphelele Mnyande "Pdoto"*, *Morays*, *Moshe Matseke*, *Mandla Ntlaks Ntlatlane*, *Rivoningo Bonnie Nkuna*, *Amohelang Ralebepa*,

Percy Mthunzi, Gina Mabasa, Kly and Rudolph Mamabolo. The accompanying ON Stage programme presented ten episodes with interviews of the Fringe musicians. Only the productions Kly and Rudolph Mamabolo did not have an episode with ON Stage.

SAST presented twenty-three productions during the fourth quarter of 2020/21. All twenty-three productions were presented on the SAST online programme streamed on the YouTube-hosted channel. During the quarter there were no live performances of inhouse productions. The production Little Red Riding Hood and the Big Bad Metaphors which is a modern-day take within the South-African context of the classic Little Red Riding Hood was presented online during the quarter. Two rental productions were staged in the theatre during the fourth quarter, both, for recording purposes.

In all, during the year SAST presented seventy-two inhouse productions with nine rental productions.

SAST is committed to providing training to community arts groups. This was unfortunately not possible during 2020/21 due to the pandemic. However, the programme will resume during 2021/22 with 15 community groups participating in the SAST Mayibuye Community Outreach programme. The programme is presented in partnership with the Tshwane University of Technology that provides students to fulfil the role of fieldworkers in the programme as part of their experiential learning requirements.

The online programme opened doors for SAST filmed productions to appear in the Cinema. Our partnership with Sterkinekor is a confirmation that things are not the same and we need to adapt and embrace the new normal. With the successful partnership signed with Sterkinekor, SAST is continuing its expansion into the digital space and is actively pursuing partnerships with Netflix Africa and Showmax, amongst others. The SAST music distribution platform will also be launched during the second quarter of 2021/22 which is in support of the musicians featured in the various SAST productions, including Freedom! The Musical and the many Fringe productions. Music from SAST productions will be distributed through all available online digital platforms in order to generate the maximum exposure and revenue for artists.

The South African State Theatre continues to seek creative and innovative ways to deliver on its mandate during this difficult time of the Covid-19 pandemic. As we embrace the new normal facing people across the world, we will provide artists with a platform to perform and monetise their talent under the new hybrid-theatre model. SAST is committed to supporting the performing arts sector and we look forward to presenting more diverse productions during the coming year to our loyal patrons.

## 5.1. 2020/21 Productions

ONLINE: SAST YOUTUBE CHANNEL	
PRODUCTION	QUARTER
Amawethu	Quarter One
Artfiction	Quarter One
Freedom The Musical	Quarter One
Ladysmith Black Mambazo	Quarter One

Ncamisa	Quarter One
Salt of The Earth (Percy Maimela)	Quarter One
Speaking From Experience	Quarter One
The Fall	Quarter One
Amahubo In Concert	Quarter Two
An Elephant's Dream	Quarter Two
Fela And The Kalakuta Queens	Quarter Two
Koekeloer	Quarter Two
Marikana The Musical	Quarter Two
Mosadi Poo	Quarter Two
Peo Colloquium: Art In Our Languages	Quarter Two
Peo Colloquium: Independent Arts Producers	Quarter Two
Peo Colloquium: Women In Arts Speak	Quarter Two
Percy Mtwá Master Class	Quarter Two
Sibongile Khumalo	Quarter Two
Sneeuwitjie	Quarter Two
That Night of Trance	Quarter Two
Trafficked	Quarter Two
Zoë Modiga In Concert	Quarter Two
Zonke	Quarter Two
Same Comedy Set 10 Years Later (Facebook)	Quarter Three
Little Red Riding Hood	Quarter Four
<b>FRINGE AND ON STAGE</b>	
Azah	Quarter Three
Azah On Stage	Quarter Three
Blow Lepara	Quarter Three
Blow Lepara On Stage	Quarter Three
Bonafide	Quarter Three
Bonafide On Stage	Quarter Three
Itu Sings	Quarter Three
Itu Sings On Stage	Quarter Three
Tehilla	Quarter Three
Tehilla On Stage	Quarter Three

Manakomba	Quarter Three
Manakomba On Stage	Quarter Three
Ncamisa	Quarter Three
Ncamisa On Stage	Quarter Three
Amohelang Ralebepa	Quarter Four
Amohelang Ralebepa On Stage	Quarter Four
Dudu Makhoba	Quarter Four
Dudu Makhoba On Stage	Quarter Four
Gina Mabasa	Quarter Four
Gina Mabasa On Stage	Quarter Four
Mandla Ntlaks Ntlatlane	Quarter Four
Mandla Ntlaks Ntlatlane On Stage	Quarter Four
Morayks	Quarter Four
Morayks On Stage	Quarter Four
Moshe Matseke	Quarter Four
Moshe Matseke On Stage	Quarter Four
Ngwako Manamela	Quarter Four
Ngwako Manamela On Stage	Quarter Four
Percy Mthunzi	Quarter Four
Percy Mthunzi On Stage	Quarter Four
Rivoningo Bonnie Nkuna	Quarter Four
Rivoningo Bonnie Nkuna On Stage	Quarter Four
Siphelele Mnyande "Pdoto"	Quarter Four
Siphelele Mnyande "Pdoto" On Stage	Quarter Four
Rudolph Mamabolo	Quarter Four
Kly	Quarter Four

### LIVE PERFORMANCES

PRODUCTION	QUARTER
Angola	Quarter Three
Black Motion	Quarter Three
Buhlebendalo	Quarter Three
Dj Kabza and Maphorisa	Quarter Three
Encore	Quarter Three
Folklore	Quarter Three

Langa Mavuso	Quarter Three
Makhafula Vilakazi	Quarter Three
Nduduzo Makhathini	Quarter Three
Zoë Live	Quarter Three

### EVENTS

EVENT	QUARTER
SARS Information Sharing Webinar	Quarter Three
DALRO Information Sharing Webinar	Quarter Three
Broque Filmmakers	Quarter Three
MFF Opening/World Aids Day	Quarter Three
MFF Closing	Quarter Three
DSAC Heritage Month Closing Event	Quarter Three

### RENTALS

PRODUCTION	QUARTER
Idols	Quarter Three
Rain of Art	Quarter Three
Beyond Measure	Quarter Three
Broken Jar	Quarter Three
Broken Jar 2	Quarter Three
Artshepable	Quarter Three
Goree	Quarter Three
House of Inspiration Live Recording	Quarter Four
Vive Mkizwana Live Recording	Quarter Four



**Mr Aubrey Sekhabi**  
Artistic Director  
The South African State Theatre  
31 July 2021

## SAST EXECUTIVE



**DR SIBONGISENI MTHOKOZISI MKHIZE**  
CHIEF EXECUTIVE OFFICER



**MR SIZWE MATHYE**  
CHIEF FINANCIAL OFFICER



**MR AUBREY SEKHABI**  
ARTISTIC DIRECTOR



**MS KEOLEBOGILE MODISE**  
DIRECTOR OF CORPORATE SERVICES

## SAST SENIOR MANAGEMENT



**SHIRAZ AHMED**  
PERFORMANCE INFORMATION  
MANAGER



**KEAMOGETSWE MOEKETSANE**  
PRODUCER  
(TERMINATED: 28 FEBRUARY 2021)



**MILLICENT MOPAYI**  
HR MANAGER



**LEBOGANG MPHAHLELE**  
FINANCE MANAGER



**MTHOBA GANTSHO**  
PROCUREMENT MANAGER



**MALCOLM OCTOBER**  
MAINTENANCE MANAGER



**TSHIAMO MOKGADI**  
PRODUCTION MANAGER  
(TERMINATED: 31 JULY 2020)



**ERNEST TCHWENYANE**  
ACTING PRODUCTION MANAGER  
(ACTING FROM 1 AUGUST 2020)

## SAST MANAGEMENT



**EUGENE HOYI**  
SALES MANAGER



**ERICK NDALA**  
PR & MARKETING MANAGER



**OMPHELE PHEELWANE**  
ICT MANAGER  
(APPOINTED: 1 SEPTEMBER 2020)



**ELLEN MASHIANE**  
PARKING MANAGER



**KLAAS SEBOTHOMA**  
FRONT OF HOUSE MANAGER



**THABISO QWABE**  
EYCT MANAGER & ACTING PRODUCER  
(ACTING FROM 1 MARCH 2021)



**CHARLES MANYONI**  
HEALTH AND SAFETY MANAGER  
(APPOINTED: 1 DECEMBER 2020)

## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and for implementing, a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully



**Chief Executive Officer**  
Dr Sibongiseni Mthokozisi Mkhize  
31 July 2021



**Chairperson of Council**  
Prof. Fikile N. M. Mazibuko  
31 July 2021



Sast Online - Zonke Dikana

## 7. STRATEGIC OVERVIEW

### 7.1 Vision

The prestigious theatre of choice for a distinctly Pan-African experience. ("The theatre of Africa")

### 7.2 Mission

- A vibrant and dynamic arts and culture institution that integrates social and cultural diversity while maintaining a healthy balance between artistic creativity and fiscal stability.
- An entertainment destination of choice for inspiration, education and socio-economic transformation which is underpinned by our unique, engaging and diverse artistic offering that encourages audience growth and an appreciation for the performing arts.
- A financially driven and socially conscious institution that focusses on growth, revenue generation and long-term sustainability.
- An environmentally friendly and modern theatre complex that provides for the preservation of our heritage and promotion of the arts.
- A prestigious institution with strong collaborations and partnerships with the performing arts sector to drive economic development by creating performing arts works that are commercially viable.
- An institution that embraces information and communication technology to enable strategic direction and the achievement of organisational goals.

### 7.3 Values

- **Transparency**  
Provide access to information to promote society and employee trust in our programmes.
- **Accountability**  
Exercise responsibility and be able to account for our actions and transactions.
- **Freedom of Expression**  
Encourage the constitutional right, and a pillar of democracy, to freedom of expression, in particular freedom to artistic creativity, in a responsible and unoffensive manner.
- **Honesty**  
Interact and transact with a good moral character to ensure truthfulness and openness.
- **Integrity**  
Practice consistency and uncompromising adherence to strong moral and ethical principles and values.
- **Excellence**  
Strive to achieve and surpass all expectations in our service delivery.

## 8. LEGISLATIVE AND OTHER MANDATES

The South African State Theatre is a Schedule 3A Public Entity under the PFMA.

The mandate as given to the public entity's Accounting Authority by the Executive Authority is derived directly from the legislative mandate of the Department of Sport, Arts and Culture which in turn comes from the Constitution of the Republic of South Africa Act, 1996, including from the Preamble and Founding Provisions, and in particular:

Section 16 (1): Everyone has the right to freedom of expression, which includes:

- a) freedom of press and other media;
- b) freedom to receive or impart information or ideas;
- c) freedom of artistic creativity ;and
- d) academic freedom and freedom of scientific research".

Section 30 "Everyone has the right to use language and to participate in the cultural life of their choice, but no one exercising these rights may do so in manners inconsistent with any provision of the Bill of Rights". Section 32(1): Everyone has the right of access to:

- a) any information held by the state; and any information that is held by another person and that is required for the exercise or protection of any rights.

### Legislative mandate

On 1 April 2005, the former Minister of Sport, Arts and Culture Mr. Pallo Jordan declared the Renaissance Theatre a Cultural Institution in accordance with the Cultural Institutions Act, 1998 (Act 119 of 1998).

The South African State Theatre is the trading name of the Renaissance Theatre.

As a Cultural Institution we are established under the auspices of the Department of Sport, Arts & Culture and are then bound by the Public Finance Management Act 1 of 1999 (PFMA) as well as other applicable legislations.

In the White Paper on Arts and Culture and Heritage, the following Acts have been promulgated by Parliament to create institutions in furtherance of the

Constitutional mandate of the Department of Sport, Arts and Culture. The primary legislative framework of the Department of Sport, Arts & Culture emanates from the Acts listed below:

- Cultural Institutions Act, 1998 (Act 119 of 1998);
- Culture Promotion Act, 1983 (Act 35 of 1983);
- National Heritage Council Act, 1999 (Act 11 of 1999);
- National Heritage Resources Act, 1999 (Act 25 of 1999);
- Heraldry Act, 1962 (Act 18 of 1962);
- Legal Deposit Act, 1997 (Act 54 of 1997);
- National Arts Council Act, 1997 (Act 56 of 1997);
- National Film and Video Foundation Act, 1997 (Act 73 of 1997);
- Pan South African Language Board Act, 1995 (Act 59 of 1995);
- National Library of South Africa Act, 1998 (Act 92 of 1998); and
- South African Library for the Blind Act, 1998 (Act 91 of 1998).
- South African Geographical Names Council Act, 1998 (Act 118 of 1998);
- National Archives and Record Service of South Africa Act, 1996 (Act 43 of 1996)

### Policy mandate

Overall government's mandate is derived from its Medium Strategic Framework and The Department of Sport, Arts and Culture has accordingly determined performance outcomes and policy drivers that would assist the Government in achieving its mandate.

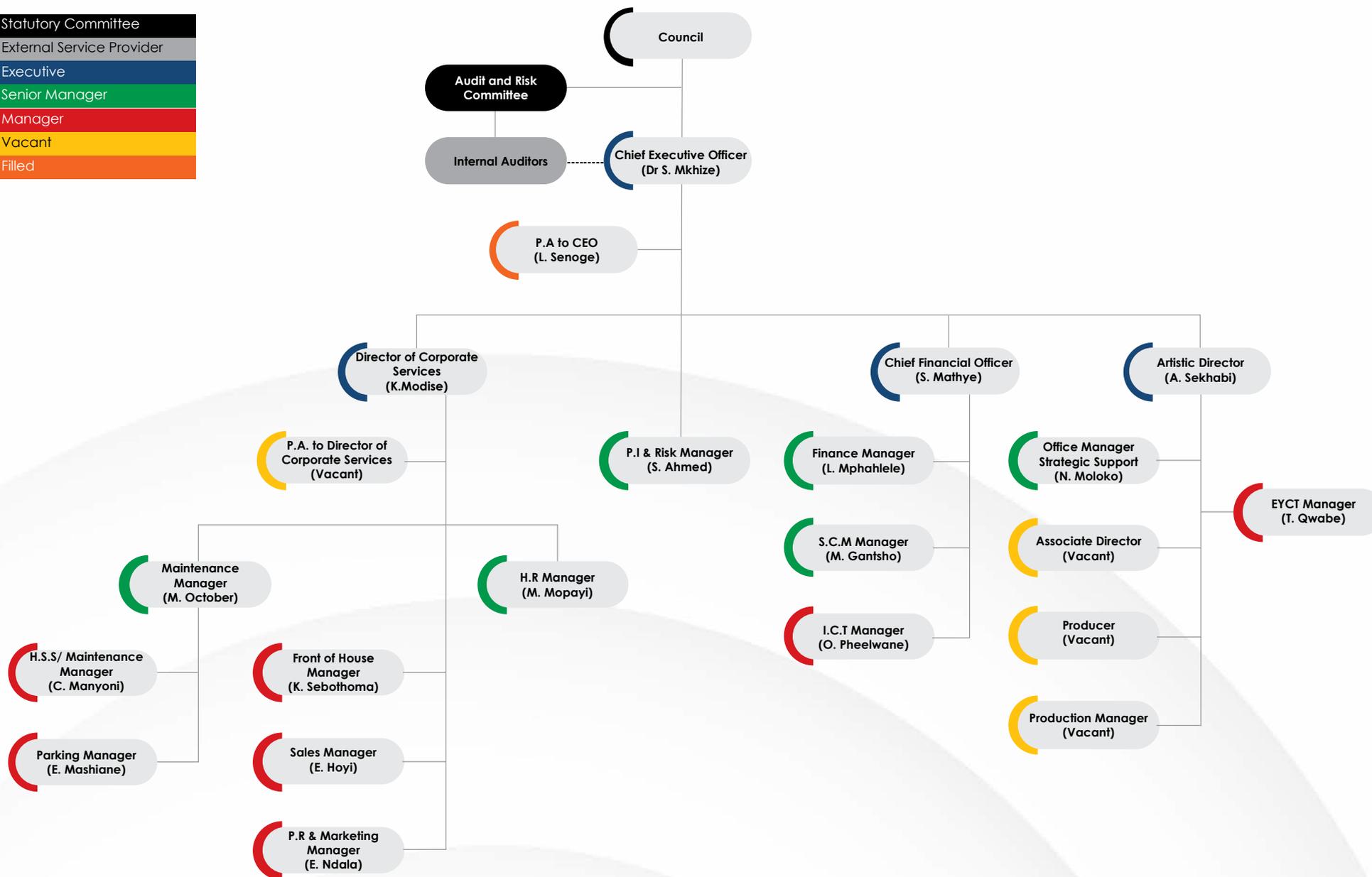
The SAST has accordingly aligned its legislative mandate to the Department of Sport, Arts and Culture's drivers, outcomes and/or outputs.

In our 2020-2025 strategic plan, the SAST mandate has been updated in accordance with governments new focus on outcome-oriented programmes to be as follows:

***Provide access to performance spaces in which the performing arts sector creates productions that are watched by diverse audiences.***

# 9 . ORGANISATIONAL STRUCTURE

Statutory Committee
External Service Provider
Executive
Senior Manager
Manager
Vacant
Filled





## PART B: PERFORMANCE INFORMATION

*Sast Fringe - Gina Mabasa*

# 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The A-GSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with any material findings being reported under the Audit of the annual performance report heading in Section 2: Matters relating to the auditor's report section of the auditor's report.

Also please refer to the Auditors Report; *Annexures D: Performance management and reporting framework and Annexures E: Auditor-general's responsibility for the audit of the reported performance information.*

The audit outcome of predetermined objectives for 2020/21 is reflected on page 55 of the A-GSA audit report.

## 2. OVERVIEW OF PERFORMANCE

The South African State Theatre's vision is linked to the Department of Sport, Arts and Culture's vision and mission, which stems from the Constitution, more specifically from Article 27 of the Universal Declaration of Human Rights: "everyone shall have the right to freely participate in the cultural life of the community (and) to enjoy the arts". The 2020/21 Annual Performance Plan (APP) was prepared by the Executive Management of the South African State Theatre (SAST). Performance Indicators and Targets which appear in this report of Performance Information are based on the Performance Indicators and Targets set-out in the South African State Theatre Annual Performance Plan 2020/21.

In support of our mandate, SAST has set the following strategic outcomes on which the Performance Indicators and Targets are based:

Outcome 1: In-house developed and externally sourced performing arts works presented.

Outcome Statement: Present In-house Performing Arts productions.

Outcome 2: Development opportunities provided.

Outcome Statement: Provide development opportunities for emerging Arts Practitioners in the context of our programmes.

Outcome 3: Revenue generated from commercial activities.

Outcome Statement: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales.

Outcome 4: Buildings and assets maintained and upgraded.

Outcome Statement: Ensure long term sustainability of our Buildings and Assets.

Outcome 5: Audience attendance improved.

Outcome Statement: Attract Audiences to watch the Performing Arts.

Outcome 6: Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury

Regulations and the LRA complied with.

Outcome Statement: Ensure compliance with applicable Laws, Regulations and Statutory Legislation.

These outcomes have been aligned to the National Treasury programmes of Administration, Business Development and Public Engagement as follows:

Programme 1: Administration - Outcome 3, Outcome 4 and Outcome 6.

Programme 2: Business Development - Outcome 1 and Outcome 5.

Programme 3: Public Engagement - Outcome 2.

The number of Outputs in the 2020/21 APP was 15.

OUTCOME	OUTPUT
<b>Outcome 1</b>	Stage In-house Productions. Short term job opportunities created by In-house Productions.
<b>Outcome 2</b>	Provide dramaturgy to in-house production's creative team members.
<b>Outcome 3</b>	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces. Generate revenue from ticket sales of in-house productions and from Theatre rentals. Generate revenue from the Parking garage.
<b>Outcome 4</b>	Implement the Maintenance Programme. Implement CAPEX projects that are approved and funded on the UAMP.
<b>Outcome 5</b>	Implement the marketing strategy. Establish media partnerships to promote SAST and productions. Implement the audience development strategy. Attract audiences for events. Conduct surveys of patron satisfaction.
<b>Outcome 6</b>	Achieve an Unqualified Audit report. Comply with South African Laws and Regulations governing labour relations.

### Performance during the 2020/21 year

SAST has achieved an actual performance for the year of 87% for predetermined objectives with four outcomes achieving 100%.

Outcome 1, 2, 3 and 6 were all achieved.

Outcome 4: Ensure long term sustainability of Buildings and Assets and Outcome 5: Develop Theatre going Audiences were not achieved due to only partially achieving target for the year.

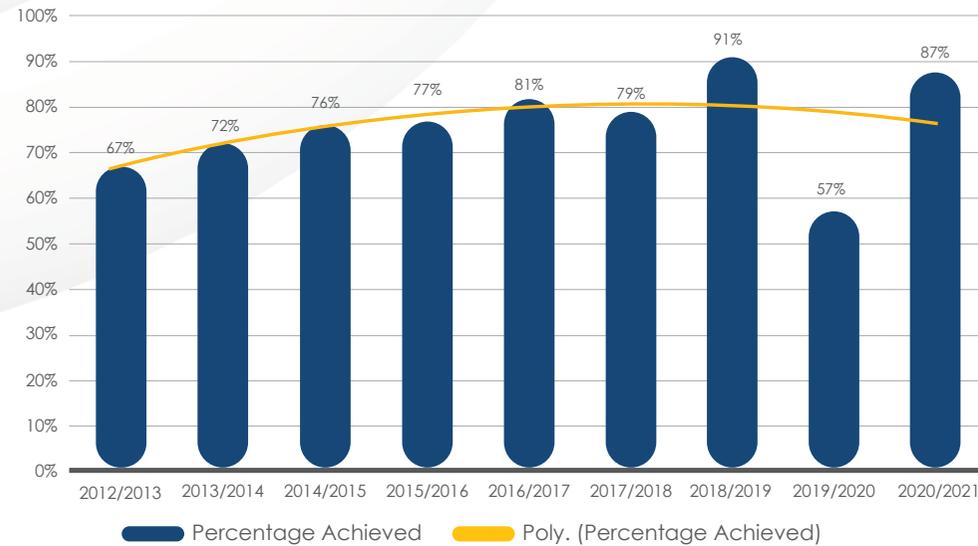
The actual achieved performance for 2020/21 of 87% is a significant improvement in performance from the 2019/20 year performance of 57%. However, it is important to note that both the 2019/20 and the 2020/21 performance is negatively affected by the ongoing Covid-19 pandemic.

Performance achieved in 2019/20 and 2020/21 will be used to determine a new baseline for planning. The 2020/21 year is the first year of the five-year planning cycle from 2020 to 2025.

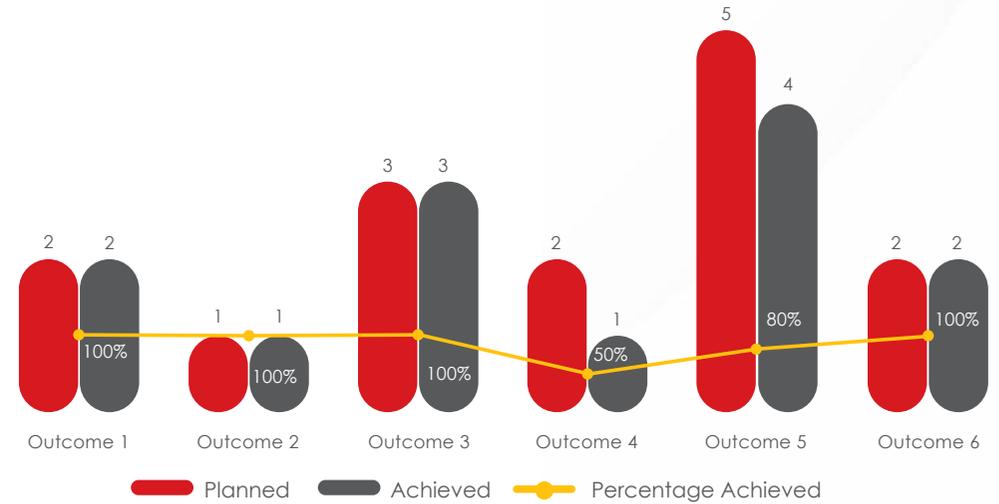
At the start of the year, due to the pandemic and subsequent lockdown, SAST revised both the 2020/21 APP as well as the 2020/2025 Strategic Plan. Revised plans were submitted and tabled in Parliament on 20 July 2020, before submission of the first quarter report of 2020/21 on 30 August 2020. All four quarters of 2020/21 were thus reported according to the revised plans.

Performance during the year started with 89% in Quarter One, then 77% in Quarter Two, 83% in Quarter Three and Quarter Four closed the year with 91%.

### 2012/13 - 2020/21 PERFORMANCE ACHIEVED



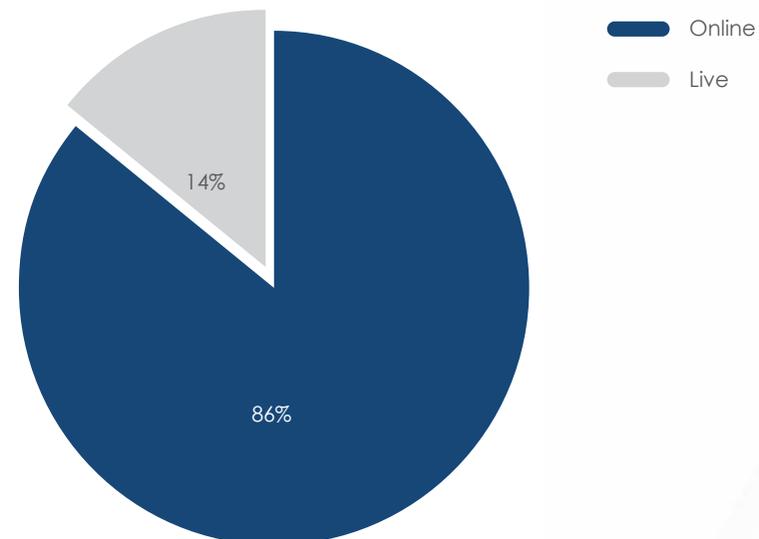
### 2020/21 PLANNED AND ACHIEVED TARGETS



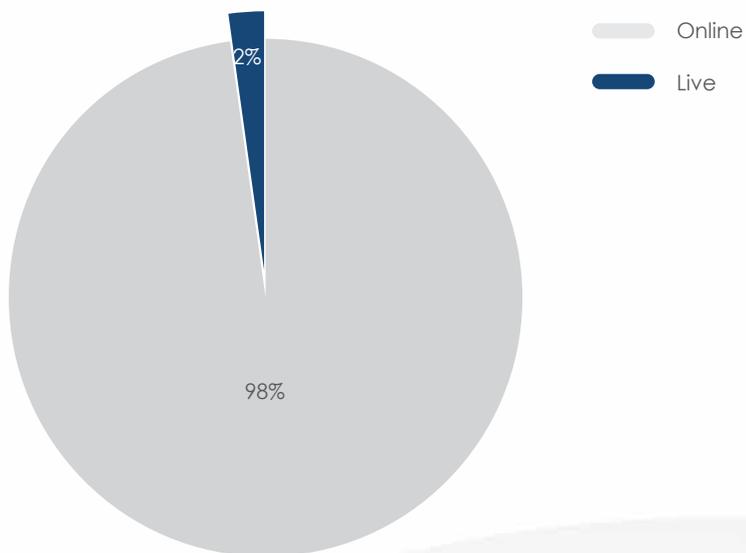
### Performance highlights

The number of In-house Productions staged for the year totalled seventy-two. Live performances presented during the third quarter numbered ten. The majority of productions during the year were presented online (sixty-two) on the SAST YouTube Channel.

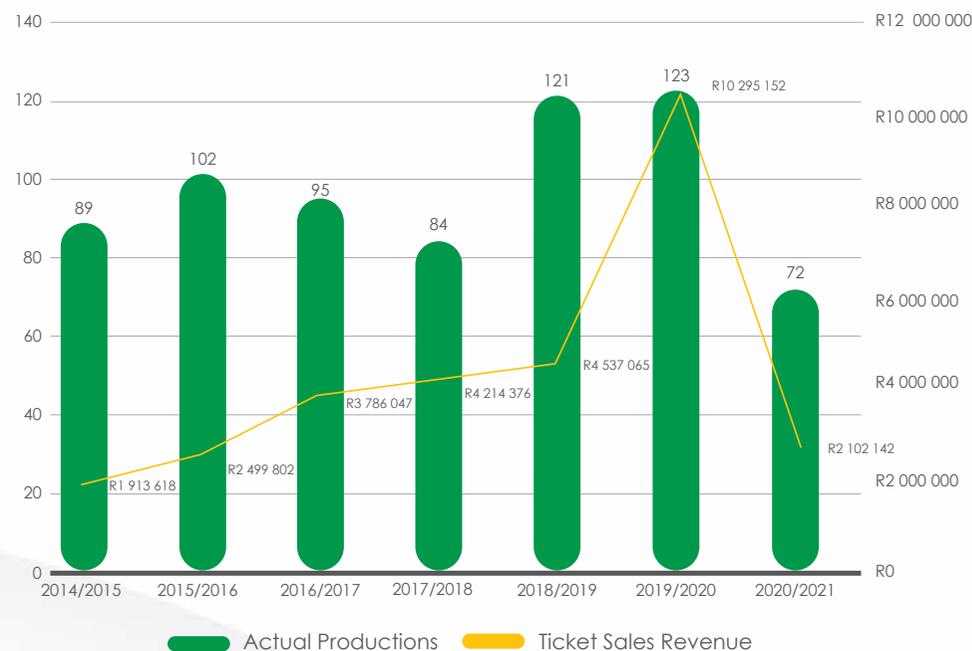
### 2020/21 PRODUCTIONS LIVE VS. ONLINE



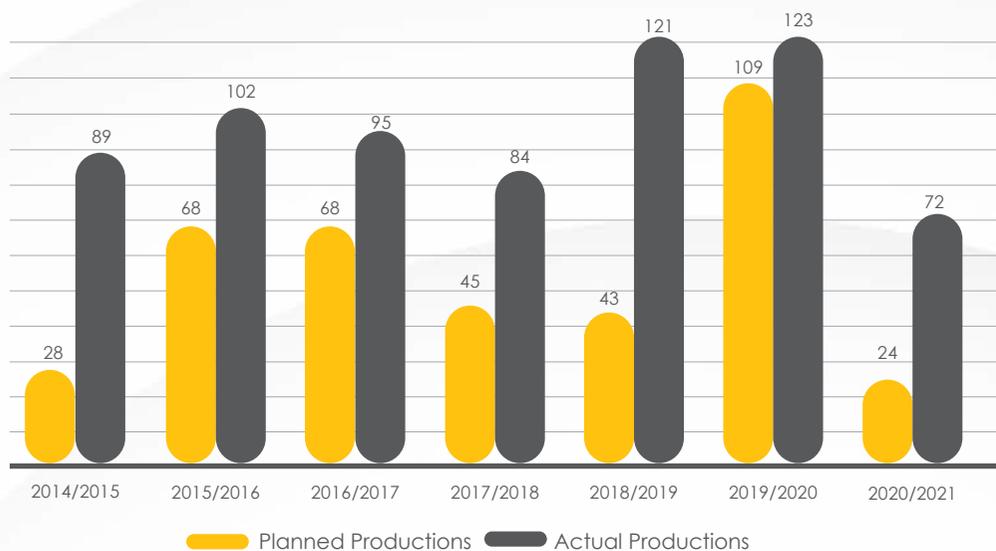
### 2020/21 ARTISTIC PRODUCTIONS AUDIENCE ATTENDANCE



### 2014/15 - 2020/21 IN-HOUSE PRODUCTIONS REVENUE

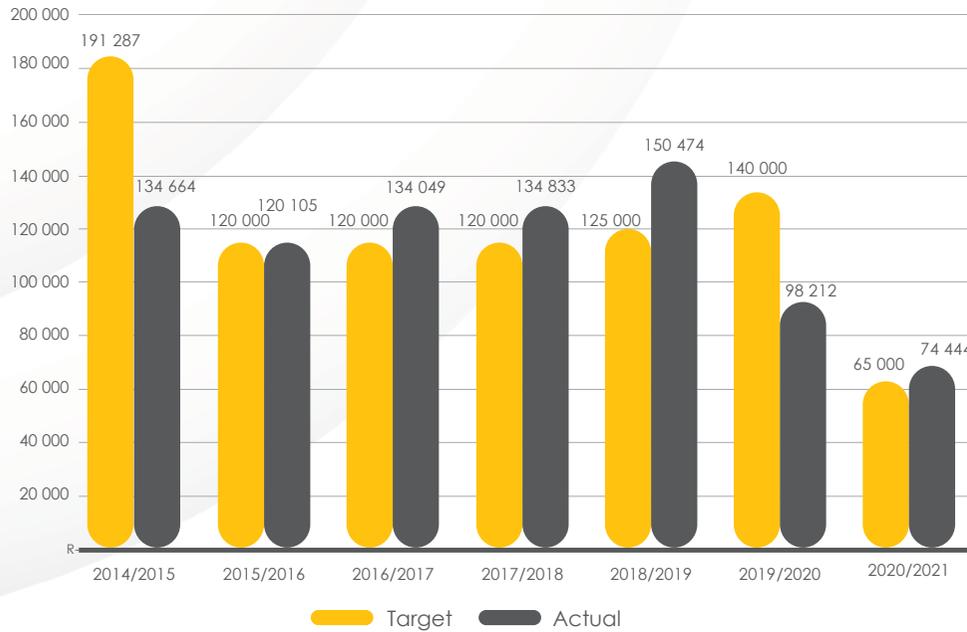


### 2014/15 - 2020/21 ALL IN-HOUSE PRODUCTIONS

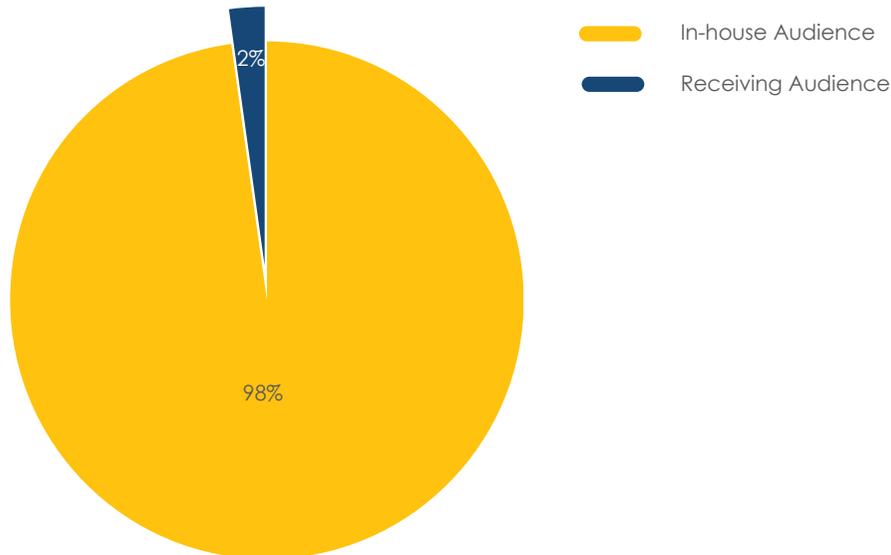


In total, 74,444 was recorded for the year in audience attendance, compared to the annual target of 65,000. Rental productions attracted an audience of 1,354 and in-house productions had 73,090 audiences. In-house productions audience attended live performances during the third quarter and watched streamed productions on the SAST YouTube Channel.

## 2014/15 - 2020/21 AUDIENCE ATTENDANCE

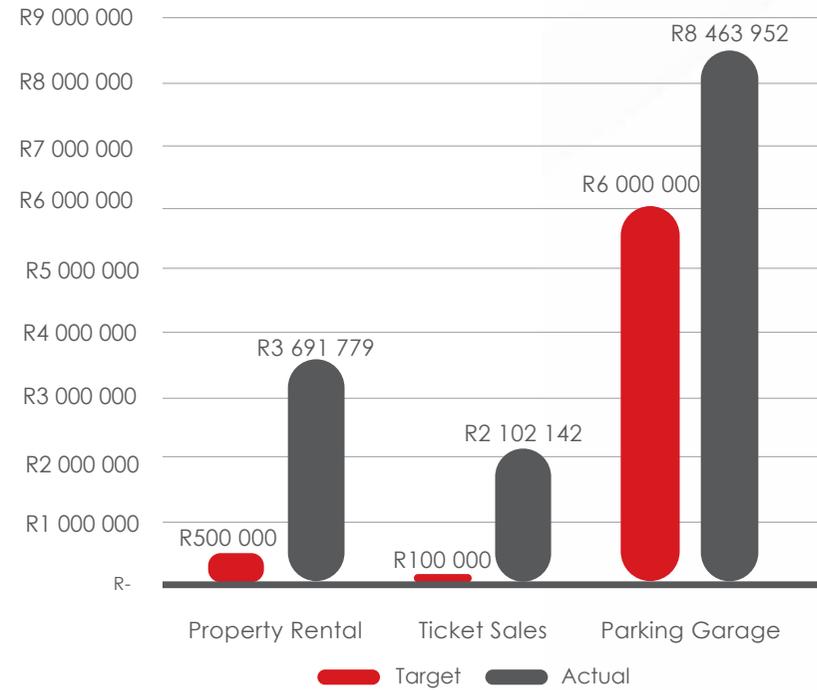


## 2020/21 IN-HOUSE VS. RECEIVING PRODUCTIONS AUDIENCE

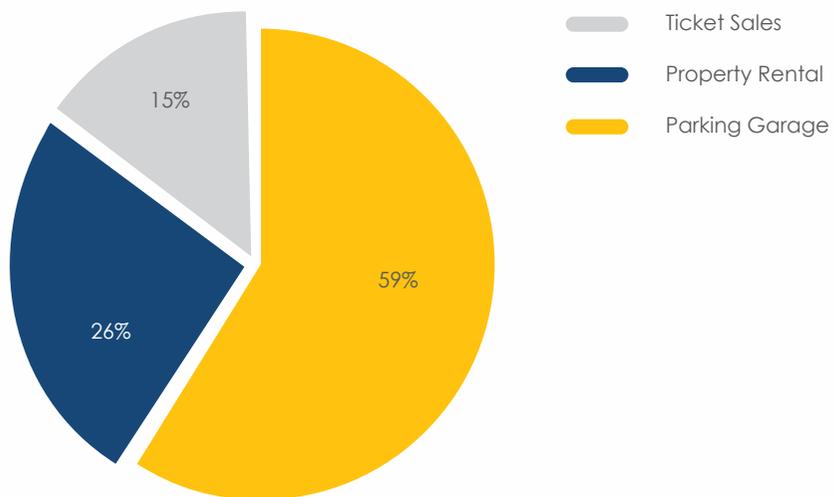


In total, R14,257,873 of self-generated revenue was recognised against a target of R6,600,000 for the 2020/21 year. All three planned revenue streams achieved target. Rental of offices, workshops, restaurants and other spaces generated R3,691,779. Parking garage rentals generated R8,463,952. Tickets sales during the year amounted to R2,102,142 which included the commission on external productions tickets sold and the theatre rental revenue. The Front of House bar sales target as well as Sponsorship target was removed for the year due to the impact of the pandemic and the lockdown.

## 2020/21 SELF-GENERATED REVENUE



### 2020/21 REVENUE STREAMS



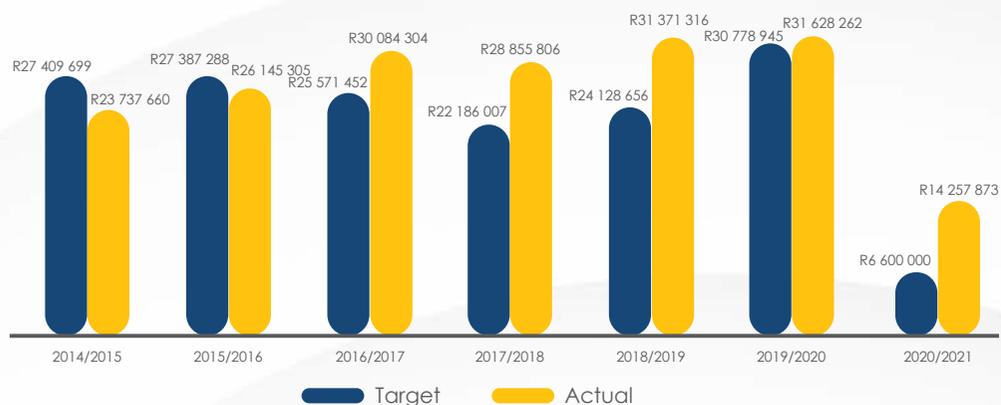
### Programme performance

Programme performance by Indicator is provided further in this report. The annual target and actual achievement together with the achievement status and a narrative for each indicator is provided. Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved as well as Interventions that will be put in place, where appropriate, are reflected for each indicator.

Classification of Performance Achievement is reflected as follows:

<b>Achieved</b>	100%	Green
<b>Partially Achieved</b>	50 - 99%	Amber
<b>Not Achieved</b>	Below 50%	Red

### 2014/15 - 2020/21 SELF-GENERATED REVENUE



### 3. PROGRESS TOWARDS ACHIEVEMENT OF PLANNED IMPACT AND OUTCOMES

The 2020/21 year is the first year in the new five-year planning cycle 2020 to 2025. Targets outlined in the original APP for the 2020/21 year as well as targets in the 2020/25 Strategic plan were amended at the start of the year due to the pandemic and related lockdown regulations impact on trading conditions. The amendment was tabled in Parliament on 20 July 2020 before submission of the first quarter report on 30 August 2020. Thus all quarters during the year were reported according to the revised 2020/21 APP.

With due consideration for the pandemic, related lockdown regulations and budget cuts on both the operational budget and the capital projects budget, SAST performed very well to achieve 87% of the predetermined targets. As such, good progress was made during the year in terms of the planned impact and outcomes outlined in the 2020-2025 strategic plan. Implementation activities were redeveloped during the year to adapt to changes in trading conditions. Most notable, is the introduction of a hybrid theatre model which provides for inhouse productions to be presented either, or both, live in the theatre or online on the SAST YouTube Channel. This hybrid model allowed SAST to continue to present artistic productions during the year in which several hundred artists and support staff were hired.

Considering the above, SAST made exceptional progress towards achieving the planned impact and outcomes under very difficult trading conditions through adopting an agile operating model that adapted to changes in the market by using an approach of adaptive management to continuously assess progress and revise implementation activities appropriate to and practicable under the trading conditions.

### 4. PROGRAMME PERFORMANCE INFORMATION

#### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

#### The programme aims to achieve the following SAST goals:

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

#### Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

#### The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

#### The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

#### Summary of Performance by Strategic Outcome Oriented Goal

GOAL	1 April 2019 to 31 March 2020			
	NUMBER OF OBJECTIVES	ACHIEVED	NOT ACHIEVED	OVERALL PERFORMANCE *
Goal 1: Stage In-house Performing Arts Productions	4	2	0	50%
Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes	4	4	0	100%
Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales	6	1	2	17%
Goal 4: Ensure long term sustainability of Buildings and Assets	2	1	1	50%
Goal 5: Develop Theatre going Audiences	5	3	0	60%
Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation	2	2	0	100%
<b>TOTALS</b>	<b>23</b>	<b>13</b>	<b>3</b>	
		<b>57%</b>	<b>13%</b>	

OUTCOME	1 April 2020 to 31 March 2021			
	NUMBER OF OUTPUTS	ACHIEVED	NOT ACHIEVED	OVERALL PERFORMANCE *
Outcome 1: In-house developed and externally sourced performing arts works presented.	2	2	0	100%
Outcome 2: Development opportunities provided.	1	1	0	100%
Outcome 3: Revenue generated from commercial activities.	3	3	0	100%
Outcome 4: Buildings and assets maintained and upgraded.	2	1	1	50%
Outcome 5: Audience attendance improved.	5	4	1	80%
Outcome 6: Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	2	2	0	100%
	<b>15</b>	<b>13</b>	<b>2</b>	<b>88%</b>
		<b>87%</b>	<b>13%</b>	

#### Response to the COVID-19 Pandemic

SAST responded early to the outbreak of Covid-19 in the country, in March 2020. Firstly, immediate steps were taken to implement social distancing measures as well as the requirements for wearing of face masks and regular sanitising. Secondly the core programme of staging productions was adapted to become a hybrid model of presenting productions online on the SAST YouTube Channel and when possible, according to the prevailing adjusted alert-level regulations, live in the theatre. SAST provided financial relief in the form of rental discounts to tenants occupying offices, warehouses and restaurant spaces in the SAST premises. As much as possible, SAST staff worked remotely from home to ensure the minimum number of people were in the building.

At the start of the year, due to the pandemic and subsequent lockdown, SAST revised both the 2020/21 APP as well as the 2020/2025 Strategic Plan. Revised plans were submitted and tabled in Parliament on 20 July 2020, before submission of the first quarter report of 2020/21 on 30 August 2020. All four quarters of 2020/21 were thus reported according to the revised plans. Early revision of the plans and programme implementation for the year allowed SAST to quickly adapt to the prevailing trading conditions. While revised targets were extremely cautiously prepared due to uncertainty in how the market will respond to the pandemic, actual achievement was hampered by changing factors outside our control especially budget cuts imposed on both the operational budget and the capital projects budget.

SAST developed a comprehensive Covid-19 response plan that attended to all aspects of the operations that were affected. The response plan formed the bases for developing a reopening plan which was submitted and approved by DSAC. Live performances in the theatre commenced during the third quarter with first performances in October 2020.

#### Strategy to overcome areas of under performance

Strategies to address under performance are indicated per indicator in the following tables of performance in the column Interventions that will be put in place.

## 5. PERFORMANCE INFORMATION BY PROGRAMME

### 5.1. Programme 1: Administration

**Purpose:** The purpose of this programme is to engage in commercial activities to generate revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA in support of our Artistic ambitions.

**The programme aims to achieve the following SAST outcomes:**

Outcome 3: Revenue generated from commercial activities.

Outcome 4: Buildings and assets maintained and upgraded.

Outcome 6: Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Status to date (Achieved, Partially Achieved, Not Achieved)	Deviation from planned target to Actual Achievement	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2018/2019	2019/2020	2020/2021	2020/2021		2020/2021		
			(Key Output - SMART)	(Unit of Measure)							
Revenue generated from commercial activities.	<b>Sponsorships and Donations</b>										
	SPI1	Secure sponsorship and donations.	Value of sponsorships and donations recognised.	R3 113 058	R500 000	Indicator removed from revised plans for 20/21 and 5-year cycle.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator removed for 2020/21.
	<b>Rental revenue from the Immovable Property Portfolio</b>										
	SPI2	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces.	Property rental revenue recognised.	R9 913 952	R5 251 898	R500 000	R3 691 779	Achieved	R3 191 779	Good rental revenue invoiced. However, tenants are experiencing difficulty in meeting the rental obligations due to ongoing Covid-19 related financial challenges.	Where possible, tenants assisted with making arrangements to settle their arrears and others handed-over for debt collection.
<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>											
SPI4	Generate revenue from ticket sales of in-house productions and from Theatre rentals.	Ticket sales and theatre rental revenue recognised.	R4 537 065	R7 197 540	R100 000	R2 102 142	Achieved	R2 002 142	Ticket sales revenue as well as theatre rentals, in particular Idols 2020, contributed to the over-achievement.	To limit number of complimentary tickets released and encourage audience to purchase tickets, both for online and live performances.	

		<b>Parking Revenue</b>									
	SP15	Generate revenue from the Parking garage.	Parking garage revenue recognised.	R14 863 186	R14 249 268	R6 000 000	R8 463 952	Achieved	R2 463 952	Good revenue from daily parkers as well as from the current long-term contracts.	To attract more monthly and long-term parking contract customers.
		<b>Front of house Revenue</b>									
	SP16	Generate revenue from Front of House sales.	Front of House sales revenue recognised.	R2 057 113	R2 407 957	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator removed for 2020/21.
Buildings and assets maintained and upgraded.	<b>SPB</b>	<b>Capital Works Projects</b>									
	SPB1	Implement CAPEX projects that are approved and funded on the UAMP.	Number of approved and funded CAPEX projects completed.	n/a	n/a	6	1	Not Achieved	-5	Projects not implemented as planned due to delays caused by Covid-19 as well as due to lack of specialised professional services required to oversee projects. Only the fire detection project was commissioned and finalised during the year.	Appointing professional service providers in the field of Project Management, Structural Engineering, Electrical Engineering and Interior Décor.
		<b>Maintenance Programme in compliance with statutory regulations</b>									
	SPB2	Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	7	7	7	7	Achieved	None	Core routine maintenance implemented including; air-handling, electrical, plumbing and lights.	Maintenance programme to be revised with the appointment of facilities management service providers.
Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.		<b>Compliance with PFMA and Treasury Regulations</b>									
	SPR1	Achieve an Unqualified Audit report.	Audit opinion	Unqualified Audit report (2017/18 Financial Year)	Unqualified Audit report (2018/19 Financial Year)	Unqualified Audit report (2019/20 Financial Year)	Unqualified Audit report (2019/20 Financial Year)	Achieved	None	Unqualified audit opinion issued by the external auditors (AGSA) for the 2019/20 financial year.	Improvements in record keeping to be implemented.
		<b>Compliance with all South African Labour Acts</b>									
	SPR2	Comply with South African Laws and Regulations governing labour relations.	Number of labour matters ruled against the SAST for non-compliance with applicable labour legislation.	3 Incidents	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	No incidents.	Achieved	None	Pending labour matters in progress. None with outcomes against SAST at this time.	Labour attorney to represent SAST and ensure outcomes in favour of SAST.

## 5.2. Programme 2: Business Development

**Purpose:** This programme aim is for SAST to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

**The programme aims to achieve the following SAST outcomes:**

Outcome 1: In-house developed and externally sourced performing arts works presented.

Outcome 5: Audience attendance improved.

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Status to date (Achieved, Partially Achieved, Not Achieved)	Deviation from planned target to Actual Achievement	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2018/2019	2019/2020	2020/2021	2020/2021		2020/2021		
			(Key Output - SMART)	(Unit of Measure)							
In-house developed and externally sourced performing arts works presented.	<b>SPA</b>	<b>Artistic Productions</b>									
	SPA2	Stage In-house Festivals.	Number of In-house Festivals staged.	4	4	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator to be included in 2021/22.
	SPD4	Stage school set-work productions.	Number of School set-works staged.	3	4	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator to be included in 2021/22.
	SPA1	Stage In-house Productions.	Number of In-house Productions staged.	111	100	24	72	Achieved	48	The large number of productions presented in the new SAST Online Theatre programme, in particular the new SAST Fringe and related ON Stage Programme contributed to the over-achievement.	New hybrid model of both live theatre performances as well as online streaming of productions to continue.
		<b>Job Creation</b>									
	SPR3	Short term job opportunities created in In-house Productions.	Number of short term job opportunities created in In-house Productions.	1 013	1 000	240	428	Achieved	188	Large number of productions presented online, in particular the new SAST Fringe and related ON Stage Programme provided job opportunities.	To create job opportunities in in-house productions

Audience attendance improved.	<b>SPM</b>	<b>Marketing</b>									
	SPM1	Implement the marketing strategy.	Approved marketing plans for each production of the annual artistic calendar.	Plans prepared	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	An approved marketing plan for each production of the annual artistic calendar.	Plans prepared	Achieved	None	Approved plans prepared for inhouse productions focussing on attracting audience to the new SAST Online Theatre Programme.	Marketing plans to be developed to attract new audience for both online and live performances while at the same time retaining existing audience.
	SPM2	Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	4	4	3	4	Achieved	1	Partnerships concluded with Pretoria News(IOL), Media Online (Arena Holdings), Media24 and with Primedia Outdoor.	To focus on securing online media partners.
	<b>Audience Development</b>										
	SPM3	Implement the audience development strategy.	Approved audience development plan for each production of the annual artistic calendar.	Plans prepared	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An approved audience development plan for each production of the annual artistic calendar.	Plans prepared	Achieved	None	Approved plans prepared for inhouse productions focussing on attracting audience to the new SAST Online Theatre Programme.	Audience development plans to be developed to attract new audience for both online and live performances while at the same time retaining existing audience.
	SPM4	Attract audiences for events.	Number of audience for events.	150 474	140 000	65 000	74 444	Achieved	9 444	Audience for online streamed productions contributed to the achievement together with live theatre audiences and some theatre rental productions.	To attract audiences to the new hybrid model of both live theatre performances as well as online streaming of productions.
	<b>Patron Satisfaction</b>										

SPM5	Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	5	4	12	8	Not Achieved	-4	Traditional surveys conducted in the theatre were not possible due to the lockdown which did not allow live theatre performances for the first half of the year. With the implementation of the Online Theatre Programme, the SAST Facebook platform was used to conduct surveys, however, not many people participated. Surveys were thus reduced until an appropriate strategy to encourage participation is implemented.	To encourage more participation in surveys in order to obtain more useful information from the market.
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### 5.3. Programme 3: Public Engagement

**Purpose:** This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions with the aim of their productions becoming commercial products and thereby encouraging Socio-Economic Development in the performing arts sector.

**The programme aims to achieve the following SAST outcomes:**

Goal 2: Development opportunities provided.

Outcome	Code	Output  (Key Output - SMART)	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Status to date (Achieved, Partially Achieved, Not Achieved)	Deviation from planned target to Actual Achievement	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2018/2019	2019/2020	2020/2021	2020/2021		2020/2021		
			(Unit of Measure)								
Development opportunities provided.	<b>SPD</b>	<b>Development Programme</b>									
	SPD1	Implement the Community Arts Dramaturgy Outreach Fieldwork programme.	Number of Community Arts Groups participating in the programme.	15	15	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator to be included in 2021/22.
	SPD3	Provide dramaturgy to in-house production's creative team members.	Number of in-house production's creative team members provided with dramaturgy.	25	10	10	42	Achieved	32	Dramaturgy provided to online productions especially those in the new Fringe and OnStage programme.	To provide dramaturgy to both live performances and to online performances.
		<b>Learning and Development</b>									
	SPR4	Provide internship positions.	Number of interns appointed.	6	6	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21.	Indicator removed for 2020/21 due to Covid-19.	Indicator to be included in 2021/22.

## 5.4. Linking Objectives with Budgets

BUDGET	2019/20				2020/21			
	BUDGET	ACTUAL	(OVER)/UNDER EXPENDITURE		BUDGET	ACTUAL	(OVER)/UNDER EXPENDITURE	
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Artistic	16 430	16 646	-216	-1%	7 332	7 661	-329	-4%
Front of House	3 325	3 579	-254	-8%	100	91	9	9%
Security and Transport	8 293	8 009	284	3%	4 765	4 817	-52	-1%
Parking	400	394	6	2%	300	287	13	4%
Wardrobe and décor	350	358	-8	-2%	0	0	0	0%
Stage Services	2 022	2 122	-100	-5%	400	307	93	23%
Marketing	2 650	2 672	-22	-1%	900	1 056	-156	-17%
Human Resources	30 116	29 985	131	0%	33 072	30 818	2 253	7%
Development	2 600	2 719	-119	-5%	0	0	0	0%
Administration	29 619	16 855	12 764	43%	28 740	25 569	3 171	11%
Maintenance	13 638	11 267	2 371	17%	1 200	1 339	-139	-12%
<b>Total Operational</b>	<b>109 443</b>	<b>94 606</b>	<b>14 837</b>	<b>14%</b>	<b>76 808</b>	<b>71 945</b>	<b>4 863</b>	<b>6%</b>

## 6. REVENUE COLLECTION

SOURCES OF REVENUE	2019/20			2020/21		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Grant	75 625	112 000	-36 375	70 650	63 504	7 146
Fundraising, marketing, other	33 818	32 513	1 305	10 250	14 555	-4 305
Other Income	0	602	-602	0	735	-735
<b>Total Operational</b>	<b>109 443</b>	<b>145 115</b>	<b>-35 672</b>	<b>80 900</b>	<b>78 794</b>	<b>2 106</b>

## 7. CAPITAL INVESTMENT

Funds for capital projects are ring-fenced and interest earned thereon is capitalised to the projects. A new allocation of R5.48m was received during the financial year from DSAC, there were delays in securing contractors for most the projects hence an increase year on year.

		2018/19			2019/20			2020/21		
		ALLOCATION 2018/19	SPENT 2018/19	AVAILABLE	ALLOCATION 2019/20	SPENT 2019/20	AVAILABLE	ALLOCATION 2020/21	SPENT 2020/21	AVAILABLE
Project 1	Facilities Management Contract	1 900 000		<b>1 900 000</b>	5 021 102	0	<b>6 921 102</b>	5 484 000		<b>12 405 102</b>
Project 2	Foyer and Ablutions	1 353 102	61 981	<b>1 291 121</b>	5 646 898	872 199	<b>6 065 820</b>			<b>6 065 820</b>
Project 3	Digital Screen	4 000 000		<b>4 000 000</b>	0	0	<b>4 000 000</b>			<b>4 000 000</b>
Project 4	Fire Detection System	3 800 000	2 773 794	<b>1 026 207</b>	0	376 804	<b>649 403</b>		280 787	<b>368 616</b>
Project 5	Security Scanners	600 000		<b>600 000</b>	0	434 700	<b>165 300</b>			<b>165 300</b>
Project 6	Maintenance	1 797 846	306 876	<b>1 490 970</b>	0	1 418 134	<b>72 836</b>		72 836	<b>0</b>
Project 7	Passager Lifts	7 224 376		<b>7 224 376</b>	0	0	<b>7 224 376</b>		2 817 881	<b>4 406 496</b>
Project 8	Stage Lighting	2 000 000		<b>2 000 000</b>	2 000 000	437 261	<b>3 562 739</b>			<b>3 562 739</b>
Project 9	Stage Equipment	3 131 321		<b>3 131 321</b>	3 000 000	1 851 090	<b>4 280 231</b>		120 426	<b>4 159 806</b>
Project 10	Stage Facilities	1 000 000		<b>1 000 000</b>	1 500 000	0	<b>2 500 000</b>		173 636	<b>2 326 364</b>
	Interest/Disinfection			<b>219 532</b>	811 807		<b>1 031 339</b>	976 236	233 562	<b>1 774 013</b>
		<b>26 806 645</b>	<b>3 142 650</b>	<b>23 883 526</b>	<b>17 979 807</b>	<b>5 390 188</b>	<b>36 473 145</b>	<b>6 460 236</b>	<b>3 699 127</b>	<b>39 234 254</b>



# PART C: GOVERNANCE

*Sast Fringe - Blow Lepara*

# 1. INTRODUCTION

Good corporate governance embodies processes and systems that enhance organisational discipline, integrity, transparency, accountability, responsibility, fairness and sustainable economic, social and environmental performance. As the focal point and custodian of SAST's corporate governance the Council is committed to establishing and striving for exceptional governance practices underpinned by effective leadership.

The governance practices of SAST have been established in line with the Cultural Institutions Act, Act 119 of 1998 as amended (CIA), the Public Finance Management Act no. 29 of 1999 as amended (PFMA), The Shareholders Compact, The White Paper on Arts, Culture and Heritage, The Protocol on Corporate Governance in the Public Sector, as issued by the Department of Public Enterprises (2002), and any other applicable law, regulatory provisions, government policies and/or any directives.

The King IV Report on Corporate Governance which became effective on 1 April 2017, along with the sector supplement for state-owned entities, has been embraced by the Council and the SAST.

# 2. PORTFOLIO COMMITTEES

SAST was not called to attend the Portfolio Committee during the year.

# 3. EXECUTIVE AUTHORITY

The following table is a summary of the reports submitted to the Executive Authority:

25 May 2020	4th Quarterly Report 2019/20
16 July 2020	Revised Annual Performance Plan 2020/21 and Five-year Strategic Plan 2020 - 2025
31 July 2019	Annual Financial Statements and Performance Information 2018/19
30 August 2020	1st Quarterly Report 2020/21
31 October 2020	Annual Report 2019/20
30 October 2020	2nd Quarterly Report 2020/21
31 January 2021	Annual Performance Plan 2021/22
30 January 2021	3rd Quarterly Report 2020/21

# 4. THE ACCOUNTING AUTHORITY (COUNCIL)

In terms of Section 5 of the CIA the affairs of SAST are under the control, management and direction of the Council, who was appointed by the Minister of Sport, Arts and Culture and acts as the Accounting Authority in terms of the PFMA. The duties, functions and responsibilities of the

Council are set out in the CIA, PFMA and the Council Charter.

Council delegated specific responsibilities to a number of Committees which operate in terms of their own Committee Charters reviewed and approved by the Council, during the 2020/2021 financial year. The following Committees were operational during the 2020/2021 financial year;

## Finance Committee (FINCOM):

The purpose of the FINCOM is to formulate and monitor Finance, Risk and Information and Communication Technology policies for recommendation and reporting to the Council which promote the achievement of the SAST's strategic objectives and encourage individual performance. The Committee receives, holds, preserves, and safeguards all movable property placed under the care and management of the SAST by the Minister of Sport, Arts and Culture, in terms of section 10(1) of the Cultural Institutions Act. The Committee is responsible to assist Council to manage and control money received by the SAST and to utilize those monies for defraying expenses in connection with the performance of the SAST's functions as well as to enable the SAST to keep a proper record of the property of the SAST and to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept.

## Audit and Risk Committee (ARC):

The ARC is responsible for oversight of the financial operations and reporting processes within the SAST and assisting management in fulfilling its corporate governance. The Committee ensures the implementation of responsibilities in relation to SAST's financial reporting, internal control system, risk management system, internal and external audit functions as well as information, communication and technology objectives.

## Institutional Development Committee (IDC):

The IDC is responsible for the present Artistic offering, of optimal quality, that integrates social and cultural diversity as well as to provide development opportunities to emerging Arts Practitioners to learn and perform with the aim of becoming commercially competitive. The Committee is also responsible for providing effective Audience Development Programmes which will result in patrons supporting the economic objectives of the Performing Arts as well as assisting management to maintain and upgrade the unique Theatre facilities to support the SAST Artistic ambitions and the self-generating revenue objectives.

## Human Resources and Remuneration Committee (HRRC):

The HRRC is responsible to formulate and monitor human resources related policies and a remuneration policy which promotes the achievement of the SAST's strategic objectives and encourage individual performance. The Committee further determines the remuneration and other conditions of service of persons appointed to perform the functions of the SAST which must be in accordance with a scheme approved by the Minister of Sport, Arts and Culture in consultation with the Minister of Finance.

## Social and Ethics Committee (SEC)

The Council agreed that it was of paramount importance to establish a SEC. The SEC was subsequently established by Council during February 2021. The SEC assists the Council in overseeing and reporting on the SAST's ethics, responsible corporate citizenship, sustainable development, legal compliance and stakeholder relationships.

## Council's value creation process

As far as performance is concerned, the SAST has consistently aimed to balance its priorities so

as to both, fulfil its mandate and remain financially sustainable, despite key financial challenges. SAST has naturally adopted the King IV guideline which promotes that an SOE should obtain clarity and alignment on strategic objectives and key performance targets from its stakeholders. In addition to this, Council continuously aims to address the strategic priorities of the SAST entity with its executive authority and has actively sought to reach common understanding between the SAST and the executive authority on how to reconcile competing objectives so that a strategic plan for SAST can be developed within these confines.

The Council has recognised, by way of their communications and suggestions to the executive authority, as well as their resolutions over the year, that it recognises that the SAST's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

### Composition of the Council

The following are the Council members of SAST, appointed by the Minister of the Department of Sport, Arts & Culture, for the 2020/21 financial year:

#### For the period 01 April 2020 – 31 March 2021

Name	Term	Qualifications	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Prof. NM Mazibuko (Chairperson)	01/12/2017 – 08/12/2020 renewed with effect from 09/12/2020	BA and Honours degrees in Social Work - University of Zululand.  BA majoring with Political Science and Communications. – University of South Africa (UNISA)  Master's Degree in social sciences - University of KwaZulu-Natal  PhD in Social Policy & Organisational Studies - University of Illinois, Chicago.	Education, Youth development in higher education, Research, innovation and human development.	Female	African	6/6
Dr MJ Ndlovu (Deputy Chairperson)	01/12/2017 – 08/12/2020 renewed with effect from 09/12/2020	Master's Degree in Business Administration (MBA) - University of KwaZulu-Natal  PhD in Business Administration - University of KwaZulu-Natal	Business Administration with emphasis on Human Resources Management	Female	African	6/6

Mr S Chauke	01/12/2017 – 08/12/2020	BA (Hons) Marketing Communications	Marketing Strategy, Communication and Brand Building.	Male	African	4/6
Mr T Mphuti	01/12/2017 – 08/12/2020	B.A. (Law): University of KZN. LLB – University of Witwatersrand.	Law and Finance	Male	African	4/6
Ms M Mofammere	01/12/2017 – 08/12/2020	B Com Accounting: Turfloop Management development program (GIBS)	Finance	Female	African	4/6
Ms NT Mosala	01/12/2017 – 08/12/2020	BA in Public Relations/ Image Management - Midrand Graduate Institute, ICM, Strategic Brand Management - AAA School of Advertising  B-Phil Honours in Marketing Management - IMM Graduate School of Marketing.	Public Relations, Marketing Strategy, Communication and Brand Building.	Female	African	4/6
Ms S Singh	01/12/2017 – 08/12/2020	B.A. (Law) LLB: University of KZN - Westville Campus  Training / Certificates in Board Leadership and good governance from Gordon's Institute of Business Science  Aspirant female Judges course: Certificate from Constitutional Court  Masters in Business Administration - Mancosa	Law	Female	Indian	4/6

Mr D Singh	23/04/2019 – 08/12/2020	IDEO Design Thinking– 2018 Wharton University: Operations Management Certificate – 2014  Various management and finance courses – 2006 to 2013  Chartered Financial Analyst (CFA) Level 2– 2008  South African Institute of Chartered Accountants (SAICA) - 2005  University of Johannesburg: B.Com Honours (Accounting – CTA)– 2002	Finance	Male	Indian	4/6
Ms P Maseko	23/04/2019 – 08/12/2020	Bcom (Hons) MBL Vista University: Unisa School Of Business Leadership  Certified Ethics Officer (EO787)  Certificate of Bank Treasury Risk Management	Business management and Marketing	Female	African	3/6
Adv. KP Thango	09/12/2020	B Proc: LLB, University of KwaZulu - Natal  Project Management (Diploma) - Varsity College  Matric with exemption, Mshiyane High School, KZN	Law	Male	African	2/6
Dr K Makgae	09/12/2020	University of Limpopo, Bachelor of Education, 1989-1991  University of Limpopo, Bachelor of Arts in pedagogy BA .1985-1988	Education, Theology	Female	African	2/6
Mr S Maharaj	09/12/2020	CA (SA) : South African Institute of Chartered Accountants (1998)  Hons BCompt Degree : University of South Africa (1994)  BCom Degree : University of Natal (1992)	Finance	Male	Indian	2/6

Dr L Nawa	09/12/2020	University of South Africa, 2012: DLitt et Phil (PhD)  University of Cape Town, 2003: MA (Creative Writing)  University of Cape Town 1989: BA (Hons)  Vista University, 1987: Bachelor's Degree (BA)	Arts and creative writing	Male	African	2/6
Mr UG Masokaone	09/12/2020	Batchelor of Science: Mass Communication: University of Lagos  Diploma London International Film School	Arts	Male	African	2/6
Dr SM Mkhize (CEO Ex-officio member)	01/11/2015	BA, BA Honours, MA - University of KwaZulu-Natal  PhD - University of the Witwatersrand	History, Culture and Heritage, Management of Arts, Culture and Heritage Institutions	Male	African	6/6

There were 6 Council Meetings; 1 Planning Workshop and 1 Induction meeting  
In addition to the above Mr. Sizwe Mathye (CFO), Mr. Aubrey Sekhabi (AD) and Ms Keolebgile Modise (DCS) attend the Council meetings by standing invitation.

**Committees**

The following is the composition of the Committees as appointed by SAST Council, as at 31 March 2020:

**Audit and Risk Committee  
For the period 1 April 2020 – 31 March 2021**

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
V Ndlovu (Independent External Member & Chairperson)	01/06/2019	Finance	Female	African	7/7
Y Haffejee (Independent External Member)	Appointed: 01/06/2019 Term Ended: 19/04/2020	Finance	Male	African	0/7
B van Vollenhoven (Independent External Member)	01/06/2019	Finance	Male	Caucasian	7/7

T Mphuti	08/02/2018 - 08/12/2020	Law and Finance	Male	African	6/7
T Rochussen (Independent External Member)	03/12/2020	Finance	Male	Caucasian	1/7
Z Nkosi (Independent External Member)	03/12/2020	Law and Finance	Female	African	1/7
S Maharaj (Council Member)	05/02/2021	Finance	Male	Indian	1/7
Dr MJ Ndlovu (Council Member)	05/02/2021	Business Administration with emphasis on Human Resources Management	Female	African	1/7

**Institutional Development Committee**  
For the period 01 April 2020 – 31 March 2021

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
S Chauke (Chairperson)	08/02/2018 - 08/12/2020	Marketing Strategy, Communication and Brand Building.	Male	African	4/5
M Mofammere	08/02/2018 - 08/12/2020	Finance	Female	African	4/5
P Maseko	29/05/2019 - 08/12/2020	Business management and Marketing	Female	African	4/5
S Khumalo (Independent External Member)	01/06/201 - 08/12/2020	Performing Arts, in particular Music	Female	African	2/5
V Zondo (Independent External Member)	29/05/2019 - 21/03/2021	Communication	Male	African	4/5
UG Masokaone (Chairperson)	09/12/2020	Arts	Male	African	1/5
L Nawa	09/12/2020	Arts and Creative Writing	Male	African	1/5
S Maharaj	05/02/2021	Finance	Male	Indian	1/5

**Human Resources and Remuneration Committee (HRRC)**  
For the period 01 April 2020 – 31 March 2021

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Dr MJ Ndlovu (Chairperson)	05/02/2021	Business Administration with emphasis on Human Resources Management	Female	African	5/5
M Mofammere	08/02/2018 - 08/12/2020	Finance	Female	African	4/5
NT Mosala	08/02/2018 - 08/12/2020	Public Relations, Marketing Strategy, Communication and Brand Building	Female	African	4/5
N Mlambo (External Member)	01/06/2019	Law, governance and business administration	Female	African	5/5
S Singh	08/02/2018 - 08/12/2020	Law, governance and business administration	Female	Indian	4/5
P Maseko	29/05/2019 - 08/12/2020	Business management and Marketing	Female	African	2/5
L Nawa	09/12/2020	Arts and Creative Writing	Male	African	1/5
KP Thango	09/12/2020	Law	Male	African	1/5

**Finance Committee**  
For the period 01 April 2020 – 31 March 2021

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
T Mphuti (Chairperson)	08/02/2018 - 08/12/2020	Law and Finance	Male	African	6/7
M Mofammere	08/02/2018 - 08/12/2020	Finance	Female	African	6/7
S Singh	08/02/2018 - 08/12/2020	Law, governance and business administration	Female	Indian	6/7
D Singh	23/04/2019 - 08/12/2020	Finance	Male	Indian	7/7
S Maharaj (Chairperson)	05/02/2021	Finance	Male	Indian	1/7
K Makgae	09/12/2020	Education, and Theology	Female	African	1/7
KP Thango	09/12/2020	Law	Male	African	1/7

**Social & Ethics Committee**

For the period 01 April 2020 – 31 March 2021

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
KP Thango (Chairperson)	09/12/2020	Law	Male	African	1/1
UG Masokoane	09/12/2020	Arts	Male	African	1/1
K Makgae	09/12/2020	Education, and Theology	Female	African	1/1

**Remuneration of Council members**

Refer to note 27 of the Annual Financial Statements for a detailed table of Council members' remuneration during the 2020/21 financial year

## 5. RISK MANAGEMENT

The South African State Theatre has an approved Risk Management Policy and compiles an annual Risk Management Plan and Strategy.

SAST assesses risk on an ongoing basis which is monitored through monthly departmental reports that capture occurrence, changes and mitigation of identified risks as well as the identification of new and emerging risks.

A Risk Management Committee has been appointed which performs ongoing risk assessment and monitoring implementation of agreed mitigation action plans. In this regard, SAST has in the current year prioritised risk management action plans which have illustrated to be a key focal point for discussion and implementation.

The SAST Audit and Risk Committee independently monitors the enterprise risk management system to ensure its effectiveness.

Risk Management at SAST is an ongoing activity. Risk areas are prioritised and appropriate mitigation activities implemented to ensure continuous improvement of operational performance. Ultimately, Risk Management continues to be a developing yet significant area, in terms of which solutions and mechanisms are constantly suggested and revised by both the Council and the Audit and Risk Committee. Cybercrime has been identified as a key new risk area in which appropriate mitigation strategies must be implemented. SAST has reviewed its ICT systems and appropriate improvements are being implemented. However, incessant attempts at breaching the servers firewall may ultimately succeed and as such appropriate Cybercrime insurance is being added to the SAST short-term insurance policy.

In line with recommended practices of risk governance, the Council has emphasized the importance and value of treating risk as integral to the way it makes decisions and executes its duties.

## 6. INTERNAL AUDIT AND AUDIT & RISK COMMITTEES

Refer to the detailed Audit and Risk Committee Report.

## 7. COMPLIANCE WITH LAWS AND REGULATIONS

SAST monitors compliance with applicable legislation, especially the PFMA, throughout the entity. Monthly and Quarterly compliance reports are prepared and MANCO is tasked to address areas of non-compliance.

The Council has consistently governed compliance with applicable laws and regulations in terms of its governing legislation. It has also adopted internal rules, standards and policy items in a way that supports the SAST being ethical and a good corporate citizen. In all agenda items at meetings in which new projects, strategies and/or processes are discussed, a key benchmark item in such discussions always fall back to whether such projects, strategies and/or processes will fall within the scope of compliance required by the relevant laws and regulations, of which SAST is subject to.

## 8. FRAUD AND CORRUPTION

SAST has an approved and implemented Fraud and Corruption Prevention Policy. In line with the policy, fraud and corruption is actively monitored and reported on in Monthly and Quarterly reports. Fraud is a standing agenda item in our monthly management meetings and in our quarterly staff meetings. We have published posters across our buildings reflecting our stance on fraud and corruption. These posters display the toll-free national anti-corruption hotline number which may be used to report suspected fraud and corruption.

**Zero tolerance of fraud and corruption**

Corruption in South Africa is perceived to be worsening. Perceived high levels of fraud and corruption could jeopardise South Africa's standing among foreign investors and negatively affect business confidence. SAST has a zero-tolerance stance against fraud, corruption and irregular conduct.

A number of policies and interventions are in place to mitigate the risk of fraud and corruption, including the following:

- whistle-blowing HOTLINE (0800 701 701)
- prevention of fraud and corruption policy
- delegation of authority
- ongoing fraud and awareness bulletins

## 9. MINIMISING CONFLICT

- Management and staff of SAST have regular communication relating to the possibility of conflict of interest.
- Controls have been implemented at Management and staff level where declaration of interests are requested to be signed.
- At a supply chain management (SCM) level, conflict of interest is minimised as follows:
  - SCM is a centralised unit which consists of an SCM manager, one SCM official and adhoc staff. The unit is overseen by the CFO.
  - Each SCM official (including ad hoc staff) signs a declaration of interest form to indicate if there is a conflict of interest with suppliers.
  - Ad hoc staff sends requests for quotations as requested by the individual departments and the SCM official places the order.
  - The CFO reviews all purchase orders ensuring that the suppliers are valid and the supplier with the qualifying quotation has been awarded the order.
  - The CFO also ensures that SBD 4 forms are received from the suppliers.
  - For tenders, the BEC and BAC are independent members and are also requested to sign independence declarations. Where a conflict of interest is identified, the member will not be involved in the awarding of the tender.
  - Goods received vouchers are signed by the department requesting the goods/services and payment is made by the creditors' clerk who is independent from the SCM process. All payments are checked and reviewed and released by the CFO and one other signatory.

In compliance with the spirit of good governance, the SAST has consistently maintained a register in which all declaration of interest forms are signed by Council and committee members, at all meetings conducted, and are collected for purposes of recording accountability. This spans across the SAST entity as a whole and aims to enable an effective control environment that supports the integrity of information for internal decision-making and of the SAST's external reports.

## 10. CODE OF CONDUCT

The rules and regulations contained in the code of conduct policy are to ensure that they are known and adhered to by all State Theatre personnel.

An employee who contravenes any rule, regulation or instruction, or knowingly permits a contravention to take place shall be subject to such disciplinary measures as circumstances may warrant, in accordance with the Disciplinary Procedure. The Disciplinary process as detailed in the Disciplinary policy will be followed in the event that the code of conduct is contravened. Sanctions imposed will be as per the Disciplinary code.

### Promoting ethical conduct

Our Ethics Policy sets out our standards for ethical behaviour and together with the supplementary policies, provides a guide to employees on how they should conduct themselves and interact with fellow employees, our stakeholders and the public in general.

## 11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Overall objective of the SAST health and Safety programme is to establish, document, implement and maintain a Safety, Health and Environment (SHE) Management System and continually improve its effectiveness in accordance with OHS Act, 85 of 1993 requirements.

Our greatest differentiator will be the experience we offer to our patrons. The combination of innovative theatre, competitive pricing and unbeatable customer experience will set us apart in these trying times. The health and safety of our patrons together with our employees, tenants and contractors is of paramount importance. As such we aim to provide an environment that meets world class standards of health and safety.

### Occupational Health and Safety (OHS) Safety, health and well-being

It is critical that we manage our employees' safety, health and well-being to maintain our human capital, and ensure we create and maintain a resilient, productive and agile workforce, thus enabling our employees to create value within our business. Safety, health and well-being form part of our employee value proposition. In addition to our employees, we have a responsibility to ensure the health and safety of our contractors and customers. OHS management is guided by the OHS strategy, policies and a health and safety system, all of which ensure compliance with the OHS Act, 85 of 1993, and other applicable legal requirements. To ensure we comply with health and safety standards and that we provide a safe working environment, we need to implement an OHS audit programme for our operations.

We need to redefine our health and safety management approach, aligned incident classification and methodologies to global best practice. Historically, the SAST focus regarding health and safety was to ensure compliance. While we have achieved success in this area, we need to drive to move beyond compliance and embed health and safety within our culture.

## 12. SOCIAL RESPONSIBILITY

As a result of the Covid-19 pandemic, the community outreach programme for 2020/21 was cancelled. The programme is planned to resume in 2021/22, subject to the prevailing adjusted alert-level regulations and the available programme budget.

For the 2021/2022 year, the Education Youth and Children's Theatre (EYCT) department will be proceeding with programmes of Fieldwork; Youth Expressions Festival and Outreach Programme that include workshops. The EYCT is also looking to expand the areas covered for training and upskilling workshops which will also include three countries in the SADC region plus the province of Limpopo, Kwa-Zulu Natal and the North West Province. The approach will be in a form of networking and creating partnerships with various individual, institutions and possibly corporates nationally plus internationally.

Workshops are at two levels with first specifically for Community groups and Outreach program and then we have Master classes that lead into workshops targeting trained students/ creatives who are still finding their feet in the Arts industry. An addition to EYCT programmes is Quarterly

industry Webinars/Workshop open for National and SADC regions participation even internationals are welcome. It must be noted however that most activities will be further postponed to the next financial year due to the Covid-19 pandemic and budgets cuts.

#### **Webinars hosted during the 2020/21 included:**

SARS Information session on Tax Submissions and Compliance

09 October 2020

SAST LIVE Facebook page

DALRO information session on Protection of Literary and Artistic Creations

16 October 2020

SAST LIVE Facebook page

## 13. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) present its report regarding its affairs at the South African State Theatre (SAST) for the financial year ended 31 March 2021.

#### **Audit and Risk Committee Responsibility**

The Audit and Risk Committee has complied with its responsibilities as stated in Section 51(1)(a) (ii) of the Public Finance Management Act and Treasury Regulations 27 paragraph 13.1. The ARC reports that it has adopted appropriate terms of reference. As per its ARC Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The ARC is accountable to the Council and has the oversight function of amongst other things:

- Financial and Performance Management
- IT Governance
- Risk and Fraud Management
- Internal Audit Function
- Compliance with Laws and Regulations and good Ethics
- Reporting practices
- External Audit

#### **Audit and Risk Committee Report on its Operations**

During the year under review the ARC considered and performed, in line with its mandate, the following:

- Updated the ARC Charter
- Risk management processes, including continuously updating the risk register as circumstances changed as a result of the COVID-19 pandemic.
- Risk Strategy Plan and Risk Management Committee establishment
- Fraud Assessment plan and Fraud Prevention plan was developed
- Approved the Internal Audit three year rolling plan and current annual plan.
- Ensured that all planned Internal Audit projects were timely completed
- Reviewed the reports of the Internal Audit Activity and made appropriate recommendations

to drive risk remediation

- Considered quarterly finance and performance reports and provided guidance on the adequacy and quality improvements for these reports
- Conducted separate meetings with Internal Audit Functions and Management to drive and enhance risk and performance management
- Provided guidance on IT governance and policy issues
- Monitored compliance with policies and applicable legislations
- Monitored progress on previous audit findings

#### **Effectiveness of Internal Controls**

Internal controls are designed to minimize risks and safeguard assets, ensure accuracy of records, promotes operational efficiency and encourage adherence to policies, laws and regulations. Internal Audit Activity and External Auditors provide combined assurance on the effectiveness of the internal controls for the organization. The Internal Audit Activities throughout the year reported findings on the following amongst others:

- Policies not updated as a result some of the processes were not in line with the existing policies,
- Significant findings were noted on Information Technology and Communication governance
- Weaknesses were noted in the Supply Chain Management, Finance Management and Occupational Health and Safety processes

Management undertook the process of updating policies, consolidating some of them into one policy. At year end, many of the policies had been updated. Furthermore management undertook to attend to the IT findings as raised, an IT Manager was appointed, governance structures like IT steering committee, champions and policies were put in place. Management has reported that improvements in the Supply chain Management and Finance internal controls has been put in place. The ARC continues to monitor the Audit Action Plan put in place to improve controls.

#### **Quality of Management and Monthly/Quarterly Reports Submitted in terms of Legislation**

The Audit and Risk Committee received and reviewed quarterly financial and performance reports. The format and adequacy of the submitted report required improvements and management had started elaborating and enhancing the quality of the reports submitted. We noted that due to the pandemic, adjustments to the original targets needed to be reviewed and decreased. Despite the pandemic challenges, management was able to develop new strategies in terms of broadcasting shows through online channels to reach new and wider audiences. The reported results had improved compared to the previous years despite challenges brought on by the pandemic in terms of increased number of audiences reached compared to the previous year. The Committee reviewed the draft Unaudited Annual Financial Statements and draft Unaudited Annual Performance Report for the 2020/21 financial year. The review conclusion was that improvement on the submitted Annual Financial Statements were noted compared to the previous years. This was also based on the review done by internal audit function which noted improvements in terms of supporting schedules for the annual financial statements.

#### **Evaluation of the Financial Statements**

The Committee reviewed the draft Unaudited Annual Financial Statements and draft Unaudited Annual Performance Report for the 2020/21 financial year. The review conclusion was that improvement on the submitted Annual Financial Statements were noted compared to the

previous years. This was also based on the review done by internal audit function which noted improvements in terms of supporting schedules for the annual financial statements.

**External Audit**

The SAST was audited by the Auditor General. The ARC note that the External Auditors were independent throughout the audit. The Auditor General noted weaknesses relating to compliance with laws and regulations which resulted in irregular expenditures and major weaknesses in the processes to safeguarding the organizations assets. The weaknesses were discussed with management and also accepted by the Audit and Risk Committee. Management undertook to urgently address the root causes leading to the weaknesses identified. The ARC will closely monitor the design of action plans and thereafter, of implementation of those plans. With all the above considered, the ARC accepts the conclusion of the Auditor General on the Audited Annual Financial Statements and Annual Performance Report.

**Conclusion**

The report must be read together with the annual report.



**Velile Ndlovu**

Chairperson of the Audit and Risk Committee

## 14. BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The SAST is committed to contributing to Broad-Based Black Economic Empowerment (B-BBEE). During 2020/21 we undertook to have our B-BBEE compliance verified. The outcome of the verification process, a Broad-Based Black Economic Empowerment Verification Certificate was issued on 30 November 2020. This verification certificate was compiled in terms of the Amended Specialised Generic Codes that is said to be applicable to the SAST as a Schedule 3A Public Entity. The overall score obtained in the certificate resulted in a B-BBEE Status rating of Level 8 Contributor to BEE. Although this rating is rather low, it does reflect a significant improvement from the 2018/19 rating of non-compliant. Contribution to Socio-economic development was scored at zero. SAST is in the process of compiling an appropriate plan to address this area, however, it is important to note that it will be subject to budget availability and may only show improvement once SAST has sufficient funds to allocate.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to SAST.
Developing and implementing a preferential procurement policy?	No	SAST is to develop a plan during 2021/22 to address B-BBEE which will cover this aspect.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to SAST.
Developing criteria for entering into partnerships with the private sector?	No	Any partnership concluded, is considered on its merits to further the SAST mandate.





**PART D:** HUMAN RESOURCE MANAGEMENT

# 1. HR MISSION

To improve efficiency and effectiveness by attracting, selecting, recruiting, developing and retaining best talent.

# 2. HR SERVICES

- I. Recruitment and Selection
- II. Human Resources Management
- III. Labour Relations
- IV. Human Resources Development

# 3. HR RISKS

Management has identified the HR strategic risks that may hinder achievement of the SAST mandate and to mitigate against them. Management has identified the following risks which inform activities of the HR Strategy.

Risk register has been developed. All risks are mitigated against.

RISK	MITIGATION	DEADLINES	STATUS
Organizational structure and jobs not aligned to the organizational strategy.	Structural and job profiles reviewed and aligned to the organizational strategy.	June 2021	Completed
Skills not relevant to currently occupied jobs	Talent management has been completed with all jobs occupied by the best possible employee. Skills gap analysis will be conducted in the 2 <sup>nd</sup> quarter	June 2021 September 2021	Completed

Lack of resources to fill critical positions.	Service providers are used to bridge the gap and are sourced as and when required where possible.	Ongoing	Implemented
High vacancy rate.	Critical jobs must be budgeted for as consultancy will be too costly if used frequently. Critical positions will be filled, and unnecessary positions removed from the structure.	Apr 2022	No budget
Loss of critical human resources due to salaries not related to the market, lack of benefits and job security.	Review 5-year fixed term contracts model, Conduct and implement job grading and Remuneration benchmark results, Review benefits to all employees.	July 2021	Submitted for approval
Productivity of employees impacted negatively due to working from home practice, and flexible hours.	Develop a Performance management Policy.	July 2021	Submitted for approval
	Remote performance management system developed	August 2021	In progress
	Train management on performance management		Completed
	Continuous communication and emphasis of leave management in line with Leave Policy.	Continuous	
Poor leave management Absenteeism due to ill health	Review HIV and other severe chronic diseases policy. Emphasis on compliance Covid 19 regulations by strict control of number of employees at work and Compliance with health and safety regulation	May 2021 Continuous	Policy approved. Implemented.

## 4. HUMAN RESOURCE OVERSIGHT STATISTICS

### Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	N/A	N/A	N/A
Senior Management	N/A	N/A	N/A
Professional qualified	N/A	N/A	N/A
Skilled	N/A	N/A	N/A
Semi-skilled	N/A	N/A	N/A
Unskilled	N/A	N/A	N/A
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Training Costs

Director / Business Unit	Training Expenditure (R'000)	No. of employees trained	Avg training costs per employee
Marketing, Artistic and Stages	29 250.14	6	4 874.86
Stage Services	12 450.00	1	12 450.00
Sales and Artistic	13 633.33	3	4 544.44
Human Resources, Maintenance, Parking, Front of House, Health & Safety, Artistic	15 929.98	12	1 327.50
Stages	20 102.00	19	1 058.00
Front of House and Finance	0	2	0
<b>TOTAL</b>	<b>91 364.45</b>	<b>43</b>	<b>24 254.80</b>

### Employment and vacancies

Programme	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies
Top Management	4	3	1	4	4	0
Senior Management	9	7	2	9	6	3
Professional Qualified	10	8	2	7	7	0

Skilled	55	28	27	57	39	18
Semi-skilled	49	31	18	41	22	19
Unskilled	0	0	0	0	0	0
<b>TOTAL</b>	<b>127</b>	<b>77</b>	<b>50</b>	<b>118</b>	<b>78</b>	<b>40</b>

### Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	0	4
Senior Management	8	0	2	6
Professional Qualified	6	2	0	7
Skilled	39	2	3	39
Semi-skilled	21	2	1	22
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>77</b>	<b>7</b>	<b>6</b>	<b>78</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	16.67%
Resignation	3	50.00%
Dismissal	1	16.67%
Retirement	0	0.00%
Retrenchment	0	0.00%
Ill health	1	16.67%
Expiry of contract	0	0.00%
Other	0	0.00%
<b>TOTAL</b>	<b>6</b>	

### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	1
Dismissal	1
Suspension	0

**Equity Target and Employment Equity Status**

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	0	0	0	0	0	0
Senior Management	1	0	1	0	1	0	0	0
Professional qualified	5	0	1	0	0	0	0	0
Skilled	20	3	3	1	0	0	1	0
Semi-skilled	14	3	0	1	0	1	1	2
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>43</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	2	0	0	0	0	0	0
Professional qualified	1	1	0	1	0	1	0	1
Skilled	15	6	0	3	0	1	0	2
Semi-skilled	7	7	0	1	0	1	0	1
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>27</b>	<b>17</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>4</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	2
Skilled	0	0	0	0

Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>



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# PART E: FINANCIAL INFORMATION

# 1. REPORT OF THE EXTERNAL AUDITOR

## Report of the auditor-general to Parliament on the South African State Theatre

### Report on the audit of the financial statements

#### Qualified opinion

- I have audited the financial statements of the South African State Theatre, set out on pages 60 to 107, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the South African State Theatre as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for qualified opinion

##### Property, plant and equipment

- The public entity did not conduct an impairment assessment into property, plant and equipment, in accordance with GRAP 17, *Property, plant and equipment*, as there was no adequate system of internal control to assess assets for impairment. I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at R90 928 376 (2020: R96 597 170) in note 4 to the financial statements as it was impracticable to do so.

##### Cash flow statement

- The public entity did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities, stated at R10 160 477 in the financial statements.

#### Context for the opinion

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
- I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### Emphasis of matters

- I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### Restatement of corresponding figures

- As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2020 have been restated as a result of errors in the entity's financial statements at, and for the year ended, 31 March 2021.

#### Responsibilities of the accounting authority for the financial statements

- The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

- My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Report on the audit of the annual performance report

#### Introduction and scope

- In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions

taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 2 – business development	34 - 36

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 – business development

#### Other matter

19. I draw attention to the matter below.

#### Achievement of planned targets

20. Refer to the annual performance report on pages 32 to 37 for information on the achievement of planned targets for the year and management's explanations provided for the under and overachievement of targets.

### Report on the audit of compliance with legislation

#### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(a) of the PFMA.

24. Material misstatements of revenue and disclosure items identified by the auditors in the

submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

#### Procurement and contract management

25. Some of the contracts were awarded to bidders based on evaluation or adjudication criteria that differed from those stipulated in the original invitation for bidding, as required by treasury regulation 16A6.3(a) and (b).

#### Consequence management

26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. This was because investigations into irregular expenditure were not performed.

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

#### Other information

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. When I do receive and read the final 2020-2021 annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and findings on compliance with legislation.

33. Management did not institute adequate detective and corrective controls to ensure the accuracy and completeness of information reported in the financial statements. This led to material adjustments to several components of the financial statements submitted for audit.
34. Non-compliance with legislation could have been prevented if legislative requirements had been properly reviewed and monitored by management through a proactive and dedicated approach and control environment.

#### Other reports

35. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

#### Investigations

36. The entity engaged the services of accounting and forensic investigative experts, FC Financial Accountants and Gobodo Forensic and Investigative Accountants (GFIA) to investigate a fraud incident which was discovered in 2019. The forensic investigation was completed and handed over to the Directorate for Priority Crimes Investigation (the "Hawks") for further investigation and prosecution. The investigation was still in progress at the date of this auditor's report.

*Auditor - General*

Pretoria  
31 July 2021



AUDITOR - GENERAL  
SOUTH AFRICA

#### Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

#### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the South African State Theatre to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## 2. ANNUAL FINANCIAL STATEMENTS

### The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

#### Index

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Council's Responsibilities and Approval

The Council members are required by the Public Finance Management Act (Act 1 of 1999), 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 the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, 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 deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is partly dependent on the government grant for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 55.

The annual financial statements set out on pages 60 to 107, which have been prepared on the going concern basis, were approved by the Council members on 31 July 2021 and were signed on its behalf by the Council Chairperson.



**Professor Fikile N.M Mazibuko**  
Chairperson of Council

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	239 127	93 044
Receivables from exchange transactions	9	2 418 851	3 816 371
Cash and cash equivalents	10	31 283 887	24 924 557
		<b>33 941 865</b>	<b>28 833 972</b>
<b>Non-Current Assets</b>			
Investment property	3	24 500 000	25 699 903
Property, plant and equipment	4	90 928 376	96 597 170
Intangible assets	5	113 367	151 156
Heritage assets	6	35 467 300	34 706 000
		<b>151 009 043</b>	<b>157 154 229</b>
<b>Total Assets</b>		<b>184 950 908</b>	<b>185 988 201</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	11	30 910	161 642
Payables from exchange transactions	13	11 948 664	8 502 626
Employee benefit obligation	7	491 000	477 000
Unspent conditional grants and receipts	12	39 234 597	36 473 488
		<b>51 705 171</b>	<b>45 614 756</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	11	1 698	25 434
Employee benefit obligation	7	2 586 000	2 843 000
		<b>2 587 698</b>	<b>2 868 434</b>
<b>Total Liabilities</b>		<b>54 292 869</b>	<b>48 483 190</b>
<b>Net Assets</b>		<b>130 658 039</b>	<b>137 505 011</b>
<b>Reserves</b>			
Revaluation reserve		18 575 979	17 822 479
Accumulated surplus		112 082 060	119 682 532
<b>Total Net Assets</b>		<b>130 658 039</b>	<b>137 505 011</b>



Sast Fringe - Percy Mthunzi

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*			
				Fraud Loss	25	(7 656 584)
<b>Revenue</b>						<b>(1 545 338)</b>
<b>Revenue from exchange transactions</b>				<b>Deficit for the year</b>		<b>(6 770 247)</b>
Sale of goods	14	182 169	2 099 070			<b>(7 600 473)</b>
Rendering of services	14	126 162	6 331 362			<b>(10 064 933)</b>
Rental of facilities and equipment	14	14 136 242	23 409 941			
Sundry income	14	735 482	602 030			
Interest received - investment	14	110 573	70 788			
<b>Total revenue from exchange transactions</b>		<b>15 290 628</b>	<b>32 513 191</b>			
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	16	63 504 126	66 259 892			
Revenue in kind		44 292 827	45 740 972			
<b>Total revenue from non-exchange transactions</b>		<b>107 796 953</b>	<b>112 000 864</b>			
<b>Total revenue</b>	14	<b>123 087 581</b>	<b>144 514 055</b>			
<b>Expenditure</b>						
Employee related costs	17	(33 871 961)	(34 888 787)			
Production Costs	18	(7 734 096)	(18 726 090)			
Depreciation and amortisation	4&5	(9 031 243)	(8 438 933)			
Rental of stage equipment	15	(306 736)	(859 549)			
Debt Impairment	9	(3 924 144)	(3 866 740)			
Sale of goods/Inventory		(91 255)	(1 856 610)			
General Expenses	19	(27 935 909)	(30 530 967)			
Property rates and building rental in kind		(44 292 827)	(45 740 972)			
Repairs and maintenance		(1 954 545)	(2 900 093)			
<b>Total expenditure</b>		<b>(129 142 716)</b>	<b>(147 808 741)</b>			
<b>Operating deficit</b>		(6 055 135)	(3 294 686)			
Write-off of damaged assets		(314 219)	(250 687)			
Fair value adjustments	20	(1 199 903)	1 200 000			
Actuarial gains/losses	7	19 421	45 000			
Finance Costs		(50 637)	(107 976)			

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	15 607 179	124 955 924	140 563 103
Adjustments			
Correction of error	-	4 791 541	4 791 541
<b>Balance at 01 April 2019 as restated*</b>	<b>15 607 179</b>	<b>129 747 465</b>	<b>145 354 644</b>
Changes in net assets			
Revaluation of Artworks	2 215 300	-	2 215 300
Net income (losses) recognised directly in net assets	2 215 300	-	2 215 300
Deficit for the year	-	(10 064 933)	(10 064 933)
Total recognised income and expenses for the year	2 215 300	(10 064 933)	(7 849 633)
Total changes	2 215 300	(10 064 933)	(7 849 633)
<b>Restated* Balance at 01 April 2020</b>	<b>17 822 479</b>	<b>119 682 533</b>	<b>137 505 012</b>
Changes in net assets			
Artwork revaluation surplus	753 500	-	753 500
Net income (losses) recognised directly in net assets	753 500	-	753 500
Deficit for the year	-	(7 600 473)	(7 600 473)
Total recognised income and expenses for the year	753 500	(7 600 473)	(6 846 973)
Total changes	753 500	(7 600 473)	(6 846 973)
<b>Balance at 31 March 2021</b>	<b>18 575 979</b>	<b>112 082 060</b>	<b>130 658 039</b>
Note(s)			

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restate*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		14 538 248	32 442 403
Grants and sponsorship revenue		63 504 126	66 259 892
Interest income		110 573	70 788
		<u>78 152 947</u>	<u>98 773 083</u>
<b>Payments</b>			
Employee costs		(33 871 961)	(34 888 787)
Suppliers		(34 069 872)	(46 088 427)
Finance costs		(50 637)	(107 976)
Fraud loss		-	(7 656 584)
		<u>(67 992 470)</u>	<u>(88 741 774)</u>
<b>Net cash flows from operating activities</b>	23	<b>10 160 477</b>	<b>10 031 309</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(3 638 879)	(3 884 459)
Purchases of heritage assets	6	(7 800)	(30 000)
<b>Net cash flows from investing activities</b>		<b>(3 646 679)</b>	<b>(3 914 459)</b>
<b>Cash flows from financing activities</b>			
Finance lease (payments)/ additions		(154 468)	44 036
<b>Net increase in cash and cash equivalents</b>		<b>6 359 330</b>	<b>6 160 886</b>
Cash and cash equivalents at the beginning of the year		24 924 557	18 763 671
<b>Cash and cash equivalents at the end of the year</b>	10	<b>31 283 887</b>	<b>24 924 557</b>

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Statement of Comparison of Budget and Actual Amounts

<b>Budget on Accrual Basis</b>						
<b>Figures in Rand</b>	<b>Approved Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual amounts on comparable basis</b>	<b>Difference between final budget and actual</b>	<b>Reference</b>
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods	2 400 000	(2 400 000)	-	182 169	182 169	
Rendering of services	8 000 000	(7 850 000)	150 000	126 162	(23 838)	
Rental of facilities and equipment	26 500 000	(16 450 000)	10 050 000	14 136 242	4 086 242	REF 1
Sundry income	400 000	(400 000)	-	735 482	735 482	
Interest received - investment	200 000	(150 000)	50 000	110 573	60 573	
<b>Total revenue from exchange transactions</b>	<b>37 500 000</b>	<b>(27 250 000)</b>	<b>10 250 000</b>	<b>15 290 628</b>	<b>5 040 628</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	90 150 000	(19 500 000)	70 650 000	63 504 126	(7 145 874)	REF 2
Revenue in kind	-	-	-	44 292 827	44 292 827	
<b>Total revenue from non - exchange transactions</b>	<b>90 150 000</b>	<b>(19 500 000)</b>	<b>70 650 000</b>	<b>107 796 953</b>	<b>37 146 953</b>	
<b>Total revenue</b>	<b>127 650 000</b>	<b>(46 750 000)</b>	<b>80 900 000</b>	<b>123 087 581</b>	<b>42 187 581</b>	
<b>Expenditure</b>						
Personnel	(40 097 933)	6 344 769	(33 753 164)	(33 871 961)	(118 797)	
Production Costs	(21 162 500)	14 512 500	(6 650 000)	(7 734 096)	(1 084 096)	
Finance costs	-	-	-	(50 637)	(50 637)	
Lease rentals on operating lease	(400 000)	-	(400 000)	(306 736)	93 264	
Debt Impairment	-	-	-	(3 924 144)	(3 924 144)	
Sale of goods - FOH	(1 400 000)	1 400 000	-	(91 255)	(91 255)	
General Expenses	(15 263 427)	6 183 426	(9 080 001)	(63 348 113)	(54 268 112)	REF 3
Capital Assets	(28 150 000)	17 650 000	(10 500 000)	-	10 500 000	REF 4
Repairs & Maintenance	(21 176 140)	4 840 903	(16 335 237)	(19 866 411)	(3 531 174)	REF 5
<b>Total expenditure</b>	<b>(127 650 000)</b>	<b>50 931 598</b>	<b>(76 718 402)</b>	<b>(129 193 353)</b>	<b>(52 474 951)</b>	
<b>Operating deficit</b>	<b>-</b>	<b>4 181 598</b>	<b>4 181 598</b>	<b>(6 105 772)</b>	<b>(10 287 370)</b>	
Loss on disposal of assets and liabilities	-	-	-	(314 219)	(314 219)	

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Statement of Comparison of Budget and Actual Amounts

Fair value adjustments	-	-	-	(1 199 903)	(1 199 903)
Actuarial gains/losses	-	-	-	19 421	19 421
		-	-	<b>(1 494 701)</b>	<b>(1 494 701)</b>
<b>Deficit before taxation</b>	-	<b>4 181 598</b>	<b>4 181 598</b>	<b>(7 600 473)</b>	<b>(11 782 071)</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	<b>4 181 598</b>	<b>4 181 598</b>	<b>(7 600 473)</b>	<b>(11 782 071)</b>
<b>Reconciliation</b>					

**REF 1** - Conservative revenue targets were initially set low due to Covid-19 situation. However as lockdown restrictions relaxed, daily parking improved. Due to evictions served on defaulting tenants, revenue was expected to be lower than the previous years, but other tenants remained and managed to make adhoc payments.

**REF 2** - Mainly due to the delayed spending on capital projects as SCM processes took longer than expected to finalise tenders.

**REF 3** - Included in the general expenses was marketing, insurance and external audit fees which increased by more than 10% compared to budget

**REF 4** - An amount of R3 621 584 for capital assets was capitalised in the Statement of Financial Position and thus not reflecting on the actual expenditure statement.



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## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Accounting Policies

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**REF 5** - The budget was exceeded due to PPE material bought in response to Covid-19. Facilities management company was appointed in Q3 to fast track the backlogs (leaks in parking and air conditioners). In addition water and lights increased above the expected level due to Level 5 lockdown restrictions, further investigations revealed that City of Tshwane used estimates instead of actual readings. The matter was still not resolved at year end.

#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

##### 1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

##### 1.2 Significant judgements and sources of estimating uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

###### 1.2.1 Trade receivables investments and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity 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 for trade receivables 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 date that correlate with defaults on the portfolio. These annual loss ratios are applied to trade receivable balances in the portfolio and scaled to the estimated loss emergence period.

###### 1.2.2 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 less costs to sell.

The entity assesses annually whether there is an indication that an asset may be impaired. 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 intangible assets are inherently uncertain and could materially change over time.

###### 1.2.3 Provisions for employee costs

Provisions were raised and management determined an estimate based on the information available.

###### 1.2.4 Employee benefit obligations

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

###### 1.2.5 Effective interest rate

The entity used the prime interest rate to discount future cash flows.

###### 1.2.6 Debt impairment

On trade receivables an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. Trade receivables over 60 days are assessed individually for impairment and provided for should there be an indication of impairment.

#### 1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Accounting Policies

- administrative purposes, or
- sale in the ordinary course of operations.

#### 1.3.1 Initial measurement

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### 1.3.2 Subsequent measurement

Subsequent to initial measurement, investment property is measured at fair value.

The fair value of investment property reflects market value at the reporting date. The fair value is determined using a property valuation expert.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Compensation from third parties or investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

#### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs

attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	10 - 75 years
Motor vehicles	Straight line	5 - 7 years
Office furniture and equipment (including computer equipment)	Straight line	5 - 7 years
Printing equipment	Straight line	3 - 5 years
Leasehold improvements	Straight line	5 - 7 years
Stage and workshop equipment	Straight line	5 - 10 years
Renaissance theatre equipment	Straight line	5 - 7 years
Decor, consumes and props	Straight line	5 - 7 years
Orchestra equipment	Straight line	5 - 7 years
Leased motor vehicles	Straight line	3 - 5 years
Sundry fixed asset	Straight line	5 - 10 years
Leased equipment	Straight line	3 - 5 years
Artwork	Indefinite	Indefinite

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Accounting Policies

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	2 - 5 Years

#### 1.6 Heritage assets

##### Recognition

The entity recognises artwork as heritage asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

##### Initial measurement

Heritage assets are initially measured at cost.

Where an artwork asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

##### Subsequent measurement

After recognition as an asset artworks are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses

After recognition a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Heritage assets, whose fair value cannot be determined are measured using the cost model. If the fair value of the asset cannot be measured reliably. If the fair value of the heritage asset can be determined by reference to an active market at a subsequent date, the revaluation model is applied from that date.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

##### Impairment

The entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

##### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

##### Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

#### 1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when

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contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payable	Financial liability measured at amortised cost

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the

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date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### 1.8 Tax

##### Tax expenses

The entity is exempt from taxation in terms of the provision of section 10(1)(cA)(i) of the Income Tax Act, 1962 ( Act No. 58 of 1962) as amended..

#### 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### Finance leases - lessee

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 discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease

term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

##### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

#### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period

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in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits. Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
  - short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
  - bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
  - as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit

#### 1.11 Employee benefits (continued)

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obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with its employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.
- Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost
- actuarial gains and losses and
- past service cost;

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be

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terminated;

- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

#### 1.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

#### 1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

#### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### Sale of goods

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

#### 1.14 Revenue from exchange transactions (continued)

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually

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associated with ownership nor effective control over the goods sold;

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

#### Rendering of services

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 reporting date. 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 or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

#### Interest income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

#### 1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

#### 1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a. the PFMA; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c. any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### 1.19 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Accounting Policies

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The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

#### 1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.22 Grants and receipts

Revenue received from conditional grants, donations and funding including interest earned from such grants are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.



Sast Fringe - Zuri Afrika

# The South African State Theatre

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### Standard/ Interpretation:

	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	The impact of the amendments is not material.
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact of the amendments is not material.

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.



Sast Online - Sibongile Khumalo

## The South African State Theatre

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The effective date of the interpretation is for years beginning on or after 01 April 2020.

The entity expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

#### 3. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	24 500 000	-	24 500 000	25 699 903	-	25 699 903

#### Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Investment property	25 699 903	(1 199 903)	24 500 000

#### Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
	24 499 903	1 200 000	25 699 903

## The South African State Theatre

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#### Investment property

The investment property is valued by an independent property valuer annually. The investment property was valued on 31 March 2020 by Strata Properties using the Income Capitalisation method and was valued again by SA Valuations on 31 March 2021 using the Income Capitalisation method. The Capitalisation rate used was 12.5% (2020: 11%)

#### 4. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 002 920	-	5 002 920	5 002 920	-	5 002 920
Buildings	174 772 161	(100 119 361)	74 652 800	171 954 281	(96 112 990)	75 841 291
Motor vehicles	260 650	(225 585)	35 065	260 650	(216 470)	44 180
Office equipment	7 302 098	(5 450 698)	1 851 400	7 946 607	(5 213 575)	2 733 032
IT equipment	2 513 964	(1 571 481)	942 483	2 037 731	(1 285 853)	751 878
Plant and Equipment	35 216 149	(26 964 345)	8 251 804	35 504 455	(23 575 674)	11 928 781
Wardrobe	931 300	(880 200)	51 100	931 297	(869 977)	61 320
Leased equipment	445 425	(304 621)	140 804	448 780	(215 012)	233 768
<b>Total</b>	<b>226 444 667</b>	<b>(135 516 291)</b>	<b>90 928 376</b>	<b>224 086 721</b>	<b>(127 489 551)</b>	<b>96 597 170</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	5 002 920	-	-	-	5 002 920
Buildings	75 841 291	2 817 880	-	(4 006 371)	74 652 800
Motor vehicles	44 180	-	-	(9 115)	35 065
Office equipment	2 733 032	72 999	(194 182)	(760 449)	1 851 400
IT equipment	751 878	530 910	(29 099)	(311 206)	942 483
Wardrobe	61 320	-	-	(10 220)	51 100
Plant and Equipment	11 928 781	206 882	(85 296)	(3 798 563)	8 251 804
Leased equipment	233 768	10 185	(5 642)	(97 507)	140 804
	<b>96 597 170</b>	<b>3 638 856</b>	<b>(314 219)</b>	<b>(8 993 431)</b>	<b>90 928 376</b>

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#### 4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening Balance	Additions	Disposals	Transfers	Prior year error	Depreciation	Total
Land	5 002 920	-	-	-	-	-	5 002 920
Buildings	77 966 972	1 394 964	-	(112 500)	-	(3 408 145)	75 841 291
Motor vehicles	191 642	-	-	-	-	(147 462)	44 180
Office equipment	2 111 742	97 499	(32 402)	-	1 100 363	(544 170)	2 733 032
IT equipment	927 802	117 547	(7 784)	-	72 107	(357 794)	751 878
Wardrobe	169 138	-	-	-	(3)	(107 815)	61 320
Plant and Equipment	9 963 747	2 069 988	(180 769)	112 500	3 619 072	(3 655 757)	11 928 781
Leased equipment	150 462	204 462	(28 822)	-	-	(92 334)	233 768
	<b>96 484 425</b>	<b>3 884 460</b>	<b>(249 777)</b>	<b>-</b>	<b>4 791 539</b>	<b>(8 313 477)</b>	<b>96 597 170</b>

#### Pledged as security

No property, plant and equipment are pledged as security for liabilities 2021 (2020: Rnil) and all assets are non-current assets.

#### Reconciliation of Work-in-Progress 2021

	Included within Buildings	Total
Opening balance	3 979 842	3 979 842
Transferred to completed items	(3 633 797)	(3 633 797)

## The South African State Theatre

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#### 4. Property, plant and equipment (continued)

##### Reconciliation of Work-in-Progress 2020

Opening balance - Fire Detection System  
 Transferred to Plant and Equipment  
 Foyer and Ablutions  
 Transferred to completed items

	Included within Buildings	Total
	3 633 797	3 633 797
	(112 500)	(112 500)
	710 504	710 504
	(251 959)	(251 959)
	<b>3 979 842</b>	<b>3 979 842</b>



CADO - The Grand Father

## The South African State Theatre

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#### 5. Intangible assets

Computer software

##### Reconciliation of intangible assets - 2021

	2021		Cost / Valuation	2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment		Accumulated amortisation and accumulated impairment	Carrying value	
	345 760	(232 393)	113 367	345 760	(194 604)	151 156

Computer software

##### Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
	151 156	(37 789)	113 367

Computer software

	Opening balance	Amortisation	Total
	188 945	(37 789)	151 156

#### 6. Heritage assets

Art Collections, antiquities and exhibits

##### Reconciliation of heritage assets 2021

	2021		Cost / Valuation	2020		
	Cost / Valuation	Accumulated impairment losses		Accumulated impairment losses	Carrying value	
	35 467 300	-	35 467 300	34 706 000	-	34 706 000

	Opening balance	Additions	Revaluation increase/ (decrease)	Total

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Art Collections, antiquities and exhibits	34 706 000	7 800	753 500	35 467 300
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**Reconciliation of heritage assets 2020**

	Opening Balance	Additions	Revaluation increase/ (decrease)	Total
Art Collections, antiquities and exhibits	32 460 700	30 000	2 215 300	34 706 000

**Revaluations**

**Art collections**



CADO Awards

## The South African State Theatre

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The effective date of the revaluation was 2021/03/31. Revaluations were performed by independent valuer, Mr Pieter W van Heerden, from Association of Arts Pretoria. The value was determined directly by reference to the observable prices in an active market.

#### 7. Employee benefit obligations

##### Defined benefit plan

The employee benefit obligation comprise of post retirement medical aid and pension benefits.

##### Post retirement medical aid plan

A valuation was performed by ZAQ Consultants and Actuaries (PTY) LTD for the medical aid fund based on 13 (2020:13) retired pensioners previously employed by the State Theatre. The Projected Unit credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date. The expected value of each employee and their spouses's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation. Mortality, retirements and withdrawals from services were also taken into consideration. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged once they retire. At valuation date, no dedicated assets had been set aside to fund this liability. No valuation was done on any assets

##### Pension benefits

The ex-gratia pension liability was calculated based on 2 (2020:3) retired pensioners previously employed by the State Theatre by multiplying the annual pension provided by an appropriate annuity factor as at the valuation date. As at the valuation date, the ex-gratia benefits liabilities of the State Theatre were unfunded, i.e. no dedicated assets have been set aside to meet this liability. No valuation was done on any assets.

The amounts recognised in the statement of financial position are as follows:

##### Post-retirement medical aid plan liability

Opening Accrued Liability	(3 130 000)	(3 367 000)
Interest Cost	(259 000)	(259 000)
Benefits Paid	452 579	420 000
Actuarial gain/(losses)	11 421	76 000
	<b>(2 925 000)</b>	<b>(3 130 000)</b>

##### Ex-gratia Pension Benefit Liability

Opening Accrued Liability	(190 000)	(188 000)
Interest Cost	(12 000)	(12 000)
Benefits Paid	42 000	41 000
Actuarial gain/(losses)	8 000	(31 000)

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

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	2021	2020
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	3 320 000	3 555 000
Contributions by plan participants	(494 579)	(461 000)
Net expense recognised in the statement of financial performance	251 579	226 000
	<b>3 077 000</b>	<b>3 320 000</b>
Net expense recognised in the statement of financial performance		
Current service cost	271 000	271 000
Actuarial (gains) losses	(19 421)	(45 000)
	<b>251 579</b>	<b>226 000</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – Obligation	(19 421)	(45 000)
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Discount rates used - Post Employment Medical Aid	7.48 %	9.70 %
Consumer Price Inflation - Ex gratia pensioners	5.96 %	9.70 %
Healthcare Cost Inflation - Post Employment Medical Aid	5.61 %	5.80 %
Pension Inflation	4.37 %	4.80 %
Medical Aid Contribution Inflation	4.61 %	5.80 %
Net Discount Rate - Ex gratia Pensioners	1.52 %	4.68 %
Net Discount Rate - Post Employment Medical Aid	1.77 %	3.69 %

## The South African State Theatre

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The basis used to determine the overall expected rate of return on assets is as follow:

Ex gratia Pensioners

#### a) Economic Assumptions

GRAP25 requires that the discount rate be set based on the yields of appropriate term high quality corporate bonds. If no deep market in such bonds is available, accounting standards require that the yield on government bonds of appropriate term be applied in the setting of this assumption. In South Africa, there is no deep market in corporate bonds. Therefore it was proposed that yields from the zero-coupon government bond yield curve published by the Johannesburg Stock Exchange and obtained from Thompson Reuters in determining the discount rate. The resulting discount rate is rounded to the nearest 0.1%

#### b) Sensitivity analysis

The sensitivity of the main results to changes in the pension increase rate and discount rate have been estimated. A 1% increase in the discount rate will decrease the liability by 3.2% and 3.7% vice versa. A pension increase rate of 1% will increase the liability by 4.2% and vice versa.

### Post Employment Medical Aid

The key financial assumptions are the discount rate and the rate of increase of the medical aid contributions. In an actuarial valuation of a defined benefit liability, it is the relationship between these financial assumptions that is critically important, not the absolute value of any particular assumption.

#### Discount rate

In considering the discount rate, it was noted that the cashflows expected from the Fund are smooth in nature, so a single reference rate based on the average duration was considered appropriate.

In South Africa, there is no deep market in corporate bonds. Therefore it was proposed that yields from the zero-coupon government bond yield curve published by the Johannesburg Stock Exchange and obtained from Thompson Reuters in determining the discount rate. The resulting discount rate is rounded to the nearest 0.1%

#### Medical Contribution Inflation

The medical aid plan contributions are assumed to increase annually with medical contribution inflation. Increases have historically been above general inflation limits, so the previously adopted assumption of long-term inflation +1% was applied

#### Mortality rates

No pensioners passed away, while some mortality was allowed for in the previous valuation, which resulted in an actuarial loss

## The South African State Theatre

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Sensitivity analysis		
A 1% increase in the discount rate will lead to a 4.8% in the entity's obligation and 5.2% vice versa. A 1% increase in the medical contribution inflation will lead to 5.2% increase in the entity's obligation and 4.8% vice versa.		
<b>8. Inventories</b>		
Stationery	171 605	55 017
Front Of House Liquor, refreshments and consumable	67 522	38 027
	<b>239 127</b>	<b>93 044</b>
<b>9. Receivables from exchange transactions</b>		
Trade debtors	1 183 333	2 600 065
Deposits	342 042	342 042
Operating lease receivables	379 211	-
Other receivables (Computicket)	37 777	-
Prepaid expenses	476 488	874 264
	<b>2 418 851</b>	<b>3 816 371</b>
<b>Ageing of Debtors accounts</b>		
0 - 30 days	1 852 822	565 149
30 - 60 days	381 923	164 321
60 - 90 days	(117 683)	275 980
90 - 120 days	(63 572)	296 562
120 days and longer	9 270 825	7 511 413
	<b>11 324 315</b>	<b>8 813 425</b>
Financial asset receivables included in receivables from exchange transactions above	-	-
	<b>2 418 851</b>	<b>3 816 371</b>
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	6 213 360	2 346 621

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

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Provision for impairment	3 924 144	3 866 739
	<b>10 137 504</b>	<b>6 213 360</b>

Most of the tenants failed to settle their outstanding balances for an extended period of time leading to an increase in the impairment provision.

#### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	53 469	52 981
Bank balances	601 660	133 066
Short-term deposits	30 628 758	24 738 510
	<b>31 283 887</b>	<b>24 924 557</b>

Cash and cash equivalents are not pledged as security for any liabilities.

#### 11. Finance lease obligation

##### Minimum lease payments due

- within one year	34 215	209 826
- in second to fifth year inclusive	1 800	27 015
	36 015	236 841
less: future finance charges	(3 407)	(49 765)
<b>Present value of minimum lease payments</b>	<b>32 608</b>	<b>187 076</b>

Non-current liabilities	1 698	25 434
Current liabilities	30 910	161 642
	<b>32 608</b>	<b>187 076</b>

Finance lease obligations represents rentals payable for printers, telephone, licenses and other IT equipment.

The average lease term is 3 years and the average effective borrowing rate was 8% (2020: 8%).

No contingent rent was payable.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

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#### 12. Unspent conditional grants and receipts

Deferred grant income comprises of:

##### Unspent conditional grants and receipts

Deferred grant income - capital portion

37 460 241 35 441 806

Deferred grant income - interest portion

1 774 356 1 031 682

**39 234 597 36 473 488**

##### Movement during the year

Balance at the beginning of the year

36 473 488 23 883 526

Additions during the year

6 398 305 17 980 150

Income recognition during the year

(3 637 196) (5 390 188)

**39 234 597 36 473 488**

Deferred grant income was received from Department of Sport, Arts and Culture for capital expenditure.

#### 13. Payables from exchange transactions

Trade payables

7 814 590 4 272 809

Payments received in advanced - contract in process

57 095 149 517

Accrued leave pay

1 400 177 1 083 750

Accrued expenses

38 889 1 159 186

Tenants deposits received

892 191 662 981

Other payables

1 667 965 967 666

Medical and Pension Accrual

77 757 206 717

## The South African State Theatre

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11 948 664

8 502 626

#### 14. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	182 169	2 099 070
Rendering of services	126 162	6 331 362
Rental of facilities and equipment	14 136 242	23 409 941
Sundry income	735 482	602 030
Interest received - investment	110 573	70 788
	<b>15 290 628</b>	<b>32 513 191</b>

Sale of goods relates to Front Of House liquor and refreshments and rendering of services comprise of tickets sales for productions. Rental of facilities and equipment relates to the rental of theatres, office space, parking, costumes and restaurant space. Sundry income includes any small ad hoc revenue from insurance claims or sale of costumes and interest on long outstanding debtors. Interest received -Investments arises from the operational grants received in advance which were invested in a call account.

The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

#### Transfer revenue

Government grants & subsidies	63 504 126	66 259 892
Revenue in kind	44 292 827	45 740 972
	<b>107 796 953</b>	<b>112 000 864</b>

#### 15. Lease rentals on operating lease

#### Equipment

Contractual amounts	78 202	64 289
Lease rentals on operating lease - Other Contractual amounts	228 534	795 260
	<b>306 736</b>	<b>859 549</b>

#### 16. Government grants and subsidies

#### Operating grants

## The South African State Theatre

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Department of Sport, Arts and Culture - Operational Grant	59 790 000	59 443 000
CATHSSETA Grant	14 999	76 704
Department of Sport, Arts and Culture - Incubator Grant	-	1 350 000
	<b>59 804 999</b>	<b>60 869 704</b>
<b>Capital grants</b>		
Department of Sport, Arts and Culture - Capital Grant utilised	3 699 127	5 390 188
	<b>63 504 126</b>	<b>66 259 892</b>
<b>17. Employee related costs</b>		
Basic	31 794 524	31 185 088
Medical aid - company contributions	1 388 634	2 437 400
Workmen compensation provision charge	101 376	160 797
Leave pay provision charge	316 427	48 869
Defined contribution plans	271 000	271 000
Overtime payments	-	785 633
	<b>33 871 961</b>	<b>34 888 787</b>
<b>18. Production costs</b>		
Production costs	7 734 096	18 726 090
Production costs relate to the core business of the entity, staging of theatre. Revenue from the theatre ticket sales was R0.13m (2020: R6.3m) representing a cost recovery of 2% (2020: 34%).		
<b>19. General expenses</b>		
Advertising	1 100 303	2 505 179
Auditors remuneration	2 332 811	2 431 863
Bank charges	141 949	296 843
Cleaning	3 495 809	3 019 827
Computer support	515 270	376 043
Consulting and professional fees	2 780 272	2 404 023

## The South African State Theatre

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### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
Consumables	4 453	41 969
Entertainment	86 481	135 290
Fines and penalties	-	7 902
Insurance	498 499	360 165
IT expenses	312 532	234 084
Placement fees	168 329	128 375
Postage and courier	-	5 109
Printing and stationery	7 818	160 522
Protective clothing	1 880	18 373
Royalties and license fees	207 914	329 670
Secretarial fees	683 244	798 148
Security	4 911 919	5 091 884
Software expenses	783 371	785 436
Staff welfare	243 084	470 020
Subscriptions and membership fees	39 435	98 159
Telephone and fax	317 142	626 448
Training	72 024	284 494
Travel - local	110 119	1 072 012
Utilities	8 867 523	8 485 304
Other expenses	253 728	363 825
	<b>27 935 909</b>	<b>30 530 967</b>
<b>20. Fair value adjustments</b>		
Investment property (Fair value model)	(1 199 903)	1 200 000

## The South African State Theatre

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#### 21. Operating lease commitment - entity as a lessor

The entity leases office buildings, workshops and parking to tenants on fixed term contracts with annual escalations. No contingent rent is receivable. A new long-term contract was signed with the our existing client. The future minimum lease payments under non-cancelable operating lease agreements are as follows:

##### State Theatre Building

Due no later than one year	6 350 891	2 660 990
Due between 2 and 5 years	9 289 103	8 682 224
	<b>15 639 994</b>	<b>11 343 214</b>

#### 22. Taxation

The entity has been approved as a public benefit organisation in terms of the section 30 of the Income Tax Act (the Act), 1962 and its receipts and accruals are exempt from income tax in terms of section 10(1)(cA)(i) of the Act.

#### 23. Cash generated from operations

Deficit	(7 600 473)	(10 064 933)
<b>Adjustments for:</b>		
Depreciation and amortisation	9 031 243	8 438 933
Write-off of damaged assets	314 219	250 687
Fair value adjustments	1 199 903	(1 200 000)
Debt impairment	3 924 144	3 866 740
Movements in retirement benefit assets and liabilities	(243 000)	(235 000)
Movement in leave provision	316 427	48 869
Actuarial gains/losses	(19 421)	(45 000)
Finance costs	50 637	107 976
Interest on long outstanding debtors	(646 806)	-
Other non-cash items	299 153	(90 165)
<b>Changes in working capital:</b>		
Inventories	(146 083)	186 905
Receivables from exchange transactions	(2 548 427)	(2 547 974)

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
Payables from exchange transactions	3 467 852	(1 275 691)
Unspent conditional grants and receipts	2 761 109	12 589 962
	<b>10 160 477</b>	<b>10 031 309</b>
<b>24. Commitments</b>		
Authorised capital expenditure		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	5 065 968	4 618 351
Authorised operational expenditure		
<b>Already contracted for but not provided for</b>		
• Operational Expenditure	9 244 800	15 858 047
<b>Total operational commitments</b>		
Already contracted for but not provided for	9 244 800	15 858 047
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	5 065 968	4 618 351
Authorised operational expenditure	9 244 800	15 858 047
	<b>14 310 768</b>	<b>20 476 398</b>

This committed capital expenditure relates to property, plant and equipment and will be financed by existing cash resources.

### 25. Contingencies

In the prior year, the entity uncovered fraud of more than R24m, perpetrated over the past five years. One of the perpetrators was dismissed and the other resigned. A forensic investigation was completed and handed over to the relevant authority, i.e. The HAWKS for further investigation and prosecution. Bank accounts and provident funds of the culprits were frozen.

## The South African State Theatre

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### Notes to the Annual Financial Statements

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The debtors book increased in the past two years, efforts to enforce settlement were not successful. Court application for eviction of tenants was submitted after year end and a debt collection process will follow. However, it is likely that a large portion of the debt will not be recovered due to the financial position of many tenants, especially those trading in the creative sector, which has been worsened by the Covid-19 pandemic. This will result in write-offs of the bad debt which will become uneconomical to pursue as the likelihood of recovery is very low and does not justify further expenditure.

There are currently two labour cases, based on legal advice, no settlements are expected.

The previous security firm, Mabotwane Security Services, has claimed for outstanding payment. The amounts relate to invoices during the period when this service provider was providing services to SAST that ended in early February 2018. The claim has been submitted to SAST in April 2021, more than three years later and is thus deemed to be prescribed. The court application process for summons followed by the suppliers attorneys is irregular and we have appointed Adams and Adams to attend to the matter on an urgent basis. At this time, the matter is in its early stages and there is no quantum of the liability, if any. There is also no amount owing to the supplier according to our financial records. However, it must be noted that it has been identified that fraudulent transactions as part of the R24m fraud relate to this service provider, where payments to fraudulent third-party bank accounts were disguised as payment to the supplier. In total R433,831.31 was misappropriated by the fraudsters. This amount might indeed be payable and may be the maximum amount deemed as the contingent liability.

The Mr Raymond Green, a musician contracted to SIC Entertainment to perform in Idols 2020 season at SAST, was injured on stage before commencement of the performance on 4 October 2020. At this point there is no formal claim lodged against SAST. However, the nature of the enquiries by the injured parties attorneys indicates that they are preparing to apply for summons which will outline the claim. It is impossible to quantify the extent of any possible liability at this time until the claim is submitted and interrogated. .

#### 26. Related parties

Relationships

Controlling Department

Department of Sport, Arts  
and Culture

Member of Key management

Mr. A. Sekhabi

#### Related party transactions

##### Department of Sport, Arts and Culture

Operation Grant

59 790 000

59 443 000

Capital Grant

5 484 000

17 168 000

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

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Incubator Grant	-	1 350 000
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Compensation to members and other key management

Mr. A. Sekhabi (Royalties)	-	46 442
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#### 27. Key Management Compensation

##### Executive

##### 2021

	Basic Salary	Provident Fund	Allowances	Total
Dr. S. Mkhize (Chief Executive Officer)	1 687 848	229 259	50 400	1 967 507
Mr. S. Mathye (Chief Financial Officer)	1 129 176	105 356	26 728	1 261 260
Mr. A. Sekhabi (Artistic Director)	1 025 396	139 600	114 000	1 278 996
Ms. K. Modise (Director of Corporate Services, Appointed on 01 December 2020)	361 147	26 352	16 800	404 299
	<b>4 203 567</b>	<b>500 567</b>	<b>207 928</b>	<b>4 912 062</b>

##### 2020

	Basic Salary	Provident Fund	Allowances	Total
Dr. S. Mkhize (Chief Executive Officer)	1 599 490	285 416	44 400	1 929 306
Mr. S. Mathye (Chief Financial Officer)	1 051 027	129 562	44 400	1 224 989
Mr. A. Sekhabi (Artistic Director)	1 009 830	171 091	108 000	1 288 921

##### Non-Executive

##### 2021

	Members' Fees	Other Fees	Total
Professor Fikile N.M Mazibuko (Chairperson) (Reappointed 09 December 2020)	39 818	-	39 818
Ms. N. Mosala (Term ended 08 December 2020)	13 694	-	13 694
Dr. M.J. Ndlovu (Deputy Chairperson) (Reappointed 09 December 2020)	52 400	-	52 400
Mr. T. Mphuthi (Term ended 08 December 2020)	41 576	537	42 113
Mr. S. Chauke (Term ended 08 December 2020)	23 792	-	23 792

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Ms. M. Mofammere (Term ended 08 December 2020)	30 686	299	30 985
Ms. S. Singh (Term ended 08 December 2020)	26 774	470	27 244
Mr. D. Singh (Term ended 08 December 2020)	21 542	-	21 542
Ms. S. Khumalo (Independent Institutional Development Committee Member - Term ended 08 December 2020)	1 956	-	1 956
Mr. B Vollenhoven (Independent Audit and Risk Committee)	22 239	-	22 239
Ms. P Maseko (Term expired 08 December 2020)	12 067	-	12 067
Ms. V. Ndlovu (Independent Audit and Risk Committee Member)	59 148	-	59 148
Mr. V. Zondo (Independent Institutional Development Committee Member - Term expired 30 November 2020)	3 912	-	3 912
Ms. N. Mlambo (Independent HR and Remuneration Committee)	21 229	-	21 229
S. Maharaj (Appointed 09 December 2020)	30 285	-	30 285
H. Makgae (Appointed 09 December 2020)	24 786	-	24 786
G. Masokoane (Appointed 09 December 2020)	21 022	-	21 022
L. Nawa (Appointed 09 December 2020)	20 461	-	20 461
G. Nkosi (Appointed 03 December 2020)	4 581	-	4 581
T.J. Rochussen (Appointed 03 December 2020)	4 581	-	4 581
K. Thango (Appointed 09 December 2020)	20 322	-	20 322
	<b>496 871</b>	<b>1 306</b>	<b>498 177</b>

#### 2020

	Members' Fees	Other Fees	Total
Professor Fikile N.M Mazibuko (Chairperson)	61 553	841	62 394
Ms. N. Mosala	62 344	5 914	68 258
Dr. M.J. Ndlovu (Deputy Chairperson)	51 616	5 891	57 507
Mr. T. Mphuthi	101 686	6 991	108 677
Mr. S. Chauke	41 885	2 504	44 389
Ms. M. Mofammere	95 423	6 057	101 480
Ms. S. Singh	86 649	6 189	92 838
Mr. D. Singh (Appointed in May 2019)	27 911	3 380	31 291
Ms. S. Khumalo (Independent Institutional Development Committee Member)	9 873	913	10 786

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Mr. B Vollenhoven (Independent Audit and Risk Committee) (Appointed in June 2019)	23 553	482	24 035
Ms. P Maseko (Appointed in May 2019)	35 102	2 824	37 926
Ms. V. Ndlovu (Independent Audit and Risk Committee Member) (Appointed June 2019)	54 049	530	54 579
Mr. V. Zondo (Independent Institutional Development Committee Member)	17 137	1 390	18 527
Ms. N. Mlambo (Independent HR and Remuneration Committee)	17 723	1 597	19 320
	<b>686 504</b>	<b>45 503</b>	<b>732 007</b>

#### 28. Change in estimate

##### Property, plant and equipment

A full physical verification of the entire population of SAST's assets was conducted after year-end.

The assessment of useful lives was conducted on all asset classes and only a component of the building's useful life was revised. The prior year removal of duplicate assets in asset register resulted in a decrease in depreciation charges in the current year.

##### Computer Equipment

The useful life of Computer equipment was original estimated to be between 5 - 7 years. In the current period, management have revised their estimate by an additional 2 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R420 023.

##### Motor Vehicles

The useful life of Computer equipment was original estimated to be between 5 - 7 years. In the current period, management have revised their estimate by an additional 5 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R1 14 754.01.

##### Office Equipment

The useful life of Computer equipment was original estimated to be between 5 - 7 years. In the current period, management have revised their estimate by an additional 3 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R274 848.

##### Plant & Equipment

The useful life of fixed chairs in Arena Theatre was original estimated to be 5 - 10 years. In the current period, management have revised their estimate by an additional 2 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R1 002 109.



Makhafula Vilakazi



## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

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#### Wardrobe

The useful life of fixed chairs in Arena Theatre was original estimated to be 5 - 7 years. In the current period, management have revised their estimate by an additional 5 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R130 195.

#### 29. Prior period errors

During the current financial year, the entity reviewed prior period transactions. The review resulted in a number of adjustments relating to 2019/20 financial year which affected a number of general ledger accounts. The prior period was adjusted retrospectively.

#### Property, plant and equipment

Following a full physical verification of assets, it was discovered that certain assets on the floor were not recorded on the asset register. Count results from prior years were also rechecked and confirmed. Below are the asset classes affected:

Office Equipment  
IT equipment  
Plant and equipment  
Motor Vehicles  
Wardrobe

#### Heritage Assets

A piece of artwork was purchased in the prior year and incorrectly recognised as an artistic production expense. The item was also discovered during the valuation of artworks and has been included in the valuation report. This resulted in overstatement of production expenses and understatement of Heritage Assets in the prior year. Comparative amounts and opening balances have been restated and the impact is shown in the tables below.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Increase Property, plant and equipment	-	3 418 133
Increase in Heritage Assets	-	30 000
Increase in Accumulated Surplus	-	(3 448 133)
	-	-

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Statement of financial performance</b>		
Decrease in Production costs	-	30 000
Increase in Depreciation	-	(1 373 403)
	-	(1 343 403)
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Decrease in Payments to suppliers	-	30 000
<b>Cash flow from investing activities</b>		
Increase in purchase of Heritage Assets	-	(30 000)
<b>Irregular expenditure</b>		
Opening balance	-	171 830 943
Adjustments made (Overspending on the budget)	-	1 690 422
<b>Restated opening balance</b>	<b>-</b>	<b>173 521 365</b>
Adjustment made to the opening balance of irregular expenditure is due to overspending on the budget resulting in non-compliance with section 53(4) of the PFMA.		
<b>30. Risk management</b>		
<b>Liquidity risk</b>		
The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. All bank accounts are held with reputable banking institutions.		
<b>Less than one year</b>		
Trade and other payables	11 970 469	8 502 623

#### Credit risk

Credit risk relates to potential exposure on trade receivables. At year end, the entity did not consider there to be any significant concentration of credit risk which had not been adequately provided for. There is no security pledged on trade receivables and cash and cash equivalents.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

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Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Cash and cash equivalents	31 283 887	24 924 557
Trade and other receivables	2 440 654	3 816 371

#### Interest rate risk

All financial instruments attract interest at rates linked directly to the prime bank overdraft rate.

#### Assets

Cash and cash equivalents	31 283 887	24 924 557
Trade and other receivables	2 440 654	3 816 371
	<b>33 724 541</b>	<b>28 740 928</b>

#### Liabilities

Trade and other payables	11 970 469	8 502 623
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### 31. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 112 082 060 and that the entity's total assets exceed its liabilities by R 130 658 039.

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.

The impact of the Covid-19 pandemic was assessed at year while finalising the 2021/22 annual budget, future revenue and expenditure was revised up accordingly considering the relaxation of lockdown restrictions. The preliminary operational grant allocation will sustain the entity for the entire 2021/22 financial year.

### 32. Events after the reporting date

There were no adjusting events after the reporting date.

## The South African State Theatre

Annual Financial Statements for the year ended 31 March 2021

### Notes to the Annual Financial Statements

Figures in Rand

#### 33. Fruitless and wasteful expenditure

Opening balance as previously reported	28 258 583	20 601 999
Fruitless and wasteful expenditure for the current year	-	7 656 584
<b>Closing balance as restated</b>	<b>28 258 583</b>	<b>28 258 583</b>

Consequence management was enforced by dismissing the employees involved in the fraud and opening a criminal case with the SAPS.

Fruitless & wasteful expenditure has been referred to the National Treasury for condonation.

#### Expenditure identified in the current year include those listed below:

Fraud loss	Disciplinary steps taken/criminal proceedings A forensic investigation is on-going	-	7 656 584
Traffic fines	The traffic fines will be claimed from the respective employees	-	7 902
		-	7 664 486

#### 34. Irregular expenditure

Opening balance as previously reported	173 521 365	169 915 706
Add: Irregular Expenditure - current year	-	3 605 659
Opening balance as restated	173 521 365	173 521 365
Overspending on the budget	2 015 861	-
<b>Closing balance</b>	<b>175 537 226</b>	<b>173 521 365</b>

#### Incidents/cases identified in the current year include those listed below:

Extension of contracts exceeding 15%	<b>Disciplinary steps taken/criminal proceedings</b> New contracts were entered into to avert extensions, investigations for the old extensions are on-going.	-	1 384 396
Non-adherence to SCM prescripts	Investigations will be undertaken to determine liability	-	530 841
Overspending on the budget (Non-Compliance)	Investigations will be undertaken to determine liability with section 53(4) of PFMA)	2 015 861	1 690 422
		<b>2 015 861</b>	<b>3 605 659</b>



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