

THE SOUTH AFRICAN STATE THEATRE

ANNUAL REPORT

2019 / 2020



THE SOUTH AFRICAN
 STATE
THEATRE

an agency of the
Department of Arts and Culture

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

KUCHEZA AFRICA FESTIVAL 2020

02-12 APRIL

TICKETS R110

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

Zulu Song cycle

24-25 October 2019

DR THOKOZANI MHLAMBI featuring

Natalia Molebatsi Gabi Motuba

SIBUSISO KHWINANA THEATRE TIME: 20:15

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH KEI MEDIA PROUDLY PRESENTS

the BOY

Written by Di Neo Matabese
Directed by Millicent Tintswalo

INCUBATOR PROGRAMME

SIBUSISO KHWINANA THEATRE 11 - 29 MARCH 2020

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH NATIONAL CHILDREN'S THEATRE BY ARRANGEMENT WITH DALSO (PTY) LIMITED PRESENTS

MY CHILDREN! MY AFRICA!

BY ATHOL FUGARD
DIRECTED BY KIRSTEN HARRIS

DRAMA THEATRE 14 APRIL - 2 MAY 2020

KAARTJES R100-R130

DIE SUID-AFRIKAANSE STAATSTEATER IN SAMEWERKING MET THEATERROCKET BIED AAN

Koekeloer!

'n Lekkerlag-klugkomedie!

17 APRIL - 03 MEI 2020
ARENA-TEATER

TICKETS R150

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

KWANELE

CREATED & DIRECTED BY AUBREY SEKHABI

CHOREOGRAPHED BY MDUDUZI NHLAFO
COSTUME DESIGN BY LESEGO MORIPE

FEATURING
Sibongile Khumalo | McKenzie Matome | Kabelo 'Bonafide' Togoe
Mimi Mamabolo | Otto Nabela

1 - 15 DECEMBER 2019
ARENA THEATRE

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

inequality seizing the megaphone

1 - 31 AUGUST 2019
VAVASATI INTERNATIONAL WOMEN'S FESTIVAL

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

KING CETSHWAYO THE MUSICAL

Written and Directed by Jerry Pope
Musical director Mbuso Khoza and Sandile Mpungose

17 - 22 SEPTEMBER 2019
ARENA THEATRE

STATE THEATRE

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS A PLAY BY ANTONIO AVILA THEATRE COMPANY

Sophiatown

DIRECTOR AUBREY W SEKHABI

WRITTEN BY MALCOLM PURKEY
MUSICAL DIRECTOR ZAKHELE MABENA
CHOREOGRAPHER BAKHILE SEDIBE
SET DESIGNER LUNGILE CINDI
LIGHTING DESIGNER MANDLA MISHALI

24 FEB - 15 MAR 2020
OPERA THEATRE

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH THE OUTREACH FOUNDATION PROUDLY PRESENTS

IN MY MOTHER'S WOMB

Created in collaboration with the cast
Directed by Gcebile Dlamini
Dramaturge by Paul Noko
Choreographed by Bigboy Ndlovu

25 NOVEMBER 2019
SIBUSISO KHWINANA THEATRE

The South African State Theatre in association with National Arts Festival presents

Amawethu

SIBUSISO KHWINANA THEATRE
17 - 28 JULY 2019

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BAP PRODUCTIONS PROUDLY PRESENTS

FELA AND THE KALAKUTA QUEENS

DIRECTOR: ROLAND AUGUST-YETTER
COMPOSER: KEMDIE OLETHERIN | SET AND LIGHTS DESIGNER: YOMI LIGHTS WARD

27 MARCH - 7 APRIL 2019
STATE THEATRE

STATE THEATRE

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH GARETSIWE PERFORMING ARTS PROUDLY PRESENTS

KGALAGALO TŠA SETU

ADAPTOR & DIRECTOR KGAOGELO TSHABALALA

This is a story about a married man whose wife mistreats him, so much that it leads him to have an affair. He only realizes later that his wife is suffering from cervical cancer, thus she was behaving the way she was. Eventually, he sorts things out with his wife, the problem is that he now has a child with his mistress.

20 FEB - 14 MAR '20
DRAMA THEATRE

TICKETS R100-1300

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

FREEDOM

DIRECTED BY AUBREY SEKHABI
MUSICAL DIRECTOR: KABELO 'BONAFIDE' TOGOE | CHOREOGRAPHER: MDUDUZI NHLAFO
SET AND LIGHTING DESIGNER: WILHELM DISBERGEN

2019 NALEDI THEATRE AWARDS NOMINATIONS

STATE THEATRE 30 APR - 2 JUN '19

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH WISEMAN CHAUKE PRODUCTIONS (PTY) LTD PROUDLY PRESENTS

QINA

A NEW MUSICAL BY GIVEN W CHAUKE
DIRECTED AND CHOREOGRAPHED BY GIVEN W CHAUKE
COMPOSITION BY SAXOLA KESHENGANE

STATE THEATRE 04 - 23 JUNE '19

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN COLLABORATION WITH ARTISCAPE THEATRE PROUDLY PRESENTS
DANCE UMBRELLA AFRICA 2019
CAPE TOWN EDITION

#MOI

01 Thursday
AUG

at 19:00

Venue: Artscape Theatre by Gaby Saranouff

TICKETS R80

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

EMPTY WRAPS

Directed by Nomvuyo Hlophe

"Inequality!! Seizing the Megaphone"

@20:00

Empty Wraps is a series of deconstructed monologues broken down into thoughts and experiences. These thoughts and experiences are a result of loss, uncertainty, love, hate and broken relationships that has manifested into the lives of four women.

THE SOUTH AFRICAN STATE THEATRE
EDUCATION, YOUTH & CHILDREN'S THEATRE DEPARTMENT AND PETTY PRODUCTIONS
PROUDLY PRESENTS

WHAT THE EYE MIGHT NOT SEE

"What the Eye Might Not See" is a visual conversation of self-expression. People will not just see or hear the story, they will experience the expressions and stories within the artworks through poetry and music that interprets the images. This will allow the audience an opportunity to get to know the artist through the exhibition.

Creator and Curator: Pellenze Phoka
Assistant Curator: Siyanda Ngubane

MARBLE FOYER | 17 - 22 JUNE '19

2019 Ovation GOLD WINNERS
2019 Ovation Winner for Best Musical

XOVA

WRITTEN & DIRECTED BY JOSEPH KOMANI
ASSISTANT DIRECTOR SHERLDON MAREMA
STARRING CHARMAINE MINTA & ZIMKHITA NYOKA
CHOREOGRAPHED BY MPHO MAIFADI
MUSICAL DIRECTOR NERO MAFABATHO

13 - 29 SEPTEMBER 2019 | SIBUSISO KHWINANA THEATRE |

TICKETS R120

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH MANTU MAKHULU PROUDLY PRESENTS

ANGOLA CAMP 13

MUSICAL EXTRAVAGANZA OF THE GOLDEN GENERATION

WRITER & DIRECTOR: SELLO MASEKO
CHOREOGRAPHER: TSGOGO TSEPHE
MUSICAL DIRECTOR: CROMWELL MODUNGWA

"ANGOLA PLUMBS THE DARK DEPTHS OF THE HUMAN RIGHTS ABUSES"
"ANGOLA REVEALS PAIN OF THE STRUGGLE... SOMETHING... CELEBRATING STRUGGLE HEROES" - NEW AGE

BEST SCRIPT
BEST MALE COSTUME
BEST STAGE DESIGN

STATE THEATRE | 10 JUL - 04 AUG '19

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH JAVETT ART CENTRE PROUDLY PRESENTS

THE RED FEMICYCLE

CREATED: ALBERT IBOKWE KHOZA
IN COLLABORATION WITH OUPA SIBEKO (PERFORMANCE ARTIST)
LERATO MATLODI (DANCER)
ITAI HAKIM (MUSICIAN)

8th & 10th DEC '19 | COURTYARD (4th FLOOR) | 18H00

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

YOUTH expressions FESTIVAL

Feeling free... Just Be!

STATE THEATRE | 16 - 30 JUNE '19

TICKETS AVAILABLE AT WEBTICKETS

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

THE TWINS GET LOST

ADAPTED AND DEvised BY GALEBOE MOABI
ASSISTED BY NOMPUMELELO SKHOSANA AND RINNET SEKGOBELA
IN COLLABORATION WITH THE CAST
FACILITATED BY THABISO MWANA
SET DESIGN AND MULTIMEDIA BY MASA SEPURU
LIGHTING DESIGN BY FELICIA SERETLO

RENDEZVOUS THEATRE | 2 - 18 OCTOBER '19

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH THABISO MWANA PROUDLY PRESENTS

THE BLUE State of Mind

Thabiso Mvana - Piano and Composition
Romy Skwelesith - Bass
Spheliso Mazibuko - Drums
Yuma Lewin - Guitar
Marsia Wyatt - Trumpet
Bokang Ramalaleng - Voice

14 - 15 DECEMBER 2019
RENDEZVOUS THEATRE

STATE THEATRE

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH MATOMBE RAMFEDI PROUDLY PRESENTS

POETRY CHURCH

"CAN I GET AN AMEN?!"

Writer: Matombe Ramfedi
Director: Bongani Mkhathwa

7 - 8 DECEMBER 2019
RENDEZVOUS THEATRE

STATE THEATRE

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BOMLALE BA KATLEGO PRODUCTION PTY LTD PROUDLY PRESENTS

LEKGOBA

Choreographer: Lethobonolo Makhele
Original Compositions by Raymond Mkhabela (Remastered) by Freddie Ntsho

04 - 22 MARCH 2020

TICKETS R80

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

SILENT

Directed by Diamond Mokoape

"Inequality!! Seizing the Megaphone"

Choreography By Thabo Rapoo

Workshopped by Original Cast
Written by Zimkhitha Kumbaca & Diamond Mokoape
Edited by Eddie Thaba

@20:00, 11:00 & 20:00

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS
MZANSI FELA MUSIC FESTIVAL

TICKETS FROM R150

Mzansi Fela Festival

Calphus Semanya | Zonke Dikana | Thandiswa Mazwai
Samthling Soweto & Ringo Madlingozi

1 - 22 DECEMBER 2019

TICKETS R100

THE SOUTH AFRICAN STATE THEATRE IN COLLABORATION WITH ARTISCAPE THEATRE PROUDLY PRESENTS

DANCE UMBRELLA AFRICA 2019
CAPE TOWN EDITION

PINA

03 Saturday
AUG

at 19:00

Venue: Artscape Theatre by Kwanele Finch Thusi

TICKETS FROM R150

THE SOUTH AFRICAN STATE THEATRE IN PARTNERSHIP WITH VALUE OF CULTURE FOUNDATION PROUDLY PRESENTS

AMAHUBO In Concert

by Mbuso Khoza featuring Afrikan Heritage Ensemble and Zawadi YaMungu

28 - 29 FEBRUARY 2020
DRAMA THEATRE AT 8PM



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*Amawethu
Photography by Sanmari Marais*

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A person in traditional Zulu attire, including a feathered headdress and a skirt with a white fur-like trim, stands in the center of a dimly lit room. They are holding a spear and a shield. The room is bathed in a deep red light, and a pattern of white dots is projected onto the wall behind them. In the background, other figures in traditional dress are visible, along with a cow and some drums.

PART A: GENERAL INFORMATION

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

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

3 | FOREWORD BY THE CHAIRPERSON



PROFESSOR FIKILE N. M. MAZIBUKO
CHAIRPERSON

INTRODUCTION

The Council of the South African State Theatre (SAST) is pleased to present its 2019/20 Annual Report. 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 Council's three-year term, which began on 1 December 2017. In November 2018 and 2019 Council reviewed the SAST's Business Model focussing on long term sustainability. Overall the strategic focus has been on identity and branding, generating revenue, marketing, legislative compliance and human resource capacity to deliver on the entity's mandate. It was confirmed during Council's strategy workshops that the SAST should fervently and effectively 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".

During the past two financial years, there has been a remarkable progress as the implementation of the strategic priorities has already resulted in the integration of the Strategy, Structure and Financial Resources, which is critical to the success of this organisation. In addition to its enhancement approach and reviewing strategic priorities, Council relentlessly pursued the consolidation of the strategic interventions that stabilise and put SAST on a growth trajectory.

Good governance practice and high performance by the executive team remain a priority and notable areas of focus for Council. The outcome of the 2018/19 financial year demonstrated remarkable progress. When this Council was appointed in 2017 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.

In respect of the 2019/20 financial year, the SAST obtained an unqualified audit opinion from the Auditor-General. The following matters were highlighted as requiring attention. The SAST has achieved an unqualified audit opinion from the Auditor-General, a third consecutive positive opinion since the 2017/18 financial year. This is a remarkable achievement when one takes into account the difficult circumstances under which the audit was conducted. Firstly, the discovery of the fraud and corruption going back to the 2014/15 financial year and the outbreak of Covid-19. Both these events had a devastating impact on the SAST's operations, brand reputation and integrity. While the SAST managed to obtain a positive audit outcome, the auditors raised concern about matters that require urgent attention, particularly restatement of corresponding figures in

the financial statements, expenditure management, revenue management, and the strengthening of control deficiencies within the SAST.

The CFO and his team are compiling 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. While appreciative of the improvement in this year's audit opinion, Council is resolute in its commitment to address the areas identified by the auditors and to enhance the SAST's performance particularly to balance artistic creativity and fiscal stability.

It was therefore extremely shocking and devastating to discover that incidents of fraud and corruption had been taking place at the SAST since the 2014/15 financial year. The amount involved is approximately R26m. While this was a serious setback and sought to undermine the strides that Council and management had made in placing the organisation on a positive trajectory, Council is confident that perpetrators of this crime will be brought to book as investigations by independent and external forensic investigators and the Directorate for Priority Crimes Investigators (DPCI) are being finalised. Council is determined to ensure that the fraud and corruption does not define its tenure as it has always prioritised good corporate governance and accountability in line with the SAST's organisational values. Internal controls have been strengthened, fraud prevention and risk management framework reviewed, and criminal vetting of all staff. Further steps will be taken such as reviewing delegations of authority and conducting lifestyle audits on all SAST staff.

Organisational Performance for the year under review

The SAST's overall performance of 57% against predetermined objectives, as set out in our 2019/20 Annual Performance Plan, which is thirty percent more than the performance for 2018/19 financial year of 91%. This is 34% less than the performance for the 2018/19 financial year. The decrease in achievement of targets was mainly due to the discovery of fraud and corruption, which means targets relating to safeguarding of assets could not be achieved, decline in parking garage income due to cancellation of one of the contracts, the strategic review of the Décor and Wardrobe division, lack of sponsorship, and the fact that the organisation had to close during the last two weeks of the financial year due to Covid-19. The abrupt closure negatively affected those targets that relate to Front

of House Revenue and audience attendance. While the performance declined, Council and management have put measures in place to ensure that the performance for the 2010/21 financial significantly improve, albeit in the time of Covid-19.

The number of in-house productions staged during the year totalled 123, against a target of 109. In total 624 performances were staged for these productions, attracting a combined paying and complimentary audience of 139,850 which, together with theatre rental income, generated a revenue of R10,295,152. The total audience attendance for the year was 98,212, compared to the annual target of 140,000, with rental productions attracting an audience of 52,026. Short-term job creation numbered 681 opportunities for artists. Rental of offices and other spaces generated R5,191,336 against a target of R5,251,898. Parking garage rentals generated R13,864,335 against a target of R14,249,268. Front of House revenue was R2,099,070 against a target of R2,407,957. Sponsorship could not be secured during the year. Décor performed poorly, receipting only R178,369.

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. The shows helped diversify and grow the SAST's audience. The artistic programme 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 projects that reaffirm its identity as a Pan-African theatre, a "prestigious theatre of choice for a distinctly pan-African experience". The two flagship projects were the inaugural Dance Umbrella Africa (DUA) and the internationally acclaimed *Fela* and the *Kalakuta Queens*. These two projects enabled the SAST to establish new partnerships within Africa and beyond.

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. However, the fact that theatre is still an unfunded mandate still 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 artistic productions. While operating under a climate of resource constraints, which was further complicated by uncovering incidents of fraud and corruption involving mainly two junior level staff members, the revenue from theatre productions increased from R4,5m in 2018/19 to R10,295,152 in 2019/2020. The increase was partly due to combining ticket sales and theatre rentals. SAST remains resolute and committed to always take appropriate action where non-performance, unethical, criminal or unprofessional behaviour rears its head. SAST remains accountable to the Republic of South Africa through the Executive Authority and formal accounting structures.

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. The problem is compounded by the fact that 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 debt collection while being mindful of the fact that the majority of its tenants are arts organisations whose funding is not constant. This situation has been worsened by the outbreak of the Covid-19 pandemic and will negatively affect the achievement of revenue targets for the next financial year.

During the 2017/18 and 2018/19 Annual Report financial years Council identified the enhancement

of capacity to generate own revenue as one of the key deliverables. Council is also 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. As stated in previous reports, the SAST allocates a large portion, 16,74%, of its budget towards servicing maintenance and municipal bills.

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 is intending to establish the Social and Ethics Committee during the 2020/21 financial year.

Council continued to 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 reporting on organisational performance to the Executive Authority, approving strategy documents and Annual Financial Statements, enhancing legislative compliance and provided oversight over the entity.

During the financial year two Council members, Ms Phumzile Maseko and Mr Dheren Singh, were appointed in May and in the same month new members of the Audit and Risk Committee were appointed. These are: Ms Velile Ndlovu (Chairperson), Mr Banie van Vollenhoven and Mr Yaasir Haffejee. Unfortunately, Mr Haffejee resigned in April 2020 due to other work commitments. Council has finalised the process of filling the vacancy.

Strategic Direction

The SAST's strategic direction was reaffirmed during the Council workshop on 26 November 2019. 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. Besides transformation and the new identity being reflected in the Artistic Programme, the SAST will accelerate the process of renaming of theatre venues and other public spaces within the theatre complex.

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

Acknowledgements

On behalf of the SAST Council extends its sincere gratitude and acknowledgement of the foresight, insight and collective critical reflections driven by the Executive Authority, Honourable Minister of Arts and Culture, Nathi E. 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 recognize 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. While the discovery that some of their colleagues have over the years been involved in fraud and corruption, the SAST staff have not been demoralised but have demonstrated their commitment to institutional values and achievement of organisational

goals.

Council continues 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 nation-building and social cohesion while ensuring a healthy balance between fiscal stability and artistic creativity.

The SAST Council looks ahead to the 2020/21 financial year with renewed vigour and a resolve to achieve operational efficiency, good corporate governance and accountability. While the term of Council expires eight months into the new fiscal year, we are confident that we will be handing over an entity that has become more efficient and effective, while also subscribing to sound governance principles and values.

Once more, Council expresses its gratitude to the DAC and is optimistic that the cooperation, which is vital to the survival and growth of the SAST, will be deepened.



Professor Fikile N. M. Mazibuko
Chairperson
The South African State Theatre
31 October 2020

HIGHLIGHTS 2019/2020

- The production *Xova* won the Standard Bank Gold Innovation Award at the National Arts Festival, July 2019.
- We took to the Makhanda National Arts Festival five productions, namely; *Amawethu*, *Angola Camp 13*, *Qina* and *Xova* as well as the exhibition with Elpee, titled #Artfiction.
- SAST visual artist Percy Maimela and Anathi "Elpee" Nkanyuza featured as main artists for the Minister's Budget Vote in parliament, 16 July 2019.
- SAST achieved an unqualified audit opinion for the second consecutive year.
- In honour of the late Sibusiso Khwinana, SAST renamed it's Momentum Theatre to Sibusiso Khwinana Theatre in June 2019.
- SAST hosted a large theatre company from Lagos Nigeria for the production *Fela and the Kalakuta Queens*, March-April 2019.
- The SAST Education, Youth and Children's Theatre (EYCT) Manager was invited to attend the Africa National Theatre Management Experience Exchange and Training Course in Beijing, China, 26th April – 4th May 2019.
- The SAST outreach programme footprint with artistic and administration workshops extended to Limpopo, Northern Cape, Mpumalanga and KZN.
- Visual artist Percy Maimela smashed the Guinness Book of Records (a product of our Incubator programme) for the largest artwork made from coffee grounds. For his mosaic, Percy created a picture on a 5x5 metre canvas of popular South African DJ Black Coffee using nothing but coffee which covered 100% of the canvas with zero negative space in order to qualify for the Guinness World Record title.
- Presented the production *Kwanele* in Angola at the Festival of Peace for the Department of Arts and Culture. In the midst of xenophobic attacks, the production found resonance in the hearts of audience, September 2019.
- SAST hosted American Elon University Professor David McGraw on a Fulbright Programme, to conduct workshops with the cast of the production *Freedom* and to introduce us to American Theatre Producers for possible tours (21 May until 6 June 2020).
- SAST invited to perform during the 2019 Brazil Freedom Day celebrations.

SAST COUNCIL



PROF FIKILE N.M. MAZIBUKO (CHAIRPERSON)



DR MATSHEDISO JOY NDLOVU (DEPUTY CHAIRPERSON)



MS MADILE MOFAMMERE



MS SHAMILA SINGH



MS NKOSAZANA TEBOGO MOSALA



MR SYLVESTER CHAUKE



MR TEBOGO MPHUTI



MR DHEREN SINGH



MS PHUMZILE HAZEL MASEKO

4 | CHIEF EXECUTIVE OFFICER'S OVERVIEW



DR SIBONGISENI MTHOKOZISI MKHIZE
CHIEF EXECUTIVE OFFICER

INTRODUCTION

I have great pleasure in writing the overview to the SAST's Annual Report for the 2019/20 financial year. The South African State Theatre (SAST) remains committed to implement the mandate of the Department of Arts and Culture (DAC), 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 Department of Arts and Culture's (DAC) strategic drivers, outcomes and outputs.

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

This Annual Report is based on an APP, which is aligned to the Government's Programme of Action, through the SAST's objectives which are 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. In compiling the 2019/20 performance plan, the SAST was guided by its six capitals, which were the outcome of Council's Strategic Planning workshop in November 2019. These are: Artistic and Intellectual Capital, Financial Capital, Human Capital, Social and Relationship Capital, and the Infrastructure Capital. The strategic themes and pillars, as outlined in the Strategic Plan, guided organisational performance in order to achieve the desired outcomes and impact.

Delivery of Mandate and Audit Outcome

In delivering on its mandate, the SAST Council and executive management ensured the following:

- a constant review of its artistic programmes,
- investment in people and change in organisational culture,
- strengthen capacity to raise partnerships and attract sponsors,
- enhance capacity to generate own revenue,
- improve programmatic and institutional visibility,
- review of quality of spending,
- strengthen internal controls in financial management and safeguarding of assets,
- achievement of a healthy balance between artistic creativity and financial stability,
- use its artistic programme and the Transformation Project to promote its identity as a proudly Pan-African theatre, and
- to diversify its artistic offerings.

The financial year under review was the third year for implementation of the SAST's Pan-African theatre vision and identity. This was expressed through the artistic programme and the initiation 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 Arts and Culture.

During the year under review management focussed on organizational renewal, with particular focus on the implementation of the final phase of the Business Improvement Strategy (Turnaround Strategy) and achieving the Long-Term Sustainability of the SAST. The changes implemented by management manifested themselves in the improvement in performance. While pursuing its targets as set in the APP, management has constantly remained cognisant of the need to exercise fiscal discipline by inculcating a culture of compliance, accountability and performance.

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 State 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

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.

I am delighted that during the audit of the 2019/20 financial year the SAST obtained an unqualified audit opinion from the Auditor General. I wish to echo the chairperson's sentiments that while a positive audit outcome demonstrates significant improvement, a great deal of work lies ahead for management. 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 also 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. The fraud and corruption, which began more than five years ago, was a serious setback to the SAST.

Artistic Performance

As stated in the Chairperson's Foreword, the SAST's artistic philosophy and programme are predicated on the SAST's Pan-African identity. The artistic performance also took into account the deliberations and the strategic pillars as identified during the November 2019 Council workshop. While the SAST continued to cement its place as a premier centre for the performing arts and a centre of artistic excellence, serious challenges persist in audience attendance and ticket sales.

Notwithstanding the aforementioned challenges, the SAST was able to present *Freedom: The Musical*, *Dance Umbrella Africa*, *Aspoesterijie*, *King Cetshwayo: The Musical* and *Fela and the Kalakuta Queens*. Other productions that were staged during the year were *Angola: Camp 13*, *Qina*, *Night of Trance and Kwanele*, amongst others. These shows were over and above the SAST's Youth Xpressions Festival, Vavasati International Women's festival, the Mzansi Fela Festival and the Tshwane Youth Arts Festival. The Education, Youth and Children's Theatre (EYCT) Department continued with its development activities and outreach to unearth talent in Gauteng and other provinces such as the KwaZulu-Natal, Northern Cape and Mpumalanga.

The artistic projects and the shows presented at the SAST do not only serve the purpose of developing an including and transformed creative sector, but their also address the national priorities of nation-building, social cohesion, job creation and highlighting the scourge of gender-based violence.

The SAST is proud of the fact that it was chosen by DAC to be its partner for the presentation of the artistic programme for the BRICS Cultural festival in Brazil in June and at the Lunda Biennale in Angola in September.

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 DAC and National Treasury in an attempt to find ways to secure sustainable funding of theatre productions.

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 2019/2020 financial year, the SAST received an operational grant of R59 443 000 and capital expenditure grants totalling R5 390 188, self-generated revenue amounted R32 513 191. An additional grant of R1 350 000 was received from DAC for the Incubator Programme being facilitated by SAST. Revenue increased by 50.81%. Expenditure increased by 57.64% against the inflationary adjustment of 7.89%. The main area of increase was in production costs.

As reported in the 2018/19 Annual Report, 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. The SAST is exploring ways of maximising its capacity to collect money from its tenants and also to attract new business through events and theatre bookings.

The unpredictable nature of the SAST's operations in the recent past has also created a need for management to make material provisions within its budget for all known possible financial obligations. Council is engaged in a process to address these challenges through diversifying income streams and organizational redesign.

Planning and Performance Reporting

During the 2019/20 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.

As the performance reports against predetermined demonstrate, while there was progress in achievement of targets during the two quarters of the financial year, performance fell significantly during the third and fourth quarter. The challenges were mainly due to the discovery of fraud in December 2019, poor performance in respect of attracting sponsorship, and the inability to meet targets in some of the revenue generations areas. Management will continue to take measures to address challenges in the service delivery departments that were attributed to lack of accountability and culture of non-performance.

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 was reviewed in June, and was facilitated by the Internal Audit service providers, Audit and Risk Management Services (ARMS). 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 Risk Register and the Fraud and Corruption Prevention Policy act as guiding documents for the organisation. The policy is important because Fraud and Corruption is one of the risks contained in the Risk Register. This area of the business will be strengthened during the 2020/21 financial year, more especially following the discovery of fraud and corruption at the SAST. The SAST will also ensure that there is particular focus on risks relating to business continuity and the Covid-19 pandemic.

Human Resources

The SAST continues 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 have been 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 has also identified the urgent need to strengthen the Human Resources department, appointment of an executive director responsible for corporate services, succession planning, and the reduction of the high vacancy rate. Furthermore, the SAST will constantly review its human resources capacity to ensure that it is able 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, particularly 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 DAC, progress has been made with regarding to securing maintenance funding and the establishment of the Facility Management Contract. DAC has already made significant efforts towards making funding available to maintain the SAST building. It is envisaged that a Facilities Management Contractor will be appointed during the 2020/21 financial year.

I would like to reiterate the fact that the clarification of the governance arrangements in respect of the State Theatre building is still outstanding. 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. The SAST management continues to engage the interested parties, that is, the DAC, the Gauteng Department of Infrastructure Development (DID) and the City of Tshwane for a resolution of this matter.

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 2019/20 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 also has partnerships with institutions of higher learning such as the University of Pretoria, the University of South Africa, Tshwane University of Technology, the University of the Witwatersrand, Jeppe and Rosebank College. These relationships benefit both the institutions through workplace placement and the SAST by upskilling its staff. 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 up new opportunities.

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. This is in line with the DAC and the SAST's strategic priority of nation-building and promotion of social cohesion. New avenues to achieve this mandate will be explored in light of Covid-19 and the move towards online artistic programmes.

New/Proposed Activities

During his 2019/20 Budget Vote the Minister of Finance announced the establishment of a National State Theatre. While there were not discussions with National Treasury and DAC with regard to the configuration of the national state theatre, the SAST compiled a proposal document which was provided to the DAC for consideration. 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 DAC Entities. Furthermore, the SAST anticipates that there will be significant changes to its business and operating models during the 2020/21 financial due to

Covid-19 and the move towards ICT-oriented programmes.

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 strive without the support of its partners in the performing arts sector. This is the fifth overview I have written for an 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 am proud of the fact that as my term comes to an end, I can count a substantial number of positive changes and that the SAST is now poised for greater heights.

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 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
31 October 2020

5 | ARTISTIC DIRECTORS OVERVIEW



MR AUBREY SEKHABI
ARTISTIC DIRECTOR

The artistic year 2019/20 commenced with a big bang – we brought to fruition our aspiration of being a distinctly Pan African Theatre. We lived out our tag line that says; “we are the Theatre for Africa”.

The Makhanda National Arts Festival was the highlight as we took five productions to the festival; namely: Amawethu, Angola Camp 13, Qina and Xova as well as the exhibition with Elpee, titled #Artfiction.

The award-winning Angola Camp 13 directed by Sello Maseko, is a culmination of years of spotting talent and investing, nurturing and polishing to its full potential. Our fieldwork programme was spot on in identifying these two works. Angola and Xova went through our development programme, starting in the fieldwork programme, then through the Incubator Programme that was generously supported by the Department of Arts and Culture.

Through continuous dramaturgy and development, these eventually came through the mainstream artistic programme. Angola scooped three awards from the Arts Incubator Trade Fair held at the Market Theatre in September 2018. (Best Script-Sello Maseko, Best Male Performer - Soyiso Ndaba and Best Stage Manager - Sibusiso Khwinana). In 2019, Angola also was featured on the Main Programme of the NAF before returning for a season at the State Theatre.

Xova won the Standard Bank Gold Ovation Award and has been receiving international expressions of interests for overseas performances.

Woza Albert performed with the original cast of Percy Mtwa and Mbongeni Ngema on our stage – a major feat, seeing them reprise their roles after over forty years, with intensity and such world-class presence and artistry.

We were privileged to have the Masters in their craft sharing their expertise and experience with the audience and attendants through Masterclasses, with both Ngema and Mtwa being joined by Mannie Manim – the Lighting Designer and the Stage Manager, Dickson Malele - will go a long way in our archives treasure trove and richly dwell in the memories of the recipients of this wealth of knowledge.

Our staging of the Nigerian play about the musician and activist, Fela Kuti, aptly titled Fela and The Kalakuta Queens, was a major feat on our stages and in the country, especially with a full Nigerian cast. The musical is written and directed by the award-winning Nigerian theatre-maker Bolanle Austen-Peters. This brought to our theatre, a largely untapped West African audience and cemented our place in their hearts to witness a production from their country in ours. In-turn, SAST will bring South African productions to countries in the continent as we affirm our Pan African outlook. Dance Umbrella Africa brought a buzz in the theatres and all performance space with performers, audiences and guests from Nigeria, Mozambique, Madagascar, Senegal, Namibia, Mali, Sweden, Germany,

Denmark, France, Netherlands, United States of America and Haiti. The theatre became a melting pot of arts and culture in the city, country and continent all at once. This was a festival to remember as it brought a different energy in the space, including dance classes, workshops and master classes. Some of the highlights of the festival were plays such as Gister Maoba by Otto Nhlapo and We are still marching in honour of the Women's march of 1956 to the Union Building.

In quarter two, we staged a total of sixty productions; forty-two were in-house and eighteen were rental productions which were hosted. In the lead was our main artistic programme line-up including Aspoestertjie, the pantomime based on the Cinderella fairy-tale, Amawethu by the renowned choreographer Luyanda Sidiya as well as King Cetshwayo.

The annual Vavasati International Festival took place, with twenty-three productions featured in the festival. Held under the theme In-equality: Seizing the megaphone, these productions presented a diversity of topics addressing various societal topics such as rape, female imprisoned, lost dreams and political activism. Highlights include Ithemba and Legaga (Theresa Phuti Mojela) through the medium of dance, Igama by Slindile Mthembu focusing on Silent by Diamond Mokoape, Empty Wraps and Kroes Hare to name but a few.

Quarter 3 brought in sixty-two productions, with thirty-eight in-house and twenty-four rentals. We presented Be a Better Dog, Kwanele and one for the children, The Twins Get Lost. In support of the fight against gender-based violence, during the 16 days campaign, we staged our theatre activism programme with six productions, namely; Red Femicycle, Converting Eviction, Genog Geeet?!, Ha-yi, Sipi?, Rites and Flesh Light.

The annual Mzansi Fela festival was buzzing with twenty-two productions featured in the festival, including our concerts with Zonke, Thandiswa Mazwai, Ringo and Samthing Soweto. Both Thandiswa and Ringo are returning acts loved by our audiences.

Quarter 4 saw us having to halt productions midway with the onset of Covid-19 and the ensuing lockdown. We pride ourselves in that there was a plan in place to pivot and allow the business of theatre to continue, albeit under a new normal.

Setworks

Our contribution to the education of our learners is presenting the school networks on stage, to allow the learners to have a visual engagement with the learning material, as well as questions and answers sessions with the actors. This has proven popular as our setworks always sell out and at times even require an extension. 2019 was not different as we staged Kgalagalo Tsa Setu, Sophiatown and My Children, My Africa. Out of the good partnerships with the Joburg Theatres, Sophiatown performed in both the Soweto Theatre and the Joburg Theatre, in the Mandela Theatre. These meant more learners were afforded an opportunity to experience theatre.

Incubator Programme

The incubator Programme staged Defiance, a work focusing on the fall of Julius Malema and was well received by audiences, especially young people. We also staged Surviving Loss, a story of poetry and song to interrogate her traumatic past in search of healing.

Exhibitions

On the other hand, our main foyer saw two amazing exhibitions, namely #BlackBoysDream and Salt-Art. BlackBoysDream is a photography showcase of over 400 images and included other art forms; poetry, dance, live bands and theatre.

The Salt-Art of Earth Exhibition consisted of two, charcoal drawing which were hanged and sold as normal artworks, and a salt art performance in which the artist performed the salt-art live to display to the audience. The Guinness-record title holder, Percy Maimela was at his peak and brought forth the audiences.

We presented two productions in the backyards of Hamaanskraal, Soshanguve and Atteridgeville. These two productions titled, Wait Linda and Is He Mad? saw communities come out in the streets and in the yards of their neighbours to experience this offering. The brand of the SAST is steadily getting to the minds and hearts of our audiences. We are glad we presented these two projects from Cape Town, and brought Theatre in the Backyard of our communities.

Rentals / Incoming

Tshwane Youth Arts Festival and Idols Season 15 highlighted our continuing relationship with specific production houses, who have become annual return clients. Adding to the buzz and increased footprints were the productions Hillsong Church Christmas Spectacular bringing out families for Christmas carols, Kairos Music Night presenting both a conference and Music Concert night, The Twelve Dancing Princesses and The Sleeping Beauty ballet.

National Duty

We have twice been called into national duty, to both Brazil and Angola to represent our country artistically and this has been an honour for us. We have sent youth that have not been out of the country, exposed them to global theatre practices as well as international stages, which will bode well for their growth.

Kwanele was presented in Luanda, Angola at the Biennale of Luanda: Pan African Forum for the Culture of Peace. The Festival of Culture is a real platform for exchanges promoting African artistic and cultural expression. It provides a forum for twelve African countries and African Diasporas to enable them to promote African values of peace and non-violence. The festival of cultures is a space of exchange for artistic between artistic and cultural expressions that contribute to the promotion of African values of peace and non-violence, where each country can present cultural and artistic manifestation.

As The South African State Theatre, we took a conscious decision to develop and tell authentically South African stories. Understanding our political history, such stories needed to be identified and developed. We reflect on the artistic programme and realise that we have met our aspiration and set the stage for the new year, to continuously deliver world-class theatre in our spaces, and continuing linkages within the continent and globally.

5.1. Productions per Programme for 2019/20

IN-HOUSE PRODUCTIONS						
Category	Productions	Performances	Audience (Issued)	Gross Box-office Sales	Tickets Sold	Comps Issued
Main Artistic	115	434	46 737	R 4 094 417	26 423	20 314
Indie-Spotlight	3	48	3 660	R 93 132	956	2 704
Set-Works	5	142	21 873	R 2 158 260	21 515	358
TOTALS	123	624	72 270	R 6 345 809	48 894	23 376
RECEIVING PRODUCTIONS						
Category	Productions	Performances	Audience (Issued)	Gross Box-office Sales	Tickets Sold	Comps Issued
All External Productions	55	131	67 580	R 5 090 518	44 545	23 035
TOTALS	55	131	67 580	R 5 090 518	44 545	23 035
TOTALS(ALL)	178	755	139 850	R 11 436 327	93 439	46 411
ARTISTIC PRODUCTIONS						
Amahubo						
Amawethu, Sibusiso Khwinana at SA State Theatre, Pretoria 17 Jul 2019						
Angola, ARENA at SA State Theatre, Pretoria 10 Jul 2019						
Aspoestertjie, OPERA at SA State Theatre, Pretoria 05 Jul 2019						
Be a better dog, Sibusiso Khwinana at SA State Theatre, Pretoria 01-OCT-2019 @20:00						
Black to the Future						
Don't be Beautiful						
Fela OPERA at SA State Theatre, Pretoria 2019/04/02 @20:00:00						
Freedom OPERA at SA State Theatre, Pretoria 2019/04/30 @11:00:00						
Insanity (The Asylum), Sibusiso Khwinana at SA State Theatre, Pretoria 08-OCT-2019 @20:00						
Jeff Siegel RENDEZVOUS at SA State Theatre, Pretoria 2019/06/22 @20:00:00						
King Cetshwayo, ARENA at SA State Theatre, Pretoria 17 Sep 2019						
Lekgoba						

Melanin
MEN-tality, ARENA at SA State Theatre, Pretoria 12-NOV-2019 @20:00
Morongwa
Night Of Compositions, ARENA at SA State Theatre, Pretoria 05 Jul 2019
Poetry church (incubator), RENDEZVOUS at SA State Theatre, Pretoria 07-DEC-2019 @20:00
Qina ARENA at SA State Theatre, Pretoria 2019/06/05 @20:00:00
SAST Choir RENDEZVOUS at SA State Theatre, Pretoria 2019/06/28 @20:00:00
SAST Youth Choir, RENDEZVOUS at SA State Theatre, Pretoria 27 Sep 2019
Shampoonaiza 2019
Songs and Rhythms RENDEZVOUS at SA State Theatre, Pretoria 2019/04/12 @20:00:00
The blue state of mind (Incubator), RENDEZVOUS at SA State Theatre, Pretoria 14-DEC-2019 @20:00
The Hen that lost the Hawk's Needle
The red femicycle (theatre activism), Satchmos 4th Floor at SA State Theatre, Pretoria 08-DEC-2019 @18:00
Tshwane Comedy RENDEZVOUS at SA State Theatre, Pretoria 2019/04/06 @20:00:00
Tshwane Mahofi Festival
Volley Nchabeleng
Xova, Sibusiso Khwinana at SA State Theatre, Pretoria 10 Sep 2019
You are an eagle ARENA at SA State Theatre, Pretoria 2019/04/11 @11:00:00
Zulu song cycle, Sibusiso Khwinana at SA State Theatre, Pretoria 24-OCT-2019 @20:15
GBV - Converting Eviction
GBV - Fleshlight
GBV - Genoeg Geeet
GBV - Haiyisiphi
GBV - Rites
Festivals
Adele Blank & Sithembiso Makhanya DRAMA at SA State Theatre, Pretoria 2019/04/03 @20:00:00
AyaZungu Live - Vavasati Festival
Bailey Snyman DRAMA at SA State Theatre, Pretoria 2019/04/01 @18:30:00
Bloom - Vavasati Festival
Bodies Under Siege - Vavasati Festival
CADO - African Tales, Sibusiso Khwinana at SA State Theatre, Pretoria 01-DEC-2019 @14:00
CADO - Captured in Silence, Sibusiso Khwinana at SA State Theatre, Pretoria 08-DEC-2019 @16:00
CADO - Echoes, Sibusiso Khwinana at SA State Theatre, Pretoria 04-DEC-2019 @14:00
CADO - Fengu, Sibusiso Khwinana at SA State Theatre, Pretoria 04-DEC-2019 @11:00

CADO - Foot on the Grave, Sibusiso Khwinana at SA State Theatre, Pretoria 01-DEC-2019 @02:00
CADO - Hluphekile, Sibusiso Khwinana at SA State Theatre, Pretoria 05-DEC-2019 @11:00
CADO - Imbeleko, Sibusiso Khwinana at SA State Theatre, Pretoria 07-DEC-2019 @14:00
CADO - Medu my roots, Sibusiso Khwinana at SA State Theatre, Pretoria 02-DEC-2019 @14:00
CADO - Mysterious Book, Sibusiso Khwinana at SA State Theatre, Pretoria 11-DEC-2019 @14:00
CADO - Relocating, Sibusiso Khwinana at SA State Theatre, Pretoria 02-DEC-2019 @16:00
CADO - The grandfather, Sibusiso Khwinana at SA State Theatre, Pretoria 10-DEC-2019 @11:00
CADO - The iron, Sibusiso Khwinana at SA State Theatre, Pretoria 08-DEC-2019 @11:00
CADO - The plan in action, Sibusiso Khwinana at SA State Theatre, Pretoria 03-DEC-2019 @11:00
CADO - Thuso, Sibusiso Khwinana at SA State Theatre, Pretoria 12-DEC-2019 @14:00
Caiphus semanya (MFF), OPERA at SA State Theatre, Pretoria 19-DEC-2019 @15:00
Die Koggelaar Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/18 @17:00:00
Double Bill - Edna Jaime and Joel Leonard Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/06 @16:30:00
Double Bill - Gaby Saranouffi and Thandazile "Sonia" Radebe, Julia Zenzie Burnham, Lulu Mlangeni & Teresa Mojela DRAMA at SA State Theatre, Pretoria 2019/04/02 @19:15:00
Double Bill - Jason Mabana and Xolisile Bongwana & David April ARENA at SA State Theatre, Pretoria 2019/04/07 @17:00:00
Double Bill - Kwanele Finch Thusi and Chantal Cherry Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/03 @18:00:00
Double Bill - Thamsanqa Tshabalala and Anna Konjetzky Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/01 @19:30:00
Double Bill - Vuyani Dance Theatre - Roseline Wilkens and Vuyo Mahashe ARENA at SA State Theatre, Pretoria 2019/04/06 @15:00:00
Double Bill - Vuyani Dance Theatre - Otto Nhlapo and Eddie Ndou DRAMA at SA State Theatre, Pretoria 2019/04/05 @20:00:00
Empty Wraps - Vavasati Festival
Figuring Programme DRAMA at SA State Theatre, Pretoria 2019/04/07 @11:00:00
FOOL - Vavasati Festival
Foolzeball Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/20 @18:00:00
Four Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/21 @15:00:00
Igama - Vavasati Festival
Inzalabantu - Vavasati Festival
Isolated Thoughts - Vavasati Festival
It Wasn't My Intention - Vavasati Festival
iThemba - Vavasati Festival
Kieron Jina Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/07 @18:30:00
Kroes Hare - Vavasati Festival

Legaga - Vavasati Festival
Mas'kitlana RENDEZVOUS at SA State Theatre, Pretoria 2019/06/17 @15:00:00
Mother and Daughter - Vavasati Festival
Moving into Dance - Sunnyboy Motau DRAMA at SA State Theatre, Pretoria 2019/04/04 @19:00:00
Natalia and The Poets - Vavasati Festival
Night/Light RENDEZVOUS at SA State Theatre, Pretoria 2019/06/24 @12:00:00
Nkemiseng Khena, Lusanda Dayimani, Thandiwe Mqokeli, Nomfundo Hlongwa & Teresa Mojela ARENA at SA State Theatre, Pretoria 2019/04/02 @18:30:00
Nne Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/21 @18:00:00
Nomcebisi Moyikwa Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/02 @18:00:00
Philippe Pelen Baldini Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/04 @19:00:00
Phumlani Nyanga ARENA at SA State Theatre, Pretoria 2019/04/01 @20:00:00
Ringo Madlingozi and Samthing Soweto, OPERA at SA State Theatre, Pretoria 22-DEC-2019 @15:00
Rudi van der Merwe ARENA at SA State Theatre, Pretoria 2019/04/06 @19:00:00
SAST Youth choir (MFF), RENDEZVOUS at SA State Theatre, Pretoria 06-DEC-2019 @19:00
Sensful(Less) Ness Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/25 @18:00:00
Silent - Vavasati Festival
Small Boys with Big Sticks - Vavasati Festival
Solace Can Live - Vavasati Festival
Thami Manekehla Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/07 @15:00:00
Thandiswa Mazwai, OPERA at SA State Theatre, Pretoria 13-DEC-2019 20:00
The Birth of Amogelang RENDEZVOUS at SA State Theatre, Pretoria 2019/06/29 @20:00:00
The Hen That Lost Hawk's Needle RENDEZVOUS at SA State Theatre, Pretoria 2019/06/19 @12:00:00
The trial of Dedan Kimathi Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/28 @14:00:00
THENX RENDEZVOUS at SA State Theatre, Pretoria 2019/04/02 @21:00:00
Till Death Do Us Part - Vavasati Festival
To Be Continued... RENDEZVOUS at SA State Theatre, Pretoria 2019/06/29 @15:00:00
Triple Bill - Collen Makau, Performance on Pointe and Mcebisi Bhayi Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/05 @19:00:00
Triple Bill - JC Zondi, Thamsanqa Majela & Tshediso Kabulu and Henri Strauss Sibusiso Khwinana at SA State Theatre, Pretoria 2019/04/06 @11:00:00
Triple Bill - Rainy Dermerson, Wesley & Max Breytenbach and Wezile Mgibe ARENA at SA State Theatre, Pretoria 2019/04/03 @19:00:00
TWO - Vavasati Festival
Uhayi - Vavasati Festival
Uloyiko Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/26 @15:00:00

Umbuyiso - Vavasati Festival
Vuyani Dance Theatre - Otto Nhlapo DRAMA at SA State Theatre, Pretoria 2019/04/06 @12:00:00
Waiting for Nelson Sibusiso Khwinana at SA State Theatre, Pretoria 2019/06/17 @16:00:00
XUN - Vavasati Festival
Zonke Dikana, OPERA at SA State Theatre, Pretoria 01-DEC-2019 @15:00
Rendezvous
Precinct programme

Indie-Spotlight

Honeybees, RENDEZVOUS at SA State Theatre, Pretoria 11 Jul 2019
Kwanele, ARENA at SA State Theatre, Pretoria 27 Nov 2019 @20:15
The twins get lost, RENDEZVOUS at SA State Theatre, Pretoria 02-OCT-2019 @10:00

Set-Work Productions

Kgalagalo Tsa Setu
My children my africa RENDEZVOUS at SA State Theatre, Pretoria 2019/05/31 @20:00:00
Sophiatown
Sophiatown, ARENA at SA State Theatre, Pretoria 13 Aug 2019
Ubhuku Lwamanqe ARENA at SA State Theatre, Pretoria 2019/05/20 @10:00:00



Mr Aubrey Sekhabi
Artistic Director
The South African State Theatre
31 October 2020

SAST EXECUTIVE



DR SIBONGISENI MTHOKOZISI MKHIZE
CHIEF EXECUTIVE OFFICER



MR SIZWE MATHYE
CHIEF FINANCIAL OFFICER



MR AUBREY SEKHABI
ARTISTIC DIRECTOR

SAST SENIOR MANAGEMENT



SHIRAZ AHMED
PERFORMANCE INFORMATION MANAGER



KEAMOGETSWE MOEKETSANE
PRODUCER



MILLICENT MOPAYI
HR MANAGER



LEBOGANG MPHAHLELE
FINANCE MANAGER



MTHOBA GANTSHO
PROCUREMENT MANAGER



TSHIAMO MOKGADI
PRODUCTION MANAGER



MALCOLM OCTOBER
SENIOR MAINTENANCE MANAGER

SAST MANAGEMENT



EUGENE HOYI
SALES MANAGER



ERICK NDALA
PR & MARKETING MANAGER



SAMUEL LEBEPE
ICT MANAGER



ELLEN MASHIANE
PARKING MANAGER



KLAAS SEBOTHOMA
FRONT OF HOUSE MANAGER



THABISO QWABE
EYCT MANAGER

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 2020.

Yours faithfully



Chief Executive Officer
Dr Sibongiseni Mthokozisi Mkhize
31 October 2020



Chairperson of Council
Prof. Fikile N. M. Mazibuko
31 October 2020



Kgalagalo Tsa Setu

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 focuses 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.



Angola Camp 13
Photography by Sanmar Marais

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 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 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 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 Arts and Culture. The primary legislative framework of the Department of 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 Arts and Culture has accordingly determined performance outcomes and policy drivers that would assist the Government in achieving its mandate.

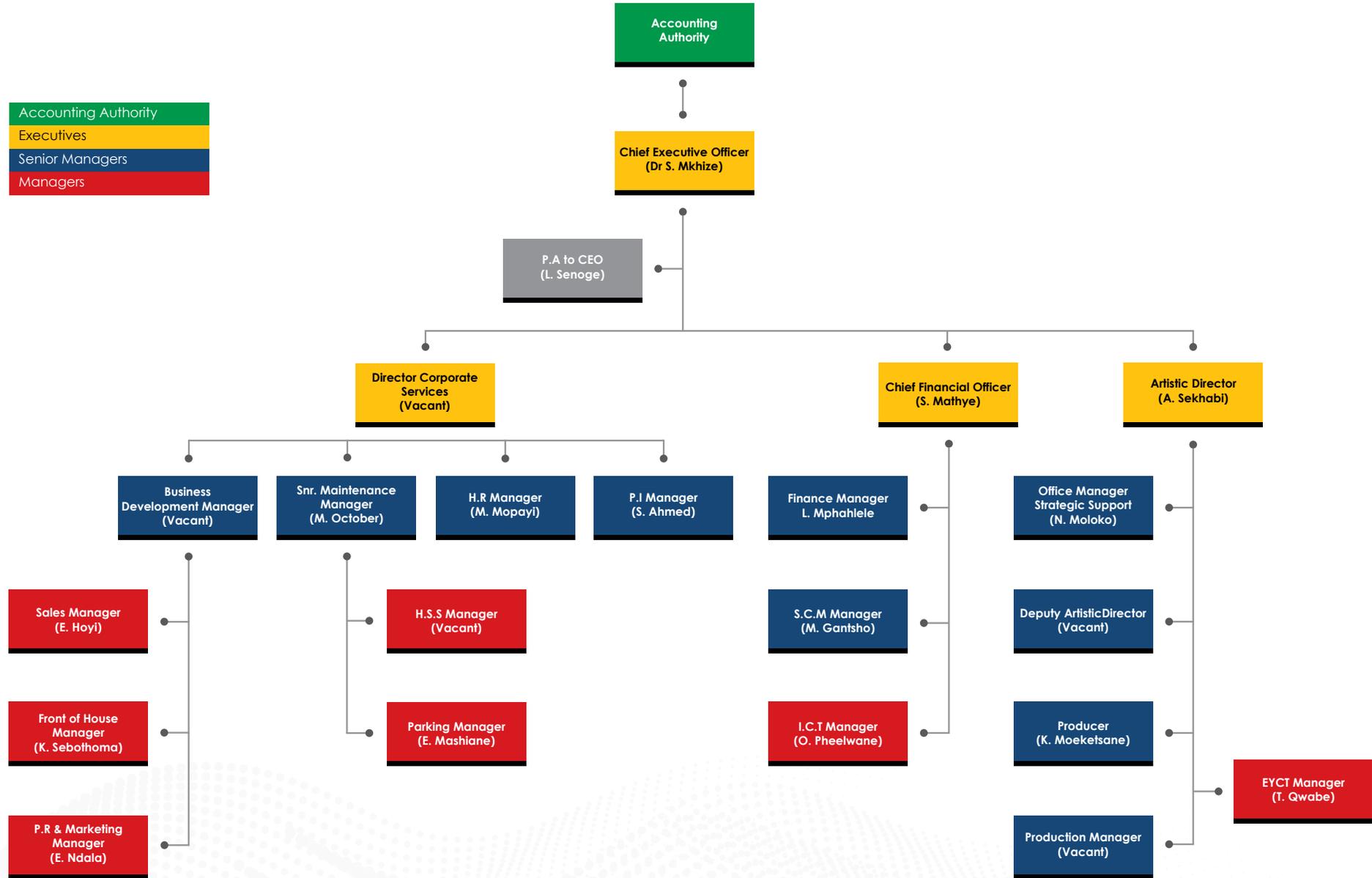
The SAST has accordingly aligned its legislative mandate to the Department of Arts and Culture's drivers, outcomes and/or outputs.

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

Accounting Authority
 Executives
 Senior Managers
 Managers





Amawethu
Photography by Sanmari Marais

A woman in traditional Indian attire, including a white turban and a white sari with a gold border, is captured in a dynamic pose. She is holding a parasol (chhatra) with a white canopy and a gold frame. The scene is illuminated with a strong blue light, creating a dramatic atmosphere. The background is dark with some structural elements visible.

PART B : PERFORMANCE INFORMATION

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 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 2019/20 is reflected on page 67 in the A-GSA audit report.

2 | SITUATIONAL ANALYSIS

The South African State Theatre's vision is linked to the Department of 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 2019/20 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 2019/20.

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

Goal 1: Present In-house Performing Arts productions

Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work.

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

Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

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

Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability

Goal 5: Develop Theatre going Audiences (with due consideration of the advances in technology and changing population dynamics)

Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes

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

Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA

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

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

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

Programme 3: Public Engagement - Goal 2.

The number of Indicators in the 2019/20 APP was 23.

Goal	Objectives
Goal 1	Stage In-house produced Festivals.
	Stage Indie-Spotlight Productions.
	Stage In-house Productions, including the Rendezvous programme.
	Short term job opportunities created by In-house Productions.
Goal 2	Implement the Community Outreach Fieldwork programme in collaboration with Tshwane University of Technology.
	Provide dramaturgy to Directors of productions.
	Stage School set-works.
	Provide internship positions.
Goal 3	Raise Sponsorship and donor revenue.
	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Theatres, Restaurants and other spaces.
	Generate rental revenue from Décor and Wardrobe.
	Generate revenue from ticket sales.
	Generate revenue from the Parking garage.
Goal 4	Generate revenue from Front of House sales.
	Implement the Maintenance Programme.
	Secure environment for both staff and patrons to ensure no incident of violence or crime occurs in the entity.

Goal 5	Implement the marketing strategy.
	Establish media partnerships to promote SAST and productions.
	Implement the audience development strategy.
	Increase audience attendance.
	Conduct surveys of patron satisfaction.
Goal 6	Achieve an Unqualified Audit report.
	Comply with South African Labour Acts.

Performance during the 2019/20 year

SAST has achieved an actual performance for the year of 57% for our predetermined objectives with two strategic goals achieving 100%.

The strategic goals; Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes and Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation was achieved in full.

Goal 1: Stage In-house Performing Arts productions, Goal 4: Ensure long term sustainability of Buildings and Assets and Goal 5: Develop Theatre going Audiences partially achieved for the year.

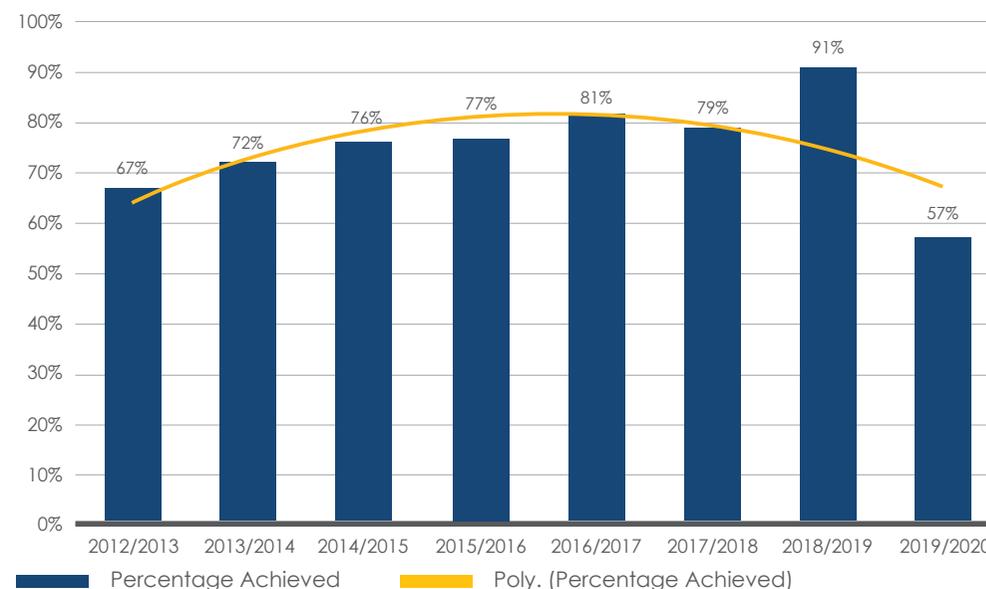
Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales was not achieved.

The actual achieved performance for 2019/20 of 57% is a significant regression in performance from the 2018/19 performance of 91%. 2019/20 was the fifth year of the five-year planning cycle from 2015/16 to 2019/20. During this period, SAST had managed to achieve consistent performance year-on-year with an upward trajectory that showed we were set to achieve 100% of our targets for 2019/20.

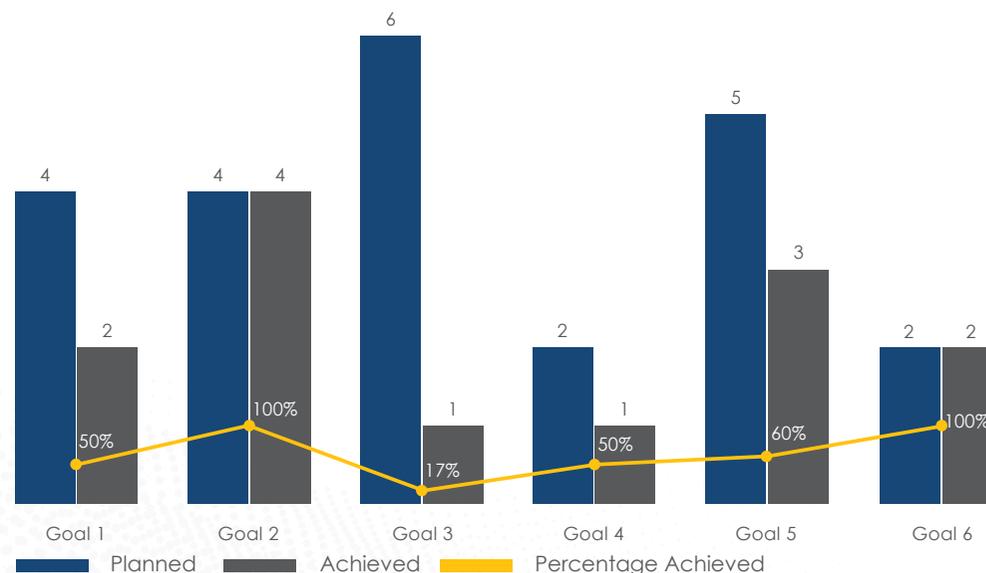
Performance during the year started with 69% in Quarter One, then 84% in Quarter Two and 71% in Quarter Three which together averaged 74.67%. Quarter Four closed the year with 58% and eroded achievements made earlier in the year. In Quarter Four, January is set-aside for maintenance and theatre productions commence from the middle of February. February and March performance was set to achieve predetermined targets to round-off the year's performance on a high note. With the announcement of the State of Disaster and the subsequent National Lock-down that came about as a result of the Covid-19 pandemic outbreak in the country, theatre productions were stopped affecting audience numbers and revenue while commercial activities in the Pretoria CBD that contribute to SAST's self-generated revenue streams tapered-off in March. The economic downturn in the country caused by Covid-19 directly impacted the self-generated revenue targets which were not achieved for the year.

Low audience numbers, the incident of fraud amounting to R26m and budget constraints that arose during the year affecting implementation of some programmes also contributed to regression in performance for the 2019/20 year. Further details are provided under the different programmes reported further in this section.

2012/2013 - 2019/20 PERFORMANCE ACHIEVED

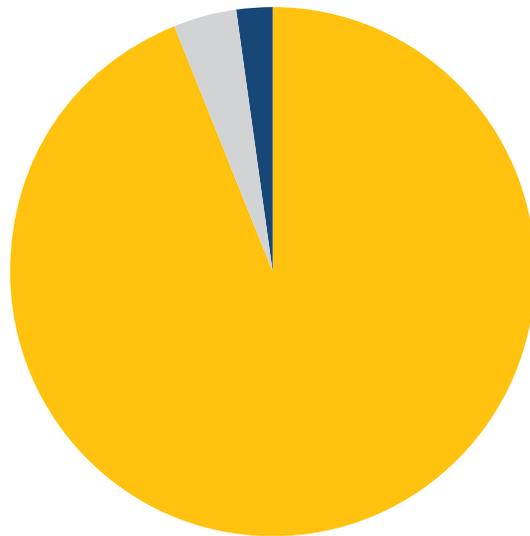


2019/20 PLANNED AND ACHIEVED TARGETS



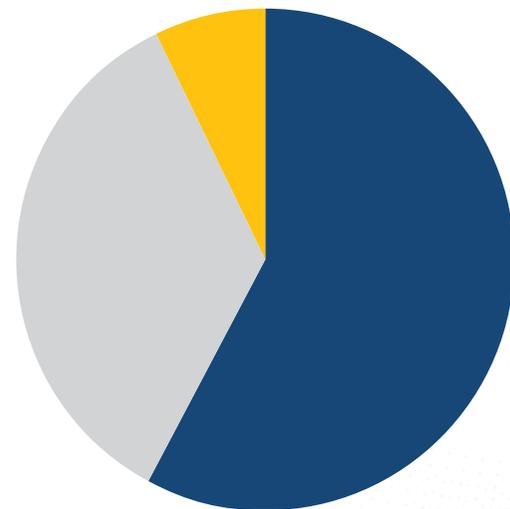
Performance highlights

The number of In-house Productions staged for the year totalled 123. The main artistic programme presented 37 productions, 77 were presented as part of the four festivals, 1 production under the rendezvous programme was presented, 3 under Indie-Spotlight and 5 schools set-works. As part of the receiving house programme 55 productions were staged by external companies. Revenue generated from tickets sales during the year amounted to R 10 295 152, this included the commission on external productions tickets sold and the theatre rental revenue.



2019/20 NUMBER OF ARTISTIC PROGRAMMES

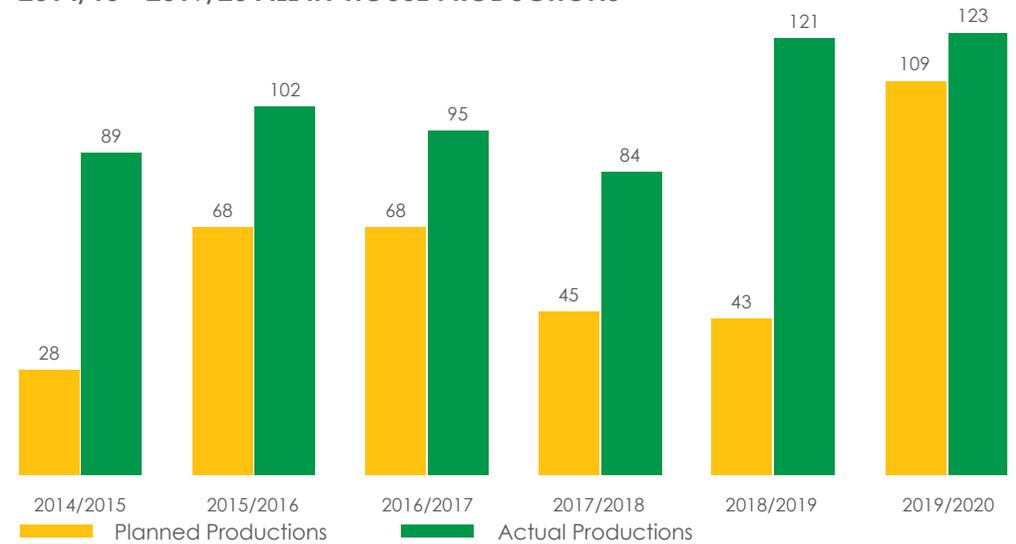
- 94% Main Artistic
- 4% Set-works
- 2% Indie-Spotlight



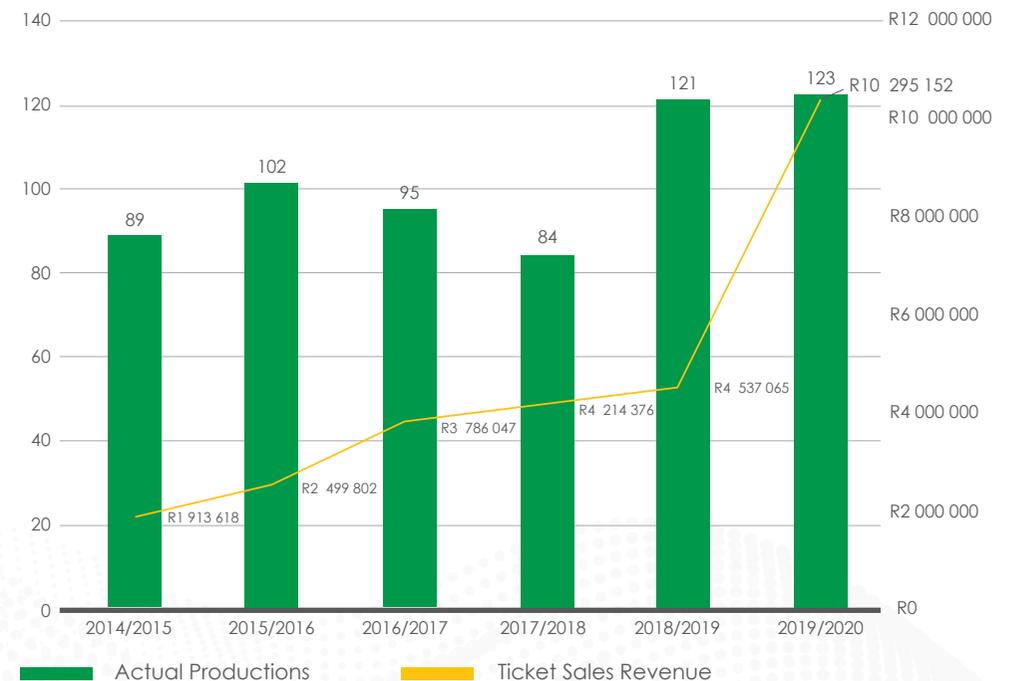
2019/20 ARTISTIC PROGRAMMES AUDIENCE ATTENDANCE

- 58% Main Artistic
- 35% Set-works
- 7% Indie-Spotlight

2014/15 - 2019/20 ALL IN-HOUSE PRODUCTIONS

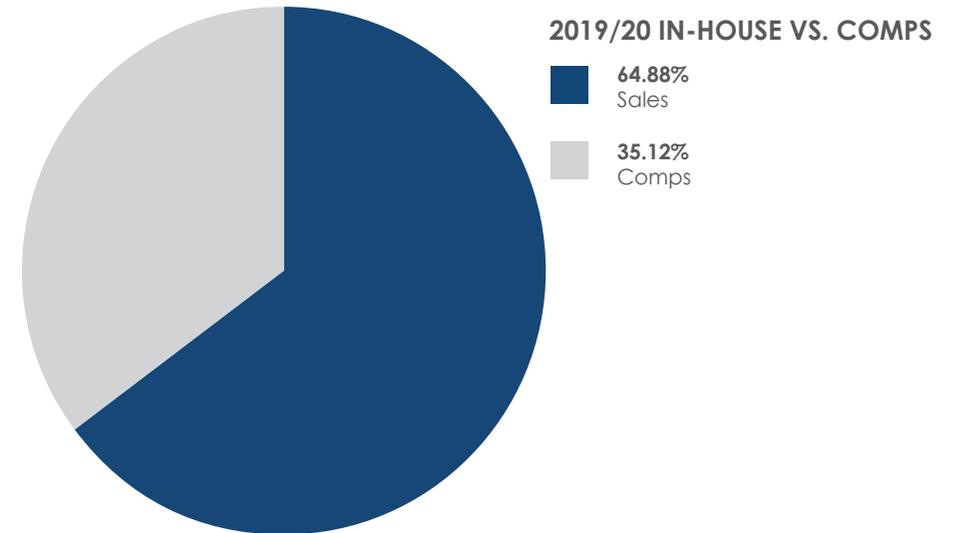
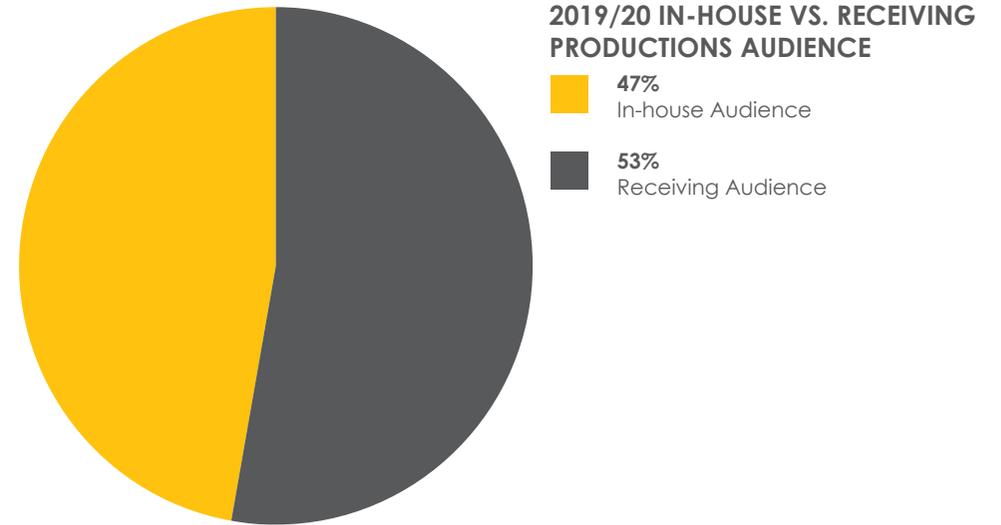
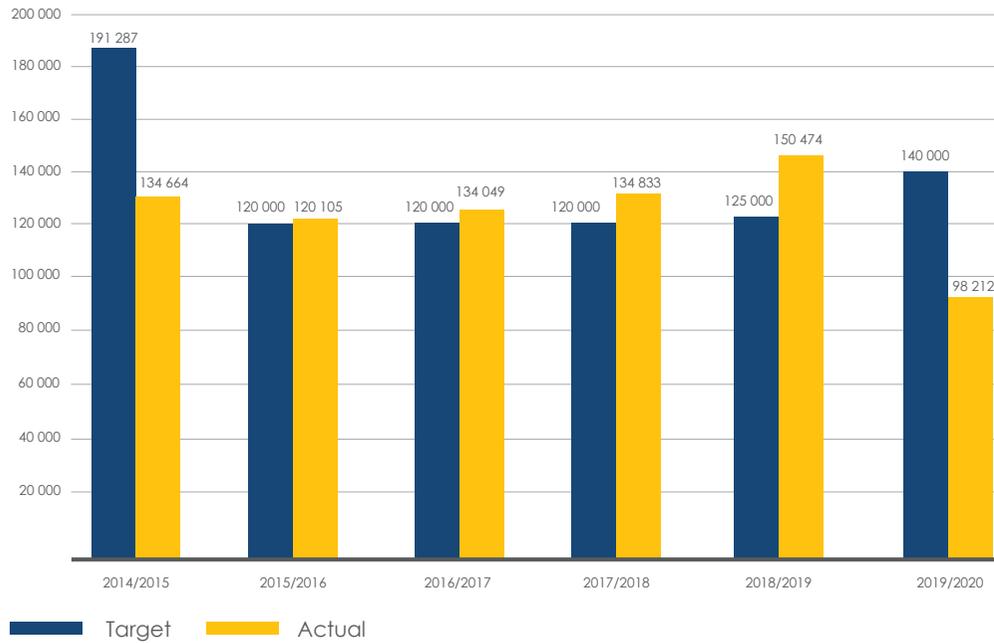


2014/15 - 2019/20 IN-HOUSE PRODUCTIONS REVENUE

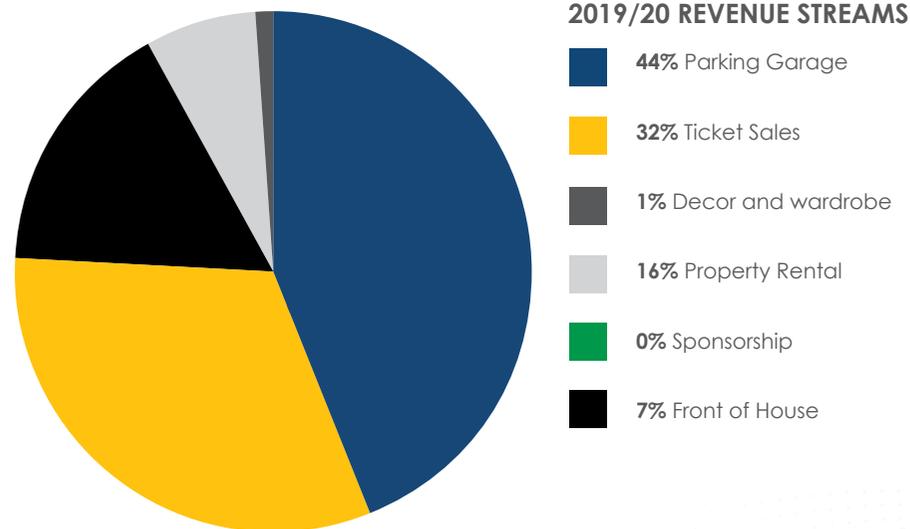
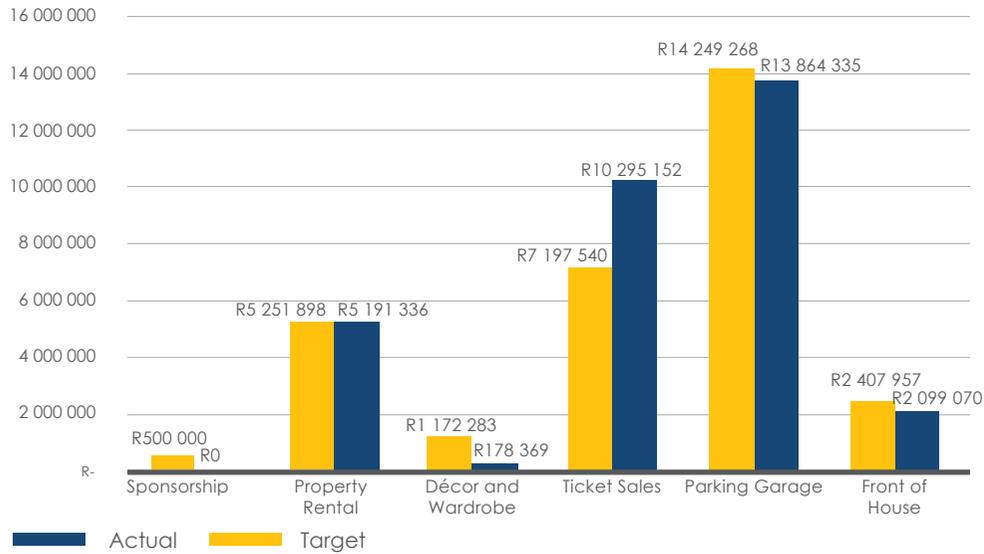


In total, 98,212 was recorded for the year in audience attendance, compared to the annual target of 140,000. Rental productions attracted an audience of 52,026 and in-house productions had 46,186 audiences.

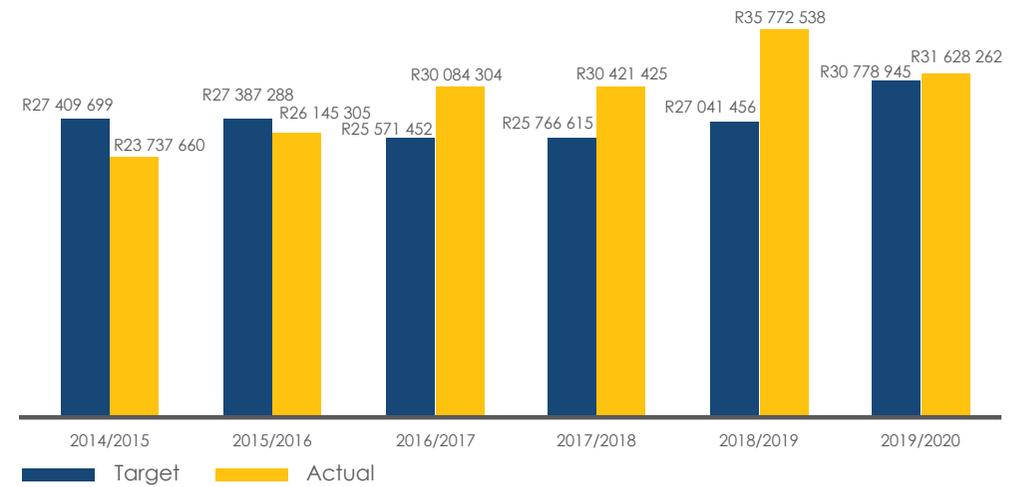
2014/15 - 2019/20 AUDIENCE ATTENDANCE



2019/20 SELF - GENERATED REVENUE



2014/15 - 2019/20 SELF-GENERATED REVENUE



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:

Achieved	100%	Green
Partially Achieved	50 - 99%	Amber
Not Achieved	Below 50%	Red

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

2.1. Strategic Outcome Oriented Goals

GOAL	1 April 2019 to 31 March 2020				OVERALL PERFORMANCE *
	NUMBER OF SUB-PROGRAMMES	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	
Goal 1: Stage In-house Performing Arts Productions	4	2	2	0	50%
Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes	4	4	0	0	100%
Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales	6	1	3	2	17%
Goal 4: Ensure long term sustainability of Buildings and Assets	2	1	0	1	50%
Goal 5: Develop Theatre going Audiences	5	3	2	0	60%
Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation	2	2	0	0	100%
TOTALS	23	13	7	3	
		57%	30%	13%	

GOAL	1 April 2018 to 31 March 2019				
	NUMBER OF SUB-PROGRAMMES	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	OVERALL PERFORMANCE *
Goal 1: Stage In-house Performing Arts Productions	4	4	0	0	100%
Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes	4	4	0	0	100%
Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales	6	6	0	0	100%
Goal 4: Ensure long term sustainability of Buildings and Assets	2	1	0	1	50%
Goal 5: Develop Theatre going Audiences	5	5	0	0	100%
Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation	2	1	0	1	50%
TOTALS	23	21	0	2	
		91%	0%	9%	

Classification of Performance Achievement

Achieved	100%	Green
Partially Achieved	50 - 99%	Amber
Not Achieved	Below 50%	Red





Sibongile Khumalo

3 | PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Administration

Purpose: 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 in support of our Artistic ambitions and 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.

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 Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator	2018/2019	2019/2020		Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents	
			(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)		Actual	Target					Actual
			(Unit of Measure)								
Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses	Raise revenue from Sponsorships and Donations										
	SPI1	Raise Sponsorship and donor revenue.	Sponsorship and donor revenue recognised.	R3 113 058	R500 000	R 0	Not Achieved	Low response from the corporate sector to sponsor SAST productions.	Business development department to source service provider to assist in securing sponsors.	Sponsorship/ Donation Contracts. / Income Statement.	
	Rental revenue from the Immovable Property Portfolio										
	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	R 5 191 336	Partially achieved	Rentals negatively impacted by Covid-19. Tenants provided rental discount for March. New tenants to take-up vacant spaces planned for 2020/21.	To ensure timely payment by tenants.	Accounting System: Income Statement.	
Rental revenue from Décor and Wardrobe hire											
SPI3	Generate rental revenue from Décor and Wardrobe.	Décor and Wardrobe rental revenue recognised.	R1 288 165	R1 172 283	R 178 369	Not Achieved	Ongoing decrease in rental demand for décor items.	Décor and wardrobe revenue generation programme ends 31 March 2020.	Accounting System: Income Statement.		

Revenue from In-house Productions' Ticket Sales and from Theatre Rentals										
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	R 10 295 152	Achieved	Very good revenue receipted for school set-work productions. The Afrikaans production Aspoestertjie as well as the Mzansi Fela Festival Concerts receipted good revenue.	To ensure rigorous implementation of the marketing plan to attract paying audience.	Accounting System: Income Statement.	
Parking Revenue										
SPI5	Generate revenue from the Parking garage.	Parking garage revenue recognised.	R14 863 186	R 14 249 268	R 13 864 335	Partially achieved	Lower than anticipated revenue in the parking garage due to cancellation of one long-term contract and the sharp decline in demand caused by Covid-19.	To source new long-term tenants.	Accounting System: Income Statement.	
Front of house Revenue										
SPI6	Generate revenue from Front of House sales.	Front of House sales revenue recognised.	R2 057 113	R2 407 957	R 2 099 070	Partially achieved	Large school setwork productions audiences did not support the bars. Sales also severely impacted by the cancellation of productions due to Covid-19.	Front of House product range to be supplemented with commercial merchandise offered for sale on our online platforms.	Accounting System: Income Statement.	
Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability	Maintenance Programme in compliance with statutory regulations									
	SPB2	Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	7	7	7	Achieved	Maintenance of critical equipment completed.	Facilities management contract to be introduced during 2020/21.	Maintenance department progress report.
	Secure environment provided to Customers and Staff									
SPB3	Secure SAST property to provide a safe environment for both SAST staff and SAST patrons and to safeguard SAST assets.	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.	2	Maximum acceptable number of incidents: 0	1	Not achieved	R26m fraud committed by two SAST employees.	Banking procedures revised with appropriate controls.	Security report, monthly and quarterly. SAPS case numbers.	

Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA	SPR	Governance								
	Compliance with PFMA and Treasury Regulations									
	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 (2018/19 Financial Year)	Achieved	Audit results did not produce any material findings.	SAST to strive towards achieving a clean audit	AG Audit report.
	Compliance with all South African Labour Acts									
SPR2	Comply with South African Laws and Regulations governing labour relations.	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.	3	Maximum acceptable number of incidents: 0	0 Incidents reported	Achieved	None of the labour matters that had occurred during the year have resulted in CCMA or Labour Court proceedings ruled against SAST.	To ensure ongoing compliance with labour related legislation.	DAC quarterly report of Labour Incidents.	



Fela and the Kalakuta Queens
Photography by Sanmari Marais

3.2. Programme 2: Business Development

Purpose: 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: Stage In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator	2018/2019 Actual	2019/2020		Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
			(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)		Target	Actual				
			(Unit of Measure)							
Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work	SPA	Artistic Productions								
	SPA2	Stage In-house produced Festivals.	Number of In-house Festivals staged.	4	4	4	Achieved	Three annual festivals staged together with the new dance festival.	Festivals to continue in the 2021/22 programme.	Webticket reporting system / Festival contracts / Festival budget.
	SPA3	Stage Indie-Spotlight Productions.	Number of Indie-Spotlight productions staged.	7	5	3	Partially Achieved	Budget constraints resulted in fewer than planned productions in this programme	Programme ends 31 March 2020.	Webticket reporting system / Production contracts / Production budget.
	SPA1	Stage In-house Productions, including the Rendezvous programme.	Number of In-house Productions staged, including the Rendezvous programme.	111	100	115	Achieved	Large number of productions presented during festivals contributed to the overachievement, together with co-productions (partnerships) and productions in the Incubator programme.	To stage productions according to the artistic calendar.	Webticket reporting system / Production contracts / Production budget.
		Job creation								
	SPR3	Short term job opportunities created by In-house Productions.	Number of short term job opportunities created by In-house Productions.	1 013	1 000	681	Partially Achieved	Job opportunities created as planned in in-house productions. Additional jobs in festival productions contributed. Low overall number due to budget constraints as the artistic expenses exceeded the annual budget allocation.	In-house productions to provide job opportunities for independent artists and technical crew.	Artistic department report, including full list of names/ surnames and ID numbers of employees.

Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes	SPM	Marketing and Audience Development								
	SPM1	Implement the marketing strategy.	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	Plan prepared	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Plan developed and implemented	Achieved	Plan developed per production.	Detailed marketing approach implemented.	Updated Marketing Plan.
	SPM2	Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	4	4	2	Partially Achieved	Media partnership agreements concluded with the media company "The Practitioner" and the BAR report. Planned partnerships, such as with SABC could not be entered into due to budget constraints as the actual spend on advertising exceeded the annual budget allocation.	Number of media partners to be increased.	Media partner signed contract. Progress report on implemented benefits.
	Audience Development									
	SPM3	Implement the audience development strategy.	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.	Plan prepared	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Plan developed and implemented	Achieved	Plan developed per production.	Audience development approach being revised.	Updated audience development plan.
	SPM4	Increase audience attendance.	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	150 474	140 000	98 212	Partially Achieved	Audience attendance per scanned ticket numbers together with registers totals 98,212. The planned target was not achieved due to a decrease in rental productions audience which decreased in sales and comps from the prior year's 86,304 to 59,406 in 2019/20. The restriction on complimentary tickets to a maximum of 15% for any production did not allow for additional audience development to meet targets.	Rigorous marketing approach to attract and retain audiences being implemented, especially for the new online streaming platform.	Webticket Reports / Overnight reports. Audience Attendance Summary.
Patron Satisfaction										
	SPM5	Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	5	4	4	Achieved	Online surveys conducted on the SAST Facebook page.	Survey data to be analysed to identify areas of improvement to be considered.	Research Survey Report. Progress report.

3.3. Programme 3: Public Engagement

Purpose: This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions 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

Programme Strategic Objectives	Code	Programme Measurable Objectives	Programme Performance Indicator	2018/2019	2019/2020		Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
			(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)		Actual	Target				
		(Key Output - SMART)	(Unit of Measure)	Actual	Target	Actual				
Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development	SPD	Development Programme								
	SPD1	Implement the Community Arts Dramaturgy Outreach Fieldwork programme.	Number of Community Arts Groups participating in the programme.	15	15	15	Achieved	Various community arts groups participated in the programme presented in collaboration with Tshwane University of Technology.	Provide opportunities for groups outside of greater Gauteng to participate.	Progress report.
	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	28	Achieved	Children's Theatre productions, as well as school set-works and other key productions were provided with dramaturgy support.	Dramaturgy programme framework being developed.	Dramaturgy progress report.
	SPD4	Stage School set-works.	Number of School set-works staged.	3	4	5	Achieved	In the fourth quarter we had Kgalagalo Tsa Setu and Sophiatown. My children my Africa and Ubhuku Lwamanye in the first quarter. Sophiatown in the second quarter.	The school set-works programme is well established and will continue for the coming five-year cycle.	Webticket reporting system / Production contracts / Production budget.
		Learning and Development								
	SPR4	Provide internship positions.	Number of interns appointed.	6	6	6	Achieved	Six intern positions created and filled during the year.	The intern programme is planned to expand during 2020/21 to support the core business programmes in Artistic.	Internship contracts.

3.4. 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	13901,00	13942,00	-41,00	0%	16430,00	16646,00	-216,00	-1%
Front of House	2831,00	3133,00	-302,00	-11%	3325,00	3579,00	-254,00	-8%
Security and Transport	5461,00	5463,00	-2,00	0%	8293,00	8009,00	284,00	3%
Parking	1505,00	2278,00	-773,00	-51%	400,00	394,00	6,00	2%
Wardrobe and décor	1732,00	2740,00	-1008,00	-58%	350,00	358,00	-8,00	-2%
Stage Services	8868,00	8434,00	434,00	5%	2022,00	2122,00	-100,00	-5%
Marketing	7238,00	7467,00	-229,00	-3%	2650,00	2672,00	-22,00	-1%
Human Resources	3256,00	4081,00	-825,00	-25%	30116,00	29985,00	131,00	0%
Development	3221,00	1169,00	2052,00	64%	2600,00	2719,00	-119,00	-5%
Administration	20896,00	17618,00	3278,00	16%	29619,00	16855,00	12764,00	43%
Maintenance	18211,00	14484,00	3727,00	20%	13638,00	11267,00	2371,00	17%
TOTAL OPERATIONAL	87120,00	80809,00	6311,00	7%	109443,00	94606,00	14837,00	14%



SAST youth choir

4 | REVENUE COLLECTION

SOURCES OF REVENUE	2018/19			2019/20		
	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	67 051	62 696	4 355	75 625	112 000	-36 375
Fundraising, marketing, other	32 665	32 823	-158	33 818	32 513	1 305
Other Income	494	308	186	0	602	-602
TOTAL OPERATIONAL	100 211	95 827	4 383	109 443	145 115	-35 672

5 | CAPITAL INVESTMENT

Funds for capital projects are ring-fenced and interest earned thereon is capitalised to the projects. A new allocation of R17.9m was received during the financial year from DSAC, there were delays in securing contractors for most the projects hence an increase year on year.

PROJECT CODE	PROJECT DESCRIPTION	CURRENT YEAR	PRIOR YEAR
Project 1	Facilities Management Contract	6 921 101.72	1 900 000.00
Project 2	Foyer and Ablutions	6 065 819.70	6 938 019.18
Project 3	Digital Screen	4 000 000.00	4 000 000.00
Project 4	Fire Detection System	649 402.60	1 026 206.50
Project 5	Security Scanners	165 300.00	600 000.00
Project 6	Maintenance	72 835.53	1 490 969.68
Project 7	Passenger Lifts	7 224 376.48	7 224 376.48
Project 8	Stage Lighting	3 562 738.85	2 000 000.00
Project 9	Stage Equipment	4 280 231.31	3 131 321.08
Project 10	Stage Facilities	2 500 000.00	1 000 000.00
		35 441 806.19	29 310 892.92
	Interest earned on ring-fenced funds	1 031 338.79	
		36 473 144.98	



SAND ABEYKUNSE BEMISEBO

EMPLOYER BEMISEBO DAT

MARKET THEATRE	M	OVERDUE
MARKET THEATRE	M	OVERDUE

Small photo of the man in the top right corner of the card.

Woza Albert



PART C : GOVERNANCE

Angola Camp 13
Photography by Sanmari Marais

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:

30 April 2019	4 th Quarterly Report 2018/19
30 July 2019	1 st Quarterly Report 2019/20
31 July 2019	Annual Financial Statements and Performance Information 2018/19
30 August 2019	Annual Report 2018/19
30 October 2019	2 nd Quarterly Report 2019/20
10 March 2020	Annual Performance Plan 2020/21
10 March 2020	Five-year Strategic Plan 2020 - 2025
30 January 2020	3 rd Quarterly Report 2019/20

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 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 2019/2020 financial year. The following Committees were operational during the 2019/2020 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 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 Arts and Culture in consultation with the Minister of Finance.

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.



Standing: Olebogeng Litheko (Company Secretariat), Mr Sylvester Chauke, Mr Banie Van Vollenhoven, Ms Shamila Singh, Ms Nomsa Mlambo, Ms Velile Ndllovu, Mr Dheren Singh, Ms Anami Martinson (Company Secretariat), Dr Matshediso Joy Ndllovu (Deputy Chairperson), Mr Aubrey Sekhabi, Mr Sizwe Mathye, Dr Sibongiseni Mkhize.
Seated: Ms Phumzile Maseko, Ms Tebogo Nkosazana Mosala, Ms Madile Mofammere, Professor Ntombifkile Mazibuko (Chairperson), Ms Millicent Mopayi, Ms Sibongile Khumalo, Mr Tebogo Mphuti.
*Missing from the photograph are: Yaasir Haffejee (ARC) and Vincent Zondo (IDC)

Composition of the Council

The following are the Council members of SAST, appointed by the Minister of the Department of Arts & Culture, for the 2019/20 financial year:

For the period 01 April 2019 – 31 March 2020

Name	Term	Qualifications	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Prof. NM Mazibuko (Chairperson)	01/12/2017 – 30/11/2020	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	5/6
Dr MJ Ndlovu (Deputy Chairperson)	01/12/2017 – 30/11/2020	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
S Chauke	01/12/2017 – 30/11/2020	BA (Hons) Marketing Communications	Marketing Strategy, Communication and Brand Building.	Male	African	3/6
T Mphuti	01/12/2017 – 30/11/2020	B.A. (Law): University of KZN. LLB – University of Witwatersrand.	Law and Finance	Male	African	6/6
M Mofammere	01/12/2017 – 30/11/2020	B Com Accounting: Turfloop Management development program (GIBS)	Finance	Female	African	6/6
NT Mosala	01/12/2017 – 30/11/2020	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
S Singh	01/12/2017 – 30/11/2021	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	6/6

D Singh	23/04/2019 – 30/11/2021	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	5/6
P Maseko	23/04/2019 – 30/11/2021	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	6/6
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 Strategic Session and 1 Working Group meeting

In addition to the above Mr. Sizwe Mathye (CFO) and Mr. Aubrey Sekhabi (Artistic Director) 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 2019 – 31 March 2020

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
V Ndlovu (Independent External Member)	01/06/2019	Finance	Female	African	4/5
Y Haffejee (Independent External Member)	Appointed: 01/06/2019 Resigned: 19/04/2020	Finance	Male	Indian	3/5
B van Vollenhoven (Independent External Member)	01/06/2019	Finance	Male	Caucasian	4/5
T Mphuti	08/02/2018	Law and Finance	Male	African	4/5

Institutional Development Committee

For the period 01 April 2019 – 31 March 2020

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
S Chauke (Chairperson)	08/02/2018	Marketing Strategy, Communication and Brand Building.	Male	African	4/4
M Mofammere	08/02/2018	Finance	Female	African	3/4
P Maseko	29/05/2019	Business management and Marketing	Female	African	2/4
Dr S Khumalo (Independent External Member)	01/06/2016	Performing Arts, in particular Music	Female	African	2/4
V Zondo (Independent External Member)	29/05/2019	Marketing Strategy, Communication and Brand Building.	Male	African	4/4

Human Resources and Remuneration Committee (HRRC)

For the period 01 April 2019 – 31 March 2020

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Dr MJ Ndlovu (Chairperson)	08/02/2018	Business Administration with emphasis on Human Resources Management	Female	African	4/5
M Mofammere	08/02/2018	Finance	Female	African	5/5
NT Mosala	08/02/2018	Public Relations, Marketing Strategy, Communication and Brand Building	Female	African	4/5
S Singh	08/02/2018	Law, governance and business administration	Female	Indian	5/5
N Mlambo	01/06/2019	Human Resources, Policy Development, and Business Administration	Female	African	4/5

Finance Committee

For the period 01 April 2019 – 31 March 2020

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
T Mphuti (Chairperson)	08/02/2018	Law and Finance	Male	African	5/5
M Mofammere	08/02/2018	Finance	Female	African	5/5
S Singh	08/02/2018	Law, governance and business administration	Female	Indian	5/5
D Singh	23/04/2019	Finance	Male	Indian	2/5

Remuneration of Council members

Refer to note 26 of the Annual Financial Statements for a detailed table of Council members' remuneration during the 2019/20 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.

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 AND 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 & SECURITY (HSS)

Occupational Health and Safety

The South African State Theatre wants to provide a safe working environment and create a culture where every employee, service provider, contractor, supplier and visitor to SAST facilities contributes so that we can achieve zero safety incidents.

This necessitates a step-change in our safety culture and behavior. The South African State Theatre's council and management teams are committed to maintaining a safe working environment, creating a safety culture, and involving all employees, contractors, service providers and suppliers in safety improvement initiatives.

The SAST occupational health and safety (OHS) strategy was approved, it is underpinned by four strategic pillars which focus efforts on areas that support a high-performing safety culture. These pillars are:

1. Visible leadership accountability and commitment
2. Hazard identification and risk management
3. Workforce engagement
4. Continuous improvement

OHS management is guided by our OHS strategy, policies and a health and safety system, all of which ensure compliance with the Occupational Health and Safety Act, 85 of 1993 (OHS Act), and other applicable legal requirements.

Safety, health and environment (SHE) is strategically managed by the HSS department. The strategy is implemented by operational level SHE teams, supported by the group division.

As per OHS Act requirements, health and safety management is supported by health and safety committees and representatives across the entity. The OHS committee oversees safety, health and wellness matters, and the council is ultimately accountable.

Looking forward

The key focus areas going forward are:

- SAST OHS vision is to provide a safe working environment and create the culture where every SAST employee, service providers, contractors, suppliers, and visitors to SAST facilities believe that zero safety incidents are achievable
- To achieve the vision, a step-change in our safety culture and behavior is required to best position us to achieve this vision. The SAST council and management are committed to maintaining a safe working environment, creating a safety culture and involving all employees, contractors, service providers and suppliers of SAST in safety improvement initiatives.

Environmental compliance and regulations

Compliance to environmental statutes and by-laws is monitored through site inspections, audits and regular reviews of our procedures and operations. Environmental compliance requirements are incorporated into our procurement supply chain process. Environmental performance for appointed service providers is regularly assessed, which ensures that service providers comply

with applicable environmental legislative requirements.

The Department of Environmental Affairs promulgated the phasing out of the ozone-depleting substances in 2014. The regulation outlines 2020, 2025 and 2030 phase-out requirements, to comply with the regulations for phasing out and managing ozone-depleting substances.

COVID-19 response

Adopted the principles of saving lives and livelihoods, the South African State Theatre (SAST) has prioritized the health and safety of its employees. We have taken a dynamic approach to the COVID-19 pandemic that has continuously disrupted our daily lives and business operations. We proactively implemented precautionary measures to mitigate the risk and lessen the impact of the pandemic by focusing on the wellbeing and safety of employees.

Safety of our employees

Our focus will always be the wellbeing of its employees with approximately 65% being empowered to productively work from home. The way we connect, communicate and conduct business has forever been changed because of COVID-19.

Amid the troubled times, we need to ensure full engagement from every team member, whether working from home or in the field, while ensuring we reduce their stress levels by reinventing ourselves as an Artistic Institution.

While 65% of our workforce can work effectively from home, our employees the stage technicians and other staff continue to serve customers in our "Online Theatre Production". We are therefore constantly exposed to the risk of transmission, especially considering the rising COVID-19 cases in South Africa. Understanding the seriousness of both the risk our members are facing.

SAST is supplying all necessary Personal Protective Equipment (PPE), such as face masks, face shields, gloves, sanitisers and COVID-19 screening. We are surrounded by uncertainty as COVID-19 continues to loom, and with no vaccine as yet the world is living in trepidation.

At the South African State Theatre we are not concerned over low productivity and high absenteeism, but the growing fear to engage with service providers, and the psychological impact the pandemic may have on employees is not a far-off reality.

12 | SOCIAL RESPONSIBILITY

CADO - Community Arts Dramaturgy Outreach:

The EYCT program-main program is the CADO program, designed to work with community groups in the arts fields of the Tshwane Metropolitan and surrounding areas with the aim of upskilling and develop their artistic works. This is achieved through upskilling programs that include masterclasses and workshop in the following fields:

- Script writing and development
- Directing
- Business and Arts administration
- Stage management
- Production management
- Choreography

Selected community groups are mentored and work with field worker who is a third- or fourth-year Drama students from the Tshwane University of Technology. The students gain valuable experience as part of the South African State Theatre partnership with Tshwane University of Technology. The CADO program is a two-year program. In the first year of training, the groups after the upskilling program are given an opportunity to stage a published South African work at the Mzansi Fela Festival. In the second year the community groups are given a chance to stage their own written play/choreography/musical theatre production but this pending meeting set requirements to be able to advance to the second year of training. The disciplines covered are Dance, Drama and Musical Theatre.

The Program in 2019 was the second year of the groups from the 2018 intake and, as part of the Mzansi Fela CADO Festival, they were in competition to win a season in 2020 as part of the Main Artistic program for first place and to be part of the Youth Expressions Festival 2020 as runners up in this regard. Below is a table CADO groups, the areas they are and the field workers.

1. 2019 SECOND YEAR GROUPS AND FIELDWORKERS			
Name of Group	Location	Contact Person	Group Fieldworker
1. Unlimited Creatives	eMalahleni	Mandla Masilela	Zinhle Mbokane
2. Mayibuye Dance Academy	Kimberly	William Nqakala	Nthabiseng Matsie
3. Pen on Paper Arts Academy	Emfuleni	Malefetsane Ntoahae	Sibongile Mazibuko
4. Atlegang Bokgoni Theatre Production	Soshanguve	Busisiwe Ndlovu	Masego Mosehla
5. Akasosha Men's Forum	Soshanguve	Emmanuel Mashigo	Ronald Kasebedile
6. Inkaba Creative Art House	Pretoria CBD	Busisiwe Mazibuko	Noluthando Mkhize
7. Sacamela Productions	Olievenhoutbosch	Rasta Ngobeni	Reaitumela Rampagane
8. Boikano Theatre Ensemble	Mamelodi	Tebogo Mokwena	Hlobisile Mahlangu
9. New Us Theatre Production	Bronkhuspruit	Sibusiso Mashiane	Sabelo Mthethwa
10. Unlimited Flame	Hammanskraal	Lazarus Mabelane	Mpho Malesa
11. Olieven Drama Group	Olievenhoutbosch	Mahlomola Maake	Nhlakanipho Khumalo
12. Mamelodi Ubuntu Theatre Organisation	Mamelodi	Itumeleleng Mathibe	Refilwe Matlhabane
13. Goitsimedi	Soshanguve	Lebohlang Seanyana	Bestina Mamabolo
14. Drumline	Mamelodi	Peter Mothiba	Malcolm – Leigh Pegram
15. Eyethu Youth Group	Winterveldt	Pontsho Mashifane	Thato Motlhabane

The winners of the Main program season during the CADO award were Unlimited Creatives from eMalahleni with the runners up Akasosha Men's Forum from Soshanguve. The prize include:

- Production budget
- Dramaturgy
- Full marketing and Public relations
- Support and access for sets; props and costumes in the regards

The Effect of the Global Pandemic - Covid-19 on the CADO Program:

Due to the Global Pandemic the CADO program was stopped as per National Government regulations. The planned upskilling workshops and Outreach program unfortunately cannot be implemented and this means that the planned two year cycle for the groups can only resume fully in the financial year of 2021/2022. The decision is also based on the budget cuts due to reprioritisation of National Budget to deal with effects and affects of Covid-19 in the country.

2. The Outreach Program:

The Outreach program provides opportunities to artists and creative communities not in the same geographical area reach of the South African State Theatre. The program goes out to present workshops and masters classes to the creative communities out of the metropolitan areas including outside of the Gauteng province. The Program has also extended to countries in the SADC region in partnership with various organisation.

The workshops are presented about SAST programs and how you can apply for them these are also supplemented by master classes and workshops under the following titles:

- Script writing and development
- Directing
- Business and Arts administration
- Stage management
- Production management

- Choreography

The EYCT is always seeking new ways and ideas and partnerships to deliver the appropriate and required upskilling programs, this is achieved through meeting and research with community groups, leaders and observations from proposals received.

Responsibility of Stakeholder Inclusion

The SAST continues to remain dedicated to stakeholder inclusion and engagement. The Council and the executive authority have continuously aimed to balance the needs, interests and expectations of material stakeholders in the best interests of the SAST over time.

Through correspondence, invitations to stakeholders and consistent engagement on all platforms, the Council has proactively engaged with government, in all its various stakeholder capacities, to foster a working relationship and develop a mutual understanding of how these various expectations and accountabilities are to be reconciled.

3. The focus People Living with Disabilities, Children; and the Elderly Program:

This year a production of an all-inclusive cast of People living with disabilities, the elderly and children was presented as part of the awareness campaign. The production also presented a question and answer session after the performance. This allowed for the sharing of information and a lot of learning took place in this regard.

Production: In My Mother's Womb in association with Outreach Foundation

Partners - Johannesburg Society for the Blind, Tswelopele Frail Care Centre

In My Mother' Womb programme note:

In My Mother's Womb offers an intimate look into what it is like to live with blindness. Drawing from personal stories of the inter-generational cast of youngsters and the elderly, Dlamini challenges the audience to suspend the privilege of sight and use other senses to experience how the blind perceive the world. To awaken one's spirituality, Dlamini says we all need to crawl back to our mother's womb and acknowledge our complex existence. She experiments with the womb as the metaphor of darkness and asks the following questions: does one live with generational curses?

Does the spirit world exist? Can hope keep one alive? Can tragedy turn into a blessing? Dlamini says "we learn the true meaning of dreams and hope through the blind. They can touch what we cannot. After every rehearsal of this work I ask myself, what kind of world could we inhabit if we all took the time to understand the world's forgotten senses." Through the exploration of blindness, this play is an example of the endless possibilities of how one can express oneself differently in the absence of sight.

Directors note

When the process began, I realized there was a story I once told and had not finished its journey. I then made strides to be here today. I believe in theatre that heals and is authentic. In us all there is disability, but we often criticize others. Sometimes when we believe in a story and its journey, we are capable to say, I can tell my story with you.

Duration of performance 45 minutes

Age Restriction 12+

Crew

- 1) **Directed by** Gcebile Dlamini
- 2) **Written by** Gcebile Dlamini and Cast
- 3) **Dramaturge:** Paul Noko
- 4) **Choreographed by** Bigboy Ndlovu
- 5) **Music** Thobeka Malinga
- 6) **Stage Manager** Bontle Ndlovu

Cast list

- 1) Abigal Skhosana
- 2) Anele Mkhonto
- 3) Blessing Opoku
- 4) Bridget Moyo
- 5) Dakalo Mulaudzi
- 6) Doris Xengwana
- 7) Eddie Tiizard
- 8) Flora Mvelase
- 9) Harry Card
- 10) Justice Mbonani
- 11) Mbongiseni Mahlangu
- 12) Ntombikayise Khumalo
- 13) Nurse Nzimande
- 14) Olivia Jack
- 15) Ukho Somadlaka
- 16) Thato Ndlovu
- 17) Tshepang Lebelo
- 18) Tshepang Nkatlo
- 19) Tisetso Masilo
- 20) Vicky Walker
- 21) Vusimuzi Magoro



Outreach Foundation



Zoë Modiga

13 | REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk committee (the committee) is pleased to present its report in respect of the financial year ended 31 March 2020 in terms of Section 51 (1)(a)(ii) of the Public Finance Management Act No.1 of 1999, and Treasury Regulations 27.1.

Composition of the Audit and Risk Committee

The composition of the committee complies with section 77 of the PFMA and Treasury Regulation 3.1. The committee consisted of four members two independent members and an independent chairperson. Details on the committee members are set out on page 50.

Committee Meetings and Attendance

The committee meets quarterly as per its Terms of Reference(Charter). Chief financial officer, Chief executive officer, internal audit and External audit are standing invitees for the meeting. Details on the number of meetings held for the financial year under review and member's attendance are set out on page 50.

The role of the Audit and Risk Committee

The Audit and Risk Committee has adopted appropriate terms of reference as its charter. The charter is updated regularly and complies with the principles of good governance and with the requirements of the PFMA. The Audit and Risk Committee is accountable to the Council and has an oversight function amongst others for:

- Financial management;
- IT governance;
- Risk management and internal audit;
- Compliance with laws, regulations and good ethics
- Reporting practices; and
- External audit.

The Audit and Risk Committee has satisfied its responsibilities for the year, in compliance with its terms of reference in the charter.

Report on the operations of the Committee

During the financial year under review, the following activities were undertaken and demonstrate the commitment of the Audit and Risk Committee to achieve its mandate:

- Considered the risk management process;
- Considered the internal audit plans and reports and made recommendations as appropriate;
- Monitored progress with the internal audit coverage plans as well as management's follow-up on matters requiring attention;
- Monitored compliance with policies and applicable legislation;
- Conducted separate in-committee meetings with management, internal and external auditors;
- Reviewed external audit plans, reports and management's follow-up on matters requiring attention;
- Provided guidance to the Council on IT governance issues and alignment to applicable

- legislation; and
- Conducted a self-assessment, whose results concluded that the Audit and Risk

Committee is effective in the execution of its duties. Minor areas of improvement were identified and action plans were put in place.

Internal audit

The internal audit function of the SAST was outsourced to Audit and Risk Management Solutions an independent internal audit firm. The Committee has an oversight responsibility for the functions of the internal audit. The committee reviewed and approved the internal audit charter, three year rolling plan and the annual plan. The internal auditors are operating objectively and independently. The committee assessed the effectiveness of the internal audit during the financial year.

External Audit

SAST is audited by the Auditor General of South Africa. The committee was satisfied that external auditors were independent. The committee in consultation with management accepted the engagement letter, audit plan, and budgeted audit fees for the 2019/2020 financial year. The external audit did not provide any non-audit services during the financial year under review.

The effectiveness of internal controls

The committee is entrusted with oversight on effectiveness of internal controls. The committee reviewed the effectiveness of internal controls and assurance providers in place and noted the following:

- The risk management policy is in place. However further improvements is required;
- Significant Internal control weaknesses in supplier payments which led to fraud, reconciliations, supply chain management, fruitless and wasteful expenditure, irregular expenditure, Information Communication and Technology were identified and are being addressed by management. Information Technology manager has been appointed to address the challenges in the ICT.
- As a result of the above mentioned internal control weaknesses there were material adjustments in the financial statements and material non-compliances that management corrected which led to the organisation receiving unqualified audit opinion from its external auditors.
- The committee will continue to monitor management's implementation of controls to ensure that control weaknesses are addressed.

Fraud

During the financial year under review, management was alerted to suspicious transactions of payments made. Investigation was instituted that resulted in findings of fraudulent transactions dating back from year 2014/15. The total amount of fraud has been disclosed in the financial statements in Note 24. Fraud case has been opened and process of litigation is underway.

Evaluation of annual financial statement

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General the audited financial statements to be included in the Annual Integrated Report;
- Reviewed the Auditor-General's management letter and management's response;
- Reviewed and discussed the Auditor-General's report;

- Reviewed the performance of the finance function and recommended improvements.

CFO is addressing the gaps identified.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

14 | BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The SAST is committed to contributing to Broad-Based Black Economic Empowerment (B-BBEE). During 2017/18 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 19 July 2018. This verification certificate was compiled in terms of the Specialised General Codes – Generic Scorecard 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 Non-compliant Contributor to BEE. Unfortunately, the elements assessed under the specialised score card that are summed to obtain a rating are mostly not applicable to the SAST.

Subsequently during the 2019/20 we have applied to the B-BBEE Commission and the Department of Trade and Industry to request an exemption from the annual verification requirements until such time as appropriate elements may be identified that SAST is able to comply with as a Public Entity. Our entity intends to comply with the B-BBEE Act in a meaningful way in which we actually make a contribution to the economic success of the country. There is to date no written response on the application. In order to meet the codes of good practise requirements, SAST is undergoing the verification process in order to comply. The verification certificate will be provided as a separate annexure to this report.





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My Children, My Africa



PART D : HUMAN RESOURCE MANAGEMENT

1 | OVERVIEW OF THE PAST FINANCIAL YEAR SUMMARY

Eight HR risks were identified in the previous financial year. The mitigation plans put in place included amongst others, the inclusion of timeframes in the recruitment and selection policy, the develop of a succession planning policy and plan as well as the inclusion of the management of time in lieu of in the policy. All the risks identified have been mitigated with the exclusion of the succession planning implementation plan, which is an ongoing process.

The three-year Employment Equity Plan expired on the 31st March 2020. The following have been achieved:

- Access to information for employees from previously disadvantaged groups.
- Employment of females in previously male dominated positions e.g. elementary roles
- Sexual Harassment policy inductions conducted, and the attendance rate was 90%.
- Basic inhouse IT Training conducted for employees. High interest was shown by employees and the feedback received from the IT technician was positive.
- The IT LAB is a major achieved goal for the SAST going forward.
- WI-FI hot spots for employees who do not have access to computers and internet access.

Areas of none achievement

- **Appointment of females at top management level.**
There were no vacancies at the top management level. The vacancy existed after the 1st of April 2020 (Director of Corporate Services). This position will be earmarked for employment Equity position in the next three-year plan.
- **Appointment of females across all levels and roles within the SAST**
The majority of the staff, 64.9%, are males. The female staff, 35.1%, are concentrated in the administrative roles as compared to the craft and related trade roles; (Plant and Machine Operator) role which forms a bigger part of the SAST operation. SAST has however made bigger strides during the three years of this plan in employing two women in elementary roles against a target of 5.
- **Appointment of persons living with disabilities**
The target was revised during the duration of this plan from two to four employees. These additional two employees should be appointed at levels higher than the semi-skills. This target will be carried over to the next three-year plan.

Internal Audit Findings

Below is a list of the HR internal audit findings. All the finding have been implemented and forms part of operations going forward.

Finding	Action Plan	Implementation Date	Progress
Management needs to ensure that leave forms are completely filled prior leave being process and approve	Management will accurately and only capture, or process completely filled leave application forms.	1 April 2019	Implemented. All leave forms are checked for completeness. Process is ongoing
Management should ensure that all overtime worked is pre-approved and in exceptional situations where a pre-approval cannot be sought, management should rectify such after the overtime is worked.	A memo will be attached to overtimes not pre-approved explaining the reason why	1 April 2019	Implemented. The process is on going.
Lack of succession plan and policy	The Succession policy and plan will be developed	1 April 2019	The plan is developed and implemented. The HRD policy is approved

2 | 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
TOTAL	N/A	N/A	N/A

Training Costs

DIRECTORATE/ BUSINESS UNIT	TRAINING EXPENDITURE (R'000)	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE
Finance	R 6 621.70	1	R 6 621.70
Business Development	R 20 527.50	4	R 5 131.88
Finance	R 10 346.85	1	R 10 346.85
Stages	R 5000.00	3	R 1 666.67
Stages and Maintenance	R 0	16	R 0
Various	R 100 050.00	26	R 3 848.07
SAST Staff	R 15 000.00	60	R 250
Managers	R 28 750.00	12	R 2 395.83
Maintenance	R 18 285.00	2	R 9 142.50
Finance	R 8 740.00	1	R 8 740.00
Various	R 16 680.00	9	R 1 853.33
Various	R 11 120.00	28	R 397.14

Employment and vacancies

PROGRAMME	2018/2019 APPROVED POSTS	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2019/2020 VACANCIES
Top Management	3	3	4	3	1
Senior Management	9	8	10	8	2
Professional qualified	7	7	7	6	1
Skilled	50	25	66	39	27
Semi-skilled	49	31	40	21	19
Unskilled	0	0	0	0	0
TOTAL	118	74	127	77	50

Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	3	0	0	3
Senior Management	8	1	3	8
Professional qualified	7	0	0	6
Skilled	25	13	5	39
Semi-skilled	31	4	1	21
Unskilled	0	0	0	0
TOTAL	74	18	9	77

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0
Resignation	5	50%
Dismissal	5	50%
Retirement	0	0
Retrenchment	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	10	100%

Labour Relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	1
Final Written warning	6
Dismissal	5
Suspension	6

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	3	0	1	0	0	0	0	0
Skilled	20	3	4	1	0	0	1	0
Semi-skilled	14	3	0	1	0	1	1	2
Unskilled	0	0	0	0	0	0	0	0
TOTAL	41	6	6	2	1	1	2	2

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	5	2	0	0	0	0	0	1
Professional qualified	1	1	0	1	0	1	0	1
Skilled	15	6	0	3	0	1	0	1
Semi-skilled	6	9	0	1	0	1	0	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	27	19	0	5	0	3	0	4

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	0	0	0
Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
TOTAL	1	2	1	2



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

Opinion

1. I have audited the financial statements of the South African State Theatre set out on pages 72 to 118, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African State Theatre as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of Grap) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. 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 this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2019 have been restated as a result of an inclusion and reclassification of some items in the financial statements of the public entity as at 31 March 2020.

Significant subsequent event

8. I draw attention to note 31 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on public entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

Responsibilities of the accounting authority for the financial statements

9. The council, which constitute the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA 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.
10. 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

11. 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.
12. 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

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 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.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. 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 also do not extend to any disclosures or assertions relating to 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.
15. 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 programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2 - business development	40 - 41

16. 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.

17. 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

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 37 to 42 for information on the achievement of planned targets for the year and explanations provided for the achievement of targets.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: business development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 1 915 237 as disclosed in note 33 to the annual financial statements as required by section 51 (1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by operational contracts that were continued beyond their expiry dates.

Other information

26. 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.

27. 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 thereon.

28. 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 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.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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 this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. 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 findings on compliance with legislation.

31. 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 on the financial statements submitted for audit.

32. Non-compliance with legislation could have been prevented had legislative requirements been properly reviewed and monitored by management through a proactive and dedicated approach and control environment.

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 expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other reports

33. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public 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.
34. An independent consultant investigated allegations of misappropriation of the public entity's assets at the request of the public entity. The investigation, which covered the period 1 December 2014 to 31 January 2020. The investigation was concluded on 20 February 2020 and resulted in criminal proceedings against two employees. These proceedings were in progress at the date of this auditor's report.

Auditor - General

Pretoria

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Annexure - Auditor-general's responsibility for the audit

- 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

- 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 related to events or conditions that may cast significant doubt on the South African State Theatre and its ability 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 the 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 continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 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.
- I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

2 | ANNUAL FINANCIAL STATEMENTS

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Index

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 2020

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 board of members sets standards for internal control aimed at reducing the risk of error 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 misstatements.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2021 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 Council 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 which have been prepared on the going concern basis, were approved by the Council members on 30 September 2020 and were signed on its behalf by:



Professor Fikile N.M. Mazibuko
Chairperson of Council

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

Figures in Rand	Notes	2020	2019 Restated*
Assets			
Current Assets			
Inventories	8	93 044	279 949
Receivables from exchange transactions	9	3 816 371	5 142 234
Cash and cash equivalents	10	24 924 557	18 763 671
		28 833 972	24 185 854
Non-Current Assets			
Investment property	3	25 699 903	24 499 903
Property, plant and equipment	4	93 179 036	96 484 425
Intangible assets	5	151 156	188 945
Heritage assets	6	34 676 000	32 460 700
		153 706 095	153 633 973
Total Assets		182 540 067	177 819 827
Liabilities			
Current Liabilities			
Finance lease obligation	11	161 642	104 630
Payables from exchange transactions	13	8 502 623	9 675 152
Employee benefit obligation	7	477 000	457 000
Unspent conditional grants and receipts	12	36 473 488	23 883 526
		45 614 753	34 120 308
Non-Current Liabilities			
Finance lease obligation	11	25 434	38 410
Employee benefit obligation	7	2 843 000	3 098 000
		2 868 434	3 136 410
Total Liabilities		48 483 187	37 256 718
Net Assets		134 056 880	140 563 109
Reserves			
Revaluation reserve		17 822 479	15 607 179
Accumulated surplus		116 234 401	124 955 930
Total Net Assets		134 056 880	140 563 109



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The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Performance

Figures in Rand	Notes	2020	2019 Restated*				
				Fraud loss	24	(7 656 584)	(6 501 768)
Revenue						(6 770 247)	(4 408 922)
Revenue from exchange transactions				Deficit for the year		(8 721 529)	(1 491 885)
Sale of goods	14	2 099 070	1 977 696				
Rendering of services	14	6 331 362	5 039 158				
Rental of facilities and equipment	14	23 409 941	25 568 406				
Sundry income	14	602 030	307 856				
Interest received - investment	14	70 788	238 378				
Total revenue from exchange transactions		32 513 191	33 131 494				
Revenue from non-exchange transactions							
Transfer revenue							
Government grants & subsidies	15	66 259 892	62 695 702				
Revenue in kind: Property rates and building rental		45 740 972	-				
Total revenue from non-exchange transactions		112 000 864	62 695 702				
Total revenue	14	144 514 055	95 827 196				
Expenditure							
Employee related costs	16	(34 888 787)	(37 674 016)				
Production costs	17	(18 756 090)	(10 321 397)				
Depreciation and amortisation	4&5	(7 065 530)	(6 805 553)				
Rental of stage equipment		(859 549)	(1 013 471)				
Debtors impairment	9	(3 866 739)	(721 292)				
Property rates and building rental in kind		(45 740 972)	-				
Sale of goods/Inventory		(1 856 610)	(1 728 552)				
General Expenses	18	(30 530 966)	(30 190 048)				
Repairs and Maintenance		(2 900 094)	(4 455 830)				
Total expenditure		(146 465 337)	(92 910 159)				
Operating (deficit) surplus		(1 951 282)	2 917 037				
(Loss)/gain on disposal of assets		(250 687)	228 051				
Fair value adjustments	19	1 200 000	2 387 021				
Actuarial gains/(losses)	7	45 000	(447 000)				
Finance costs		(107 976)	(75 226)				

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
	-	-	-
Balance at 01 April 2018 as restated*	13 557 829	129 130 867	142 688 696
Restated Deficit for the year	-	(1 491 885)	(1 491 885)
Artwork revaluation surplus	2 049 350	-	2 049 350
Prior year adjustments	-	(2 683 052)	(2 683 052)
Restated* Balance at 01 April 2019	15 607 179	124 955 930	140 563 109
Artwork revaluation surplus	2 215 300	-	2 215 300
Net income (losses) recognised directly in net assets	2 215 300	-	2 215 300
Deficit for the year	-	(8 721 529)	(8 721 529)
Total recognised income and expenses for the year	2 215 300	(8 721 529)	(6 506 229)
Balance at 31 March 2020	17 822 479	116 234 401	134 056 880
Note	6		

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Cash Flow Statement

Figures in Rand	Notes	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		32 442 403	33 689 258
Grants and sponsorship revenue	14	66 259 892	62 695 702
Interest income		70 788	238 378
		<u>98 773 083</u>	<u>96 623 338</u>
Payments			
Employee costs	16	(34 888 787)	(37 674 016)
Suppliers		(46 118 427)	(52 865 235)
Finance costs		(107 976)	(75 226)
Fraud loss		(7 656 584)	(6 608 577)
		<u>(88 771 774)</u>	<u>(97 223 054)</u>
Net cash flows from operating activities	22	10 001 309	(599 716)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3 884 459)	(4 871 077)
Proceeds from sale of property, plant and equipment	4	-	506 255
Purchase of intangible assets	5	-	(62 028)
Net cash flows from investing activities		(3 884 459)	(4 426 850)
Cash flows from financing activities			
Finance lease payments		44 036	(403 885)
Net increase/(decrease) in cash and cash equivalents		6 160 886	(5 430 451)
Cash and cash equivalents at the beginning of the year		18 763 671	24 194 122
Cash and cash equivalents at the end of the year	10	24 924 557	18 763 671

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and Actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	2 400 000	-	2 400 000	2 099 070	(300 930)	REF 1
Rendering of services	5 500 000	-	5 500 000	6 331 362	831 362	REF 2
Rental of facilities and equipment	25 518 815	-	25 518 815	23 409 941	(2 108 874)	REF 3
Sundry income	-	-	-	602 030	602 030	REF 4
Interest received - investment	400 000	-	400 000	70 788	(329 212)	REF 5
Total revenue from exchange transactions	33 818 815	-	33 818 815	32 513 191	(1 305 624)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	75 625 000	-	75 625 000	66 259 892	(9 365 108)	REF 6
Revenue in kind - property rates and building rental	-	-	-	45 740 972	45 740 972	REF 12
Total revenue from non-exchange transactions	75 625 000	-	75 625 000	112 000 864	36 375 864	
Total revenue	109 443 815	-	109 443 815	144 514 055	35 070 240	
Expenditure						
Personnel	(36 878 342)	-	(36 878 342)	(34 888 787)	1 989 555	REF 7
Production Costs	(18 300 000)	-	(18 300 000)	(18 756 090)	(456 090)	REF 8
Fraud Loss	-	-	-	(7 656 584)	(7 656 584)	
Lease rentals on operating lease	(772 815)	-	(772 815)	(859 549)	(86 734)	REF 9
Repairs and maintenance	(3 247 846)	-	(3 247 846)	(2 900 094)	347 752	
Property rates and building	-	-	-	(45 740 972)	(45 740 972)	REF 12
Rental benefit						
Sale of goods - FOH	(1 750 000)	-	(1 750 000)	(1 856 610)	(106 610)	
General Expenses	(35 292 658)	-	(35 292 658)	(30 530 966)	(4 761 692)	REF 10
Capital projects	(13 202 154)	-	(13 202 154)	-	13 202 154	REF 11
Total expenditure	(109 443 815)	-	(109 443 815)	(143 189 652)	(33 745 837)	

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Operating surplus	-	-	-	1 324 403	1 324 403
Loss on disposal of assets	-	-	-	(250 687)	(250 687)
Debtors impairment	-	-	-	(3 866 739)	(3 866 739)
Fair value adjustments	-	-	-	1 200 000	1 200 000
Actuarial losses	-	-	-	45 000	45 000
Depreciation and amortisation	-	-	-	(7 065 530)	(7 065 530)
Finance costs	-	-	-	(107 976)	(107 976)
	-	-	-	(10 045 932)	(10 045 932)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(8 721 529)	(8 721 529)

REF 1 - The Front of House sales was not in line with the increase in audience numbers. Audience numbers were mostly influenced by setworks on high school prescribed literature, therefore there was less demand for alcoholic drinks.

REF 2 - Artistic budget was exceeded in the fourth quarter after the repeat of setworks (based high school literature) that were staged at a profit in the preceding quarters.

REF 3 - One major parking contract was cancelled during the year, the client ran into financial difficulties, this led to under collection against budget.

REF 4 - There are still challenges in collecting long outstanding debtors and most were not sticking to their settlement agreements as at year end. Interest was levied on these accounts as per the lease agreements, lower of prime +2% or the official rate per Treasury, i.e. 10%, 10% was levied.

REF 5 - There was a change in policy, previously interest earned on ring-fenced funds for capital projects was recognised as income. It is now ring-fenced with the capital funds and only released to income when spent on capital projects.

REF 6 - There were delays in procurement processes relating to capital projects, R15m was budgeted for capital projects and R5.3m was spent.

REF 7 - The vacancies were not all filled at year end, hence the under spending.

REF 8 - The repeat (was not budgeted for) of setworks in the fourth quarter led to a corresponding over collection in artistic revenue.

REF 9 - The rental of stage equipment was more than expected as there were delays in finalising tenders for stage equipment.

REF 10 - The water and electricity budget was distorted as it was based on prior year spending which included the fraud that was detected during the year. The current year actual spending excludes the detected fraud, hence the variance. Also, the cleaning costs decreased as a new company was appointed at a reduced rate.

REF 11 - The budget for capital projects was set high as more funds were received in prior years. The facilities management function is to be outsourced as per the allocation from the Department of Arts and Culture, delays in finalising the terms of reference for this function took long than expected and led to delays in other projects.

REF 12 - Property rates of R10.7m and R35m of building rental were raised as a revenue in kind as they were not funded by the South African State Theatre.





Aspoesterijje
Photography by Sanmar Marais

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

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
- 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.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

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 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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

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.
- 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

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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.

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').

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- 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 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

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meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Financial instruments (continued)

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 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.

Statutory receivables (continued)

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.

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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 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

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

1.11 Employee benefits (continued)

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

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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 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.

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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:

- 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 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 arise 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.

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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.

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.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.19 Budget information

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

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.



Ringo Madlingozi



The Ignored Flow

The South African State Theatre

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:

- GRAP 104 Financial instruments

Effective date: Years
beginning on or after

1 April 2020

Expected impact:

Not material



*Freedom the Musical
Photography by Sanmari Marais*

The South African State Theatre

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3. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	25 699 903	-	25 699 903	24 499 903	-	24 499 903

Reconciliation of investment property - 2020

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

Reconciliation of investment property - 2019

Investment property	Opening balance	Fair value adjustments	Total
	22 112 882	2 387 021	24 499 903

The investment property is valued by an independent property valuer annually. The investment property was valued on 31 March 2020 and 31 March 2019 by Strata Properties using the Income Capitalisation method. The capitalisation rate used was 11 % (2019: 12 %).

The South African State Theatre

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4. Property, plant and equipment

	2020			2019		
	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	171 954 281	(96 112 990)	75 841 291	170 671 817	(92 704 845)	77 966 972
Motor vehicles	260 650	(91 099)	169 551	260 650	(69 008)	191 642
Office equipment	6 846 865	(4 940 550)	1 906 315	7 254 543	(5 142 801)	2 111 742
IT equipment	1 965 623	(1 267 825)	697 798	1 893 057	(965 255)	927 802
Wardrobe	931 300	(818 540)	112 760	931 300	(762 162)	169 138
Plant and Equipment	31 884 758	(22 670 125)	9 214 633	30 901 880	(20 938 133)	9 963 747
Leased equipment	448 780	(215 012)	233 768	330 785	(180 323)	150 462
Total	219 295 177	(126 116 141)	93 179 036	217 246 952	(120 762 527)	96 484 425

The South African State Theatre

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	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	-	-	-	(22 091)	169 551
Office equipment	2 111 742	97 499	(32 402)	-	(270 524)	1 906 315
IT equipment	927 802	117 547	(7 784)	-	(339 767)	697 798
Wardrobe	169 138	-	-	-	(56 378)	112 760
Plant and Equipment	9 963 747	2 069 988	(180 769)	112 500	(2 750 833)	9 214 633
Leased equipment	150 462	204 462	(28 822)	-	(92 334)	233 768
	96 484 425	3 884 460	(249 777)	-	(6 940 072)	93 179 036

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Prior year error	Depreciation	Assets written off	Total
Land	5 002 920	-	-	-	-	-	5 002 920
Buildings	78 333 038	3 679 567	-	(177 092)	(3 408 145)	-	75 841 291
Motor vehicles	199 755	-	-	-	(8 113)	-	191 642
Office equipment	2 930 191	11 036	(191 226)	-	(324 169)	(314 090)	2 111 742
IT equipment	1 578 977	-	-	7 071	(505 966)	(152 280)	927 802
Wardrobe	201 575	-	-	-	(32 437)	-	169 138
Plant and Equipment	12 529 984	1 170 304	(86 927)	177 092	(1 852 464)	(1 974 242)	9 963 747
Artwork	196 466	3 099	-	-	-	(199 565)	-
Leased equipment	265 985	-	-	-	(115 523)	-	150 462
	101 238 891	4 864 006	(278 153)	7 071	(6 707 213)	(2 640 177)	96 484 425

Pledged as security

No property, plant and equipments are pledged as security for liabilities in 2020, (2019: Rnil) and all assets are non-current assets.

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

Opening balance - Fire Detection System

Transferred to Plant and Equipment

Foyer and Ablutions

Transferred to completed items

IT equipment

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

Reconciliation of Work-in-Progress 2019

Additions - Fire Detection System

The Fire Detection System project was started in the prior and was not completed at year-end due to outstanding compliance sign off. The Foyer and Ablution (Transformation project) commenced during the year and is expected to last for three years.

Included within Buildings	Total
3 633 797	3 633 797



Sneeuwitjie
Photography by Sanmari Marais

The South African State Theatre

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5. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	345 760	(194 604)	151 156	345 760	(156 815)	188 945

Reconciliation of intangible assets - 2020

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

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	178 603	62 028	(51 686)	188 945

6. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Art Collections, antiques and exhibits	34 676 000	-	34 676 000	32 460 700	-	32 460 700

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6. Heritage assets (continued)

Reconciliation of heritage assets 2020

Artwork Collections

	Opening balance	Revaluation increase	Total
	32 460 700	2 215 300	34 676 000

Reconciliation of heritage assets 2019

Artwork Collections

Revaluations

Art collections

	Opening balance	Revaluation increase	Total
	30 411 350	2 049 350	32 460 700

The effective date of the revaluation was 2020/03/31. Revaluations of the artwork collections were performed by an independent valuer, Mr Pieter W van Heerden, from Association of Arts Preforia. The value was determined directly by reference to 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 QED Employee Benefits Consulting (Pty) Ltd for the medical aid fund based on 13 (2019:13) retired pensioners previously employed by the State Theatre. The Projected Unit credit 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 spouse'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 3 (2019:3) 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 South African State Theatre

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7. Employee benefit obligations (continued)

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

Post Medical Aid Liability

Opening Accrued Liability	(3 367 000)	(3 159 000)
Interest Cost	(259 000)	(233 000)
Benefits Paid	420 000	426 000
Actuarial gain /(losses)	76 000	(401 000)
	(3 130 000)	(3 179 000)

Ex-gratia Pension Benefit Liability

Opening Accrued Liability	(188 000)	(173 000)
Interest Cost	(12 000)	(11 000)
Benefits Paid	(41 000)	(42 000)
Actuarial gain /(losses)	(31 000)	(46 000)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 555 000	3 332 000
Benefits paid	(461 000)	(468 000)
Net expense recognised in the statement of financial performance	226 000	691 000
	3 320 000	3 555 000

Net expense recognised in the statement of financial performance

Current service cost	271 000	244 000
Past service cost	(45 000)	447 000
Actuarial (gains) losses	-	-
	226 000	691 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(45 000)	447 000
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The South African State Theatre

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used - Post Employment Medical Aid	9.70 %	8.20 %
Consumer Price Inflation - Ex gratia pensioners	9.70 %	7.29 %
Healthcare Cost Inflation - Post Employment Medical Aid	5.80 %	5.75 %
Pension Inflation	4.80 %	4.00 %
Medical Aid Contribution Inflation	5.80 %	6.50 %
Net Discount Rate - Ex gratia Pensioners	4.68 %	3.16 %
Net Discount Rate - Post Employment Medical Aid	3.69 %	3.29 %

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

The South African State Theatre

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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

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.

8. Inventories

Stationery	55 017	4 493
Front Of House Liquor, refreshments and consumables	38 027	275 456
	93 044	279 949

9. Receivables from exchange transactions

Trade debtors	2 600 065	4 746 871
Deposits	342 042	205 970
Operating lease receivables	-	15 024
Accrued income	-	50 197
Other receivables	-	98 066
Prepaid expenses	874 264	26 106
	3 816 371	5 142 234

Aging of Debtors accounts

0 - 30 days	565 149	580 430
30 - 60 days	164 321	1 126 928
60 - 90 days	275 980	121 471
90 - 120 days	296 562	268 340
120 days and longer	7 511 413	4 989 225
	8 813 425	7 086 394
Total receivables from exchange transactions	3 816 371	5 142 234

The South African State Theatre

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Reconciliation of provision for impairment of trade and other receivables		
Opening balance	2 346 621	1 624 691
Provision for impairment	3 866 739	721 930
	6 213 360	2 346 621
<p>Most of the tenants failed to settle their outstanding balances for an extended period of time leading to an increase in the impairment provision.</p>		
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	52 981	76 840
Bank balances	133 066	803 152
Deposits call account	24 738 510	17 883 679
	24 924 557	18 763 671
<p>Cash and cash equivalents are not pledged as security for any liabilities.</p>		
11. Finance lease obligation		
Minimum lease payments due		
- within one year	209 826	268 805
- in second to fifth year inclusive	27 015	39 417
	236 841	308 222
less: future finance charges	(49 765)	(47 332)
Present value of minimum lease payments	187 076	260 890
Non-current liabilities	25 434	38 410
Current liabilities	161 642	104 630
	187 076	143 040

Finance lease obligations represents rentals payable for printers, telephones, licences and other IT equipment . The average lease term is 3 years and the average borrowing rate was 8% in 2020 (2019:10%).

No contingent rent was payable.

The South African State Theatre

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12. Deferred grant income

Deferred grant income comprises of:

Unspent conditional grants and receipts

Deferred grant income - capital portion

35 441 806 18 639 356

Deferred grant income - interest portion

1 031 682 5 244 170

36 473 488 23 883 526

Movement during the year

Balance at the beginning of the year

23 883 526 23 652 104

Additions during the year

17 980 150 7 015 401

Income recognition during the year

(5 390 188) (6 783 979)

36 473 488 23 883 526

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

13. Payables from exchange transactions

Trade payables

4 208 824 5 017 192

Income received in advance

1 49 517 388 204

Medical and Pension Accrual

206 717 123 880

Accrued leave pay

1 083 750 1 034 880

Accrued expenses

1 223 168 1 065 025

Tenant deposits received

662 981 1 194 339

Other payables

967 666 851 632

8 502 623 9 675 152

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

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	2020	2019
14. Revenue		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	2 099 070	1 977 696
Rendering of services	6 331 362	5 039 158
Rental of facilities and equipment	23 409 941	25 568 406
Sundry income	602 030	307 856
Interest received - investment	70 788	238 378
	32 513 191	33 131 494
<p>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, any small ad hoc revenue from insurance claims or sale of costumes and interest on long outstanding debtors. Interest received arises from the operational grants received in advance which were invested in the call account.</p>		
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	66 259 892	62 695 702
Revenue in kind - Property rates and building rental	45 740 972	-
15. Government grants and subsidies		
Operating grants		
Department of Arts and Culture - Operational Grant	59 443 000	55 095 000
CATHSSETA Grant	76 704	71 523
Department of Arts and Culture - Incubator grant	1 350 000	745 200
	60 869 704	55 911 723
Capital grants		
Department of Arts and Culture - Capital Grant utilised	5 390 188	6 783 979

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	2020	2019
16. Employee related costs		
Basic	31 185 088	34 752 211
Medical aid - company contributions	2 437 400	1 854 000
Workman's compensation	160 797	170 201
Leave pay provision charge	48 869	127 971
Interest cost on revaluation of Medical Aid Fund and Pension Fund	271 000	244 000
Overtime payments	785 633	525 633
	34 888 787	37 674 016

17. Production costs

Production costs

	2020	2019
Production costs	18 756 090	10 321 397

Production costs relate to the core business of the entity, staging of theatre. Revenue from theatre ticket sales was R6.3m (2019: R5m) representing a cost recovery of 34% (2019: 49%).



Sneeuwijje
Photography by Sanmari Marais

The South African State Theatre

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Figures in Rand	2020	2019
18. General expenses		
Advertising	2 505 179	1 879 329
Auditors remuneration	2 431 863	1 823 653
Bank charges	296 843	334 127
Cleaning	3 019 827	2 681 799
Computer support	376 043	163 576
Consulting and professional fees	2 404 023	2 595 818
Consumables	41 969	30 033
Entertainment	135 290	586 374
Fines and penalties	7 902	119 137
Insurance	360 165	235 406
IT expenses	234 084	71 281
Placement fees	128 375	274 690
Postage and courier	5 109	74 994
Printing and stationery	160 522	84 042
Protective clothing	18 373	46 606
Royalties	329 670	178 792
Secretarial fees	798 148	563 220
Security	5 091 884	4 559 226
Software expenses	785 436	-
Staff welfare	470 020	126 907
Subscriptions and membership fees	98 159	964 458
Telephone and fax	626 448	502 640
Training	284 494	202 649
Travel - local and international	1 072 012	2 766 109
Utilities	8 485 304	9 015 070
Other expenses	363 825	405 112
	30 530 967	30 285 048

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19. Fair value adjustments

Investment property (Fair value model)

1 200 000

2 387 021

20. 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

2 660 990

2 385 871

Due between 2 and 5 years

8 682 224

-

11 343 214

2 385 871

21. Taxation

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



Aspoesterjje
Photography by Sanmari Marais

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	2020	2019
22. Cash generated used in operations		
Deficit	(8 721 529)	(1 491 885)
Adjustments for:		
Depreciation and amortisation	7 065 531	6 805 553
Profit/(Loss) on disposal of assets	250 687	(228 050)
Fair value adjustments	(1 200 000)	(2 387 021)
Debtors impairment	3 866 739	721 930
Movements in retirement benefit liabilities	(235 000)	223 000
Movement in leave provision	48 869	1 214
Actuarial gain/(loss)	(45 000)	447 000
Finance costs	107 976	75 226
Other non-cash items	(90 166)	(389 875)
Changes in working capital:		
Inventories	186 905	(119 828)
Receivables from exchange transactions	(2 547 974)	(3 809 009)
Payables from exchange transactions	(1 275 691)	(679 393)
VAT	-	-
Unspent conditional grants and receipts	12 589 962	231 422
	10 001 309	(599 716)
23. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	4 618 351	1 139 831
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational expenditure	15 858 047	11 737 459

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
Total operational commitments		
Total operational commitments		
Already contracted for but not provided for	15 858 047	11 737 459
Total commitments		
Total commitments		
Authorised capital expenditure	4 618 351	1 139 831
Authorised operational expenditure	15 858 047	11 737 459
	20 476 398	12 877 290

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

24. Contingencies

The entity is investigating fraud estimated to be more than R24m, perpetrated over the past five years, was detected during the financial year. The fraud was reported to the SAPS and currently being investigated by Hawks and an independent forensic firm. The full extent of the fraud was not confirmed before the submission of the financial statements for audit as at 31 July 2020. Processes to recover the defrauded funds from the responsible culprits are underway.

The debtors book increased in the past two years, efforts to enforce settlement were not successful. Evictions were enforced after year end and a debt collection process will follow and possible write-offs thereafter.

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

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25. Related parties

Relationships

Controlling Department

Member of key management

Department of Arts and Culture

Mr. A. Sekhabi

Related party transactions

Department of Arts and Culture

Operational Grant

59 443 000 55 095 000

Capital grant

17 168 000 7 058 594

Incubator grant

1 350 000 745 200

Compensation to members and other key management

Mr. A. Sekhabi (Royalties)

46 442 47 166

26. Key Management Compensation

Executive

2020

Dr. S. Mkhize (Chief Executive Officer)

Mr. S. Mathye (Chief Financial Officer)

Mr. A. Sekhabi (Artistic Director)

	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
	3 660 347	586 069	196 800	4 443 216

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	Basic Salary	Provident Fund	Allowances	Consulting Fees	Total
Dr. S. Mkhize (Chief Executive Officer)	1 586 645	272 856	36 000	-	1 895 501
Mr. S. Mathye (Appointed 1 July 2018) (Chief Financial Officer)	757 782	91 391	27 000	-	876 173
Mr. A. Sekhabi (Artistic Director)	928 123	159 072	97 600	-	1 184 795
Ms. S. Viljoen (Interim CFO)	-	-	-	725 085	725 085
	3 272 550	523 319	160 600	725 085	4 681 554

Non-executive

2020

	Members' fees	Other	Total
Prof. 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. Mphuti	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 on May 2019)	27 911	3 380	31 291
Ms. S. Khumalo (Independent Institutional Development Committee Member)	9 873	913	10 786
Mr. B. Vollenhoven (Independent Audit and Risk Committee) (Appointed June 2019)	23 553	482	24 035
Ms. P. Maseko (Appointed on May 2019)	35 102	2 824	37 926
Ms. V. Ndlovu (Independent Audit and Risk Committee Chairperson) (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
	686 504	45 503	732 007

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	Members' fees	Other	Total
Prof. N.M. Mazibuko (Chairperson)	28 689	-	28 689
Ms. N. Mosala	35 405	5 788	41 193
Dr. M.J. Ndlovu	33 064	7 356	40 420
Mr. T. Mphuti	28 466	5 153	33 619
Mr. S. Chauke	30 226	3 221	33 447
Ms. M. Mofammere	43 224	5 487	48 711
Ms. S. Singh	31 302	5 860	37 162
Mr. B. Jay (Deputy Chairperson) (Resigned on 18 November 2018)	18 598	4 514	23 112
Ms. S. Khumalo (Independent Institutional Development Committee Member)	6 840	1 235	8 075
Dr. A.M. Vilakazi (Term ended 30 November 2017)	21 300	2 394	23 694
Ms. S. Singh (Term extended until 30 November 2020)	18 324	2 550	20 874
Dr. V. Zulu (Term ended 30 November 2017)	67 476	2 472	69 948
Ms. S. Khumalo (Independent Institutional Development Committee Member)	14 637	1 891	16 528
	377 551	47 921	425 472

27. 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.

Building

The useful life of fixed chairs in Arena Theatre was original estimated to be 10 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 R87 598.

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28. Prior period errors

During the current financial year, the entity reviewed prior period transactions. The review resulted in a number of adjustments relating to 2018/19 financial year which affected a number of general ledger accounts. The prior period was adjusted retrospectively.

Property, plant and equipment

After a full physical verification of assets, it was discovered that certain assets, on the floor could not be found, count results from prior year were also rechecked and confirmed.

Below are the asset classes affected:

Office Equipment
IT equipment
Plant and equipment
Artwork

Employee benefit obligation

Current portion of benefit as per valuation report incorrectly classified as non-current portion

Unspent grant

Interest earned in previous years was not included in the closing balance as at year-end.

Derecognition of leased vehicle

Leased vehicle contract expired and not removed from the assets register.

Unidentified Deposits

Amount recorded in unidentified deposit relating to receivables

Trade payables

Certain trade payables had debit balances due to the fraud that was perpetrated in the past five years, reversal of these entries were taken to fraud loss in the income statement.

Other payables

This relates to various salaries control accounts that were cleared after the audit.

Provision for bad debts

Closing balance amount of the provision for impairment incorrectly accounted for as movement in the Statement of Financial Performance

Fraud loss

The fraud entries were posted in various expenditure accounts for the past five years, i.e. expenditure was overstated by payments that were diverted to personal bank accounts, the identified entries were reclassified to a fraud loss and disclosed below the operating deficit in the Statement of Financial Performance. The following expenditures were affected:

- General expenses
- Repairs and Maintenance
- Rental of Stage Equipment
- Production Costs

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The impact of the correction of the errors can be summarised as follows:

Statement of Financial Position

Decrease in Other Payables	-	21 999
Decrease in Debtors Impairment	-	1 624 691
Increase in Trade Payables (Fraud entries taken to Fraud loss)	-	(1 761 772)
Decrease in Property, Plant and Equipment	-	(2 640 127)
Decrease in Employee benefit obligation - current, classified as non-current	-	(102 000)
Increase in Employee benefit obligation - non-current, classified as current	-	102 000
Decrease in Unspent Grant (Interest not recorded the correct period)	-	43 193
Derecognition of leased vehicle	-	(40 576)
Decrease unidentified deposits liability	-	66 910
Other receivables, allocation of the identified deposit	-	(66 910)
	-	(2 752 592)

Statement of changes in Equity

Accumulated loss	-	-
• Decrease in Debtors Impairment	-	1 624 691
• Property, Plant and Equipment written off	-	(2 640 126)
• Decrease in Unspent Grant (Interest not recorded the correct period)	-	43 193
• Derecognition of the leased vehicle	-	(40 576)
• Decrease in Other Payables	-	21 999
Statement of Financial Performance	-	-
Decrease in General Expenses (Reclassification to Fraud Loss)	-	(2 013 865)
Decrease in Rental of Stage Equipment (Reclassification to Fraud Loss)	-	(147 340)
Decrease in Productions Costs (Reclassification to Fraud Loss)	-	(42 500)
Decrease in Repairs and Maintenance (Reclassification to Fraud Loss)	-	(2 116 156)
Decrease in sale of inventory (Reclassification to Fraud Loss)	-	(420 135)
Increase in Fraud Loss (Reclassified from expenditure accounts)	-	4 739 995
Increase in Fraud Loss (Reclassified from Trade payables)	-	(1 761 772)
	-	(2 752 592)

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29. Risk management

Liquidity risk

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.

Less than one year

Trade and other payables

8 502 623

9 729 442

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.

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

Financial instrument

2020

2019

Cash and cash equivalents

24 924 557

18 763 671

Trade and other receivables

3 816 371

5 142 234

Interest rate risk

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

Assets

Cash and cash equivalents

24 924 557

18 763 671

Trade and other receivables

3 816 371

5 142 234

28 740 928

23 905 905

Liabilities

Trade and other payables

8 502 623

9 729 442

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30. Going concern

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R 116 234 401 and that the entity's total assets exceed its liabilities by R 134 056 880.

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 after year-end, future revenue and expenditure was revised accordingly. Based on the assessment conducted, the operational grant will sustain the entity for the entire 2020/21 financial year. Productions are now staged online and the feedback is positive, ensuring business continuity.

31. Events after the reporting date

There were no adjusting events after the reporting date. The impact of Covid-19 was responded to by moving the core business to an online platform and was well received by our audience.

32. Fruitless and wasteful expenditure

Opening balance		20 601 999	13 354 144
Fruitless and wasteful expenditure for the current year		7 656 584	7 247 855
Closing balance as restated		28 258 583	20 601 999

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Fraud loss	A forensic investigation is on-going	7 656 584	6 080 533
Traffic fines	The traffic fines will be claimed from the respective employees	7 902	-
SARS penalty and interest on late EMP201	Further investigation for Treasury condonation	-	119 137
CCMA settlements	Further investigation for Treasury condonation	-	1 048 185
		7 664 486	7 247 855

The entity is investigating fraud estimated to be more than R24m, perpetrated over the past five years, was detected during the financial year. The fraud was reported to the SAPS and currently being investigated by Hawks and an independent forensic firm. The full extent of the fraud was not confirmed before the submission of the financial statements for audit as at 31 July 2020. Processes to recover the defrauded funds from the responsible culprits are underway

33. Irregular expenditure

Opening balance as previously reported	169 915 706	165 962 880
Add: Irregular Expenditure - current year	1 915 237	3 952 826
Opening balance as restated	171 830 943	169 915 706
Closing balance	171 830 943	169 915 706

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

Disciplinary steps taken/criminal proceedings

Extension of contracts exceeding 15%

New contracts were entered into to avert extensions, investigations for the old extensions are on-going.

1 384 396

3 952 826

Non-adherence to SCM prescripts

Investigations will be undertaken to determine liability

530 841

-

1 915 237

3 952 826



Honey Bees
Photography by Sanmari Marais



Amawethu
Photography by Sanmari Marais

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