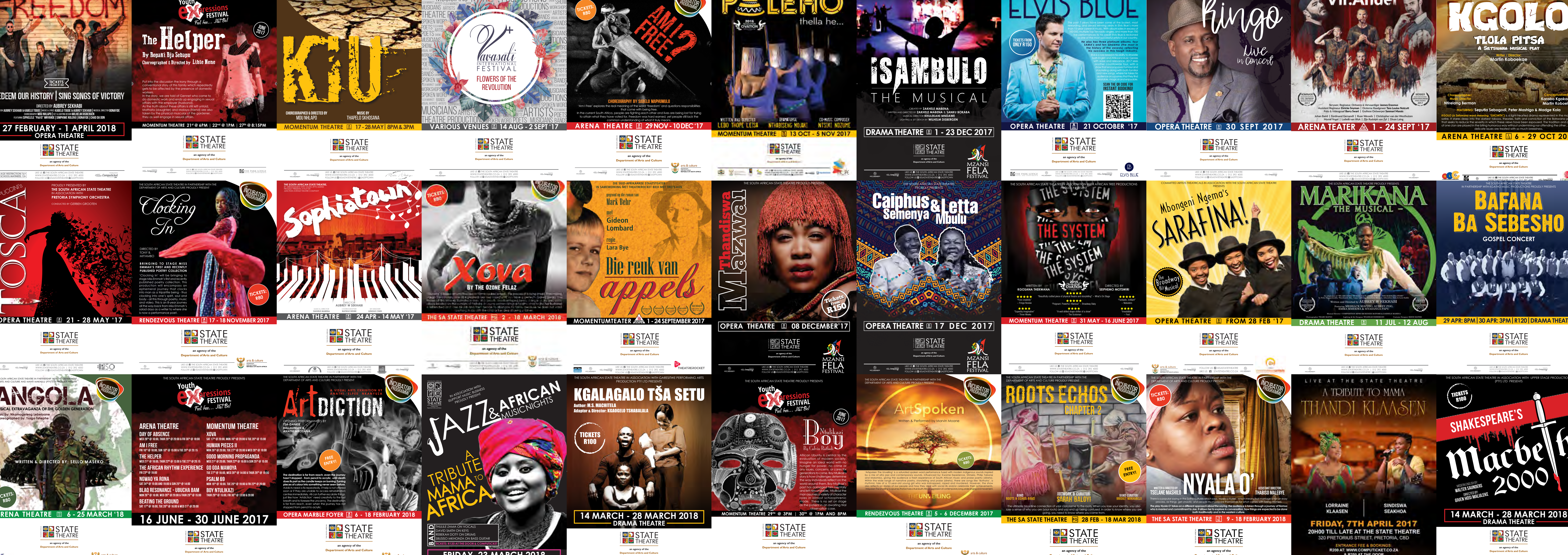
THE SOUTH AFRICAN STATE THEATRE

ANNUAL REPORT

2017 / 2018



REDEEM OUR HISTORY | SING SONGS OF VICTORY
27 FEBRUARY - 1 APRIL 2018
OPERA THEATRE
Youth Expressions Festival
The Helper
By Bopaki Bja Sebapu
MOMENTUM THEATRE
KIU
MOMENTUM THEATRE 17 - 28 MAY | 8PM & 3PM
Vavasati International Festival
FLOWERS OF THE REVOLUTION
VARIOUS VENUES 14 AUG - 2 SEPT '17
AM I FREE?
ARENA THEATRE 29 NOV - 10 DEC '17
PALESA
thella he...
MOMENTUM THEATRE 13 OCT - 5 NOV 2017
ISAMBULO
THE MUSICAL
DRAMA THEATRE 1 - 23 DEC 2017
ELVIS BLUE
OPERA THEATRE 21 OCTOBER '17
Ringo
Live in Concert
OPERA THEATRE 30 SEPT 2017
ARENA THEATRE 1 - 24 SEPT '17
KGOLO
TLOLA PITSA
ARENA THEATRE 6 - 29 OCT 20
TOSCA
OPERA THEATRE 21 - 28 MAY '17
Clocking In
RENDEZVOUS THEATRE 17 - 18 NOVEMBER 2017
Sophiatown
ARENA THEATRE 24 APR - 14 MAY '17
Xova
BY THE OZONE FELAZ
THE SA STATE THEATRE 2 - 18 MARCH 2018
Die reuk van appels
Mark Lottering
Gideon Lombard
Lara Bye
MOMENTUMTEATER 1 - 24 SEPTEMBER 2017
Thandiswa Mazwai
OPERA THEATRE 08 DECEMBER '17
Caiphus Semenya & Letta Mbulu
OPERA THEATRE 17 DEC 2017
THE SYSTEM
MOMENTUM THEATRE 31 MAY - 16 JUNE 2017
Mbongeni Ngema's SARAFINA!
OPERA THEATRE FROM 28 FEB '17
MARIKANA
THE MUSICAL
DRAMA THEATRE 11 JUL - 12 AUG
BAFANA BA SEBESHO
GOSPEL CONCERT
29 APR: 8PM | 30 APR: 3PM | R120 | DRAMA THEATRE
ANGOLA
WRITTEN & DIRECTED BY: SELLO MASEKO
ARENA THEATRE 6 - 25 MARCH '18
Youth Expressions Festival
16 JUNE - 30 JUNE 2017
ArtDICTION
OPERA MARBLE FOYER 6 - 18 FEBRUARY 2018
JAZZ & AFRICAN MUSIC NIGHTS
A TRIBUTE TO MAMA AFRICA
FRIDAY, 23 MARCH 2018
KGALAGALO TŠA SETU
TICKETS R100
14 MARCH - 28 MARCH 2018
DRAMA THEATRE
Ntulikazi Boy
MOMENTUM THEATRE
ArtSpoken
RENDEZVOUS THEATRE 5 - 6 DECEMBER 2017
ROOTS ECHOS
CHAPTER 2
THE SA STATE THEATRE 28 FEB - 18 MAR 2018
NYALA O'
THE SA STATE THEATRE 9 - 18 FEBRUARY 2018
LIVE AT THE STATE THEATRE
A TRIBUTE TO MAMA THANDI KLAASEN
LORRAINE KLAASEN
SINDISWA SEAKHOA
FRIDAY, 7TH APRIL 2017
SHAKESPEARE'S Macbeth 2000
14 MARCH - 28 MARCH 2018
DRAMA THEATRE
STATE THEATRE

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Image by Sanmari Marais

The Fall
Image by Sanmari Marais

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GENERAL INFORMATION

Macbeth 2000
Image by Sanmari Marais

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 SECRETARY SERVICE PROVIDER:	ADAMS AND ADAMS ATTORNEYS

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CADO	Community Arts Dramaturgy Outreach
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Cultural Institutions Act, 1998 (Act 119 of 1998)
COUNCIL	The South African State Theatre Council (Board)
DAC	The Department of Arts and Culture
DPSA	The Department of Public Service and Administration
GRAP	Generally Recognised Accounting Practice
MANCO	Management Committee
MTEF	Medium Term Expenditure Framework
NT	National Treasury
OHS	Occupational Health and Safety
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

Introduction

The Council of the South African State Theatre (SAST) is pleased to present its 2017/18 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 year marked the end of the term of the previous Council and the commencement of the term of the new Council that was appointed on 01 December 2017. The Handover Report allowed a smooth transition and continuity and adaptation for the new Council. It provides a detailed historical background and comprehensive overview in respect of the experiences of the outgoing Council and highlights the challenges, achievements and the key strategic priorities. It also outlined the key interventions made by Council during the period 01 December 2014 to 30 November 2017.

During this period Council made many strides, more particularly in stabilising the organisation. Some of their interventions were the implementation of the Turnaround Strategy, the Skills Audit, for defining and prioritising the institutional identity and the initiation of a programme for transforming the theatre's look and feel, renaming of spaces and diversifying and growing audiences. The current Council has already engaged in strategic conversation on transformation, growing audiences in 2018, particularly inclusiveness and diversification of the artistic programme as well as the look and feel of its facilities. In addition to its enhancement approach and reviewing strategic priorities, the current Council continues with the consolidation of the strategic interventions that stabilise and put SAST on the growth trajectory.

Professor Fikile N. M. Mazibuko
(Chairperson)

Good governance practice and high performance by the executive team remain a priority and a notable area of concern for Council. In November 2017 Council terminated the Chief Financial Officer's contract of employment after a disciplinary hearing. The interim CFO maintains stability and controls in the SAST financial controls and accounting systems, steering SAST towards a positive audit outcome. The process of appointing the new CFO was completed during the first quarter of the 2018/2019 financial year.

For the 2017/2018 financial year, the SAST obtained an unqualified audit opinion from the Auditor-General. While appreciative of the improvement in this year's audit opinion, I wish to state that the Council is resolute in its commitment to addressing the areas identified by the auditors and to enhance the SAST's performance particularly balancing artistic creativity and fiscal stability. The auditors highlighted that matters relating to compliance with legislation, more especially the financial reporting framework, expenditure management, revenue management, consequence management as well as procurement and contract management, require urgent attention.

Organisational Performance for the year under review

The Council of the SAST is pleased to announce an overall performance against predetermined objectives, as set out in our 2017/2018 Annual Performance Plan, of 79%, which is 2% less than the performance for 2016/2017 financial year of 81%. While there is a slight decrease this means the SAST's performance has remained constant. One of the main causes of the slight decrease is the downscaling of activities as a way of achieving financial sustainability whilst exploring other forms of sponsorship and financial growth. The number of in-house productions staged during the year totalled 84. In total 531 performances were staged for these productions, attracting an audience of 65, 350 and generating a revenue of R4,03m. The total audience attendance for the year was 134,833, with rental productions attracting an audience of 69, 483. The SAST also exceeded its job creation target of 450 by creating 1,164 short term opportunities for artists.

The Council is proud of the artistic work of the SAST and the achievements it has made in cementing its role as a premier theatre for both small and large-scale productions. Productions such as *Sarafina: The Broadway Hit Musical, Marikana: The Musical, Freedom: The Musical, Kiu, Xova, Nyala O, Isambulo, Angola, Vir Ander, Die Reuk van Appels* and the school set works such as *Sophiatown, Kgalagalo tsa setu* and *Macbeth 2000*. These shows helped diversify and grow the SAST's audience.

Financial Results

The details of the SAST's financial performance are outlined in the Annual Financial Statements which form part of this Annual Report. SAST remains committed to fiscal stability by implementing cost containment measures. While management has generally succeeded in containing costs, the reality that theatre is a business full of uncertainties which defies the rules of Economics makes planning and implementation of strategy extremely challenging. 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.

Notable achievements were recorded in the rental of theatres which generated a revenue of R8,8m, Parking garage generated R13,7m. Both indicators significantly exceeded their annual targets. While operating under a climate of resource constraints, the revenue from theatre productions increased from R3,8m in 2016/2017 to R4,03m in 2017/2018. Similarly Front of House Sales increased from R1,6m in 2016/17 to R2,3m during the 2017/18 financial year. The improved FOH performance is due to a Council decision to change the operating model in that area of operation.

The Council has already identified the enhancement of capacity to generate own revenue as one of the key deliverables for 2018/2019. The 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 of its budget towards maintenance and municipal bills than the production and presentation of theatre productions.

Corporate Governance

The SAST Council and its committees, that is, the Audit and Risk Committee (ARC), the Human Resources and Remuneration Committee (REMCO) and the Artistic and Sponsorship Committee (ASC) executed their responsibilities in accordance with their respective charters and enabling legislation.

There has been a remarkable improvement on the quality of reports that have been submitted to Council. The new Council has sought to strengthen the pillars of good corporate governance by reviewing the composition and mandates of committees, particularly the ARC and the ASC, which is now called the Institutional Development Committee (IDC). The new Council was saddened by the resignation of two members of the Audit and Risk Committee, Ms Tinyiko Mhlari and Mr Vincent Motholo. The process of replacing these highly competent and exceptionally talented members and establishing guidelines for appointment of the new members of the Audit and Risk Committee in May 2019 will be finalised during the first quarter of the 2018/2019 financial year.

Strategic Direction

Furthermore, Council has already held a Strategy Workshop aimed at identifying priorities for the term of this current council. In summary, the workshop sought to examine the SAST's Business Model with a view to achieving Long Term Sustainability. Strategically, focus is on identity and branding, marketing and its capacity to deliver on its mandate as well as the generation of own revenue.

It is envisaged that the implementation of the strategic priorities will result in the integration of the Strategy, Structure and Financial Resources, which is critical to the success of this organisation. In line with its identity as a pan African theatre, it was agreed that the SAST should fervently and effectively identify/position itself as "the theatre of Africa", with its vision as: "We are the prestigious theatre of choice for a distinctly Pan-African experience".

A notable development was that the workshop focussed on the core business, more particularly on the question of balancing artistic creativity and fiscal stability.

The strategic pillars and priorities identified at the workshop will guide the Council in monitoring and evaluating the performance of the SAST during the 2018/2019 financial year all the way to end of the Council's term in November 2020. Two other key matters that will require time and effort during 2018/2019 will be the approval of the Intellectual Property and Production Right Policy and the clarification of governance arrangements in respect of the ownership of the SAST building.

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

Acknowledgements

On behalf of the previous and the current Council of the South African State Theatre, I extend acknowledgement of the foresight, insight and collective critical reflections driven by the Executive Authority Honourable Minister of Arts and Culture, Mr E. N. Mthethwa. The continued support from the team in the Department of Arts and Culture, led by the Director-General Mr Vusimuzi Mkhize, as the SAST discharges its mandate. Sincere gratitude goes to my predecessor Ms Barbara Masekela, and Council members who served with her. Throughout her term, Ms Masekela led and navigated SAST with grace and integrity, and expressed her commitment to be available at all times should she have been needed. On behalf of Council I would also like to recognise with and express appreciation for the invaluable contribution made by all staff of the SAST. Staff consistently demonstrate strong work ethics, passion, civility and professionalism.

The SAST Council looks ahead to the 2018/2019 financial year with renewed vigour and a resolve to achieve operational efficiency. Once more we thank the DAC and we hope that we will continue to deepen the cooperation which is vital to the survival and growth of the theatre.

Professor Fikile N. M. Mazibuko
Chairperson
The South African State Theatre
31 July 2018

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Introduction

I have great pleasure in writing my overview for the 2017/2018 financial year. The South African State Theatre (SAST) remains committed to perform in accordance with 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 financial year under review was important in many ways. It was the centenary of the late giant of the liberation struggle, Oliver Reginald Tambo, and the SAST infused his values in the programme and its activities. Secondly, it was the first 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. Thirdly, the SAST parted ways with its Chief Financial Officer, after her contract of employment was terminated in November following a disciplinary process.

Dr. S Mkhize
(CEO)

The year under review saw a change of custodianship when a new Council was appointed in December 2017. Unlike in 2014, the transition between the former and the current Council was well-managed and seamless and, as a result, there has been a sense of continuity and stability at leadership level. As mentioned in the chairperson's report, the Council Handover Report assisted greatly in ensuring that the priorities set by the previous council are recognised and integrated into the plans of the new Council.

During the year under review management focussed on organizational renewal, with particular focus on the implementation of the second 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 has already held a workshop which identified key strategic priorities for the 2018/2019 to 2020/2021 MTEF period. These strategic pillars are a response to the State Theatre's challenges and seek to ensure long term sustainability. The pillars were based on six themes, which are:

1. Revenue resources (capacitation and enhancement)
2. Reputation Enhancement
3. Human Capital Mind Shift
4. Internal Communication
5. Audience Development
6. Marketing Hype

Out of the 6 themes the workshop came up with five (5) strategic pillars:

1. Maximise Revenue (increase capacity to generate own revenue instead of hoping to receive donations and sponsorships)
2. Enhance reputation
3. Develop and Manage Human Capital
4. Promote a Culture of Excellence
5. Audience Development

I am delighted that during the audit of the 2017/2018 financial year the SAST obtained an unqualified audit opinion from the Auditor General. I wish to echo the chairperson's sentiments that while the unqualified audit demonstrates significant progress, 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. Particular focus will be placed on compliance with legislation and the development of policies to address the weaknesses in internal controls.

Artistic Performance

Following a robust and critical appraisal in October 2016 Council redefined the identity of the SAST as a pan-African Theatre. This new identity was expressed in the 2017/2018 Artistic Programme and the transformation of the visual and spatial aspects of the State Theatre facilities. The buzz created by Sarafina! The Broadway Musical in April and May 2017 vindicated Council's decision to change the strategic direction and underscored the need for the SAST to play a crucial role in the writing and presentation of new South African large-scale musicals. Marikana: The Musical and the brand new Freedom: The Musical, underscored the significance of growing South African artistic talent. Both the afore-mentioned shows were invited for a special screening in Toronto, Canada, in May 2018.

However, it would be unfair to the vibrant and dynamic young cohort of emerging artists if one were to only focus on musicals. The SAST continued to produce hard-hitting and gritty productions such as Angola, Nyala O, Kiu, Xova, Qina, Vir Ander and Die Reuk van Appels. These were complemented by Isambulo as well as the jazz and comedy programmes, and the special performances of the Capital Singers Mass Choir, which were all well supported by the public. In addition, a number of shows were presented during the SAST's Youth Xpressions Festival, Vavasati International Women's festival, the Mzansi Fela Festival and the Tshwane Youth Arts Festival. The indefatigable State Theatre Youth Choir has continued to grow from strength to strength. The establishment of the Education, Youth and Children's Theatre (EYCT) Department has ensured that SAST has a structured ad dedicated approach towards the development of young artistic talent in Gauteng and other provinces such as the Northern Cape and Mpumalanga.

As mentioned in the Chairperson's Report, the successes 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. Despite these challenges the SAST managed to exceed its audience attendance targets as well as revenue generation.

The SAST, together with the other theatres, will continue to engage with DAC and National Treasury regarding the funding of theatre and the development of a touring venture.

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 2017/2018 financial year, the SAST received an operational grant of R52m and capital expenditure grants totalling R5m, self-generated revenue of R32,1m, and sponsorship revenue of R0.45. An additional grant of R1,5m was received from DAC for the Incubator Programme being facilitated by SAST. Revenue increased by 6.5%, not taking into account the capital works funds that were deposited by DAC during the 2016/2017 financial year. Expenditure increased by 3.3%, less the inflationary adjustment of 5.5%. The main area of increase was in maintenance of the infrastructure. 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.

As was reported in the 2016/2017 Annual Report, 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 period under review the SAST Council and management paid particular attention on the matters raised by the Auditor-General, which had resulted in the audit qualification for the 2016/2017 financial year.

As the performance reports against predetermined demonstrate, there has been a significant improvement in reporting performance and achievement against targets. As was the case with the 2016/2017 report, management continue to take measures to address challenges in the service delivery departments that were attributed to lack of accountability and culture of non-performance. However, more work still needs to be done in attracting sponsorship and to increase audience attendance.

Risk Management and Compliance

Risk Management is a standing item at management and Council meetings. The Audit Committee reports to Council on a quarterly basis. During the year under review, management held one Risk Review workshop which were facilitated by the internal auditors. The 2017/18 Risk Register has been finalised, including an abridged version. Eleven top risks have been identified and added to the Risk Register. 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.

In addition to the Risk Register, the Fraud and Corruption Prevention Policy has been reviewed and was approved during the first quarter of the 2018/2019 financial year. The policy is important because Fraud and Corruption is one of the risks contained in the Risk Register. The SAST looks ahead to benefit from the DAC's fraud prevention campaign, which will be launched during the 2018/19 financial year.

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). During the year under review, the SAST embarked on the second phase of organizational restructuring. The third phase, which is the last phase, will be implemented during the 2018/2019 financial year. The evidence of improvement is already visible as the SAST has employed appropriately qualified and experienced officials in key positions. The number of personnel with university qualifications has increased from 6 during the 2015/2016 financial year to 20 as at end of the 2017/2018 financial year.

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. As stated earlier, the SAST will establish a new department which will be responsible for Governance, Risk and Compliance. Furthermore, in order to ensure organisational harmony, the SAST will also be embarking on a Job Grading exercise during the 2018/2019 financial year.

The Human Resources and Remuneration Committee (REMCO) met to identify its own strategic priorities, out of the themes and strategic pillars that were identified during the Council workshop of 18 and 19 April.

Infrastructure Management

The Council and management of the SAST have identified, as an area of particular concern, the inadequate strategic integration between maintenance/capital works projects and the strategy of the State Theatre. This problem has been highlighted as one of the risks in the SAST's Risk Register. 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 both a risk in terms of long term stability and an opportunity with regards to maximising of revenue. The assistance by DAC will go a long way to creating certainty.

The current state of the infrastructure is important to take into consideration when exploring ways of ensuring the long term sustainability of the State Theatre. Following several meetings between the SAST and DAC progress is being 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, with funds being made available for the 2017/2018, 2018/19, 2019/20 and 2020/2021 financial years.

An outstanding matter is the clarification of the governance arrangements in respect of the State Theatre building. This is a long standing matter going 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 ad responsibility for maintenance and payment of municipal rates and taxes remained unresolved. The SAST management intends to engage the affected parties, that is, the DAC and the Gauteng Department of Infrastructure Development (DID) 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 in Africa and other parts of the world. During 2017/2018 the SAST continued to engage in fruitful discussions and artistic collaborations with theatres and arts producers from Canada, the United Kingdom, Mozambique, Zimbabwe, Botswana and Namibia.

The SAST donated its old theatre equipment to some of the local schools, theatres and public institutions. Engagements with institutions of higher learning is ongoing. Some of these relationships have resulted in some of the State Theatre archives being housed at UNISA, the University of Pretoria and the University of the Witwatersrand. The SAST already has a long-term relationship with the Tshwane University of Technology.

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.

In addition to partnering with other institutions, the SAST will continue to cultivate healthy relationships with the City of Tshwane and the Gauteng Provincial Government.

New/Proposed Activities

The major activity for 2017/2018 was the implementation of the Business Improvement Strategy (Turnaround Strategy). This was aimed at addressing the shortcomings which were identified during the 2014/2015 audit and the 2015/2016 audit, and the Skills Audit. The aim is not only to look backwards but to also secure a long term sustainability of the South African State Theatre. The third phase of this project will be implemented during the second and third quarters of the 2018/2019 financial year. The final phase will be informed by the outcome of the Job Grading exercise, which will be completed during the first quarter of the 2018/2019 financial year. Part of the Job Grading exercise will entail an organisational analysis, which is aimed at realignment of the SAST with a view to improving performance and the achievement of strategic priorities.

Acknowledgements

I wish to acknowledge the members of the current and former Councils of the SAST for the role they played in supporting executive management and providing leadership to set this organisation on a growth path. 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. 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.

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Dr. Sibongiseni Mkhize
Chief Executive Officer
The South African State Theatre
Date: 31 July 2018

State Theatre Management


Shiraz Ahmed
Performance Manager


Alexandra Bouwer
PR & Marketing Manager


Eugene Hoyi
Sales Manager


Brian Kama
Business Development Manager


Samuel Lebepe
ICT Manager


Napo Masheane
Deputy Artistic Director


Ellen Mashiane
Parking Manager


Keamogetswe Moeketsane
Producer


Millicent Mopayi
HR Manager


Lebogang Mphahlele
Finance Manager


Vusimuzi Nthembu
Procurement Manager


Malcolm October
Health, Safety & Security Manager


Thabiso Qwabe
EYCT Manager


Klaas Sebothoma
FOH Manager


Tshiamo Sibande
Production Manager


Barend Vorster
Maintenance Manager

5. ARTISTIC DIRECTOR'S OVERVIEW

5.1 Overview

INTRODUCTION

We are excited to have met our annual targets for audience attendances, number of productions staged and income generation. In our audience development endeavours, 84 productions were staged, with 531 performances yielding 65,350 total audiences. Our sales amounted to 43,571 tickets sold and 21,779 complimentary tickets issued. Altogether with rental productions, which attracted 69,483 patrons, with a total audience attendance for the year reaching 134,833 against a target of 120,000. This represented a slight over-achievement of 12.36% due mainly to the large audiences attending *MARIKANA! The Musical*, *Sarafina the Broadway Hit Musical*, *Freedom* and the annual *Tshwane Youth Arts Festival.*

MUSICALS

For the first time in fifteen years in the South African theatres, the South African State Theatre presented four large scale musical productions in both the Opera and Drama theatres. Both *Sarafina, The Broadway Hit Musical* and *Freedom* were presented in the Opera theatre whilst the multi-award winning *MARIKANA! The Musical* and *Isambulo* were presented in the Drama theatre. This is in line with our ambition of developing South African musicals and staying true to our Pan African artistic outlook. Whilst *Sarafina* is a reflection on our brutal apartheid past; *Freedom* and *MARIKANA! The Musical* dealt with contemporary social and political issues and Isambulo, on the other hand, was a gospel musical for family viewing. All four productions provided job opportunities to 300 actors, dancers, singers, musicians and technical staff.

Mr. A Sekhabi
(Artistic Director)

SET WORKS

Sophiatown, Kgalagalo Tsa Setu and *Macbeth 2000* were staged during the year under review. For the first time two different productions of *Sophiatown* were staged in the same season at both the State Theatre and the Market Theatre. This move made us realise the potential audiences and different audiences that each institution can serve in each city; whilst at the same time strengthening the collaborative ties between both the theatres. *Sophiatown* dealt with the Sophiatown forced removals whilst *Kgalagalo Tsa Setu*, a Sepedi novel adapted into a dramatic piece, addressed family and broken marriages; and lastly *Macbeth 2000*, which was an abridged and simplified version of Shakespeare's *Macbeth*. These set works not only assisted with us staging prescribed works for learners but are an appropriate avenue to develop future audiences, who get theatre exposure from a young age.

CONCERTS

Songs and Rhythms programme under the banner of *Jazz and African Music Nights* presented twenty jazz music groups, namely: Ngoako Manamela and Sol Shibambu, Zodwa Mabena and Badimo ba Jazz, Linda Kekana and LesEgo, Paseka and Kafka Music Ensemble, MoAfrica and the Cats and Tshwane School of Music, Girlie and Zuri Africa, D/tonic and Mos Mogale Unit, Don Myezi and Wayne Bosch, Tshegofatso Tefu and Girlie Ngoveni. These regular jazz concerts were amplified by large scale one day concerts that featured Thandiswa Mazwai, Ringo Madlingozi, Tshwane Gospel Choir, Bafana ba Sebesho, Elvis Blue, Caiphus Semenya and Letta Mbulu.
These consistent music offerings affirm the diverse nature of our programme and allows us to attract different audiences but importantly, it is a concomitant effort from the SAST to profile Tshwane as the home of jazz.

THEATRE IN INDIGENOUS LANGUAGES

We had an amazing season of indigenous productions. This season featured *Die Reuk van Appels, Vir Ander, Paleho, KIU* and *Kgolo*. *Die Reuk Van Appels* is based on Mark Behr's acclaimed and controversial novel. It lays the Afrikaner psyche of the seventies on a remarkable and faithful manner merely through the eyes of a child. *Vir Ander* on the other hand is a new South African Afrikaans drama based on true events and addressing masculinity. *Paleho* tackled the Basotho initiations whilst *Kgolo* focused on African rituals and traditions. A rare inclusion on the indigenous season is a dance production entitled *KIU*. *KIU* is a Swahili word for thirst. The dance language of the production was authentically African. We have earmarked this production to be part of the Main Programme at the National Arts Festival in 2018. The season served to express our pride in our indigenous languages and to profile them on the main stream stages.

FESTIVALS

SAST presented three festivals namely; Youth X-pressions Festival in June to celebrate Youth month, Vavasati International Festival during August in celebration of Women's Month and Mzansi Fela Festival in December to celebrate South African artists. The Youth Festivals staged 18 productions, Vavasati a total of 5 and Mzansi Fela 13. Although the three festivals were underfunded, they continue to grow at their own pace and remain a perfect platform for artists to exhibit their works. It also is a hunting ground for the SAST team to harvest productions that are worthy of consideration for the main programme. More than thirty five productions were showcased at these festivals.

COMEDY

The launch of Thapelo "Shampoonaiza" Seemise comedy shows in partnership with the SAST has reignited and redirected comedy audiences back to the SAST with between 62-72% occupancy achieved with this production in the Rendezvous theatre. The monthly programme, just like the concerts, is amplified by the one-night only performances in the Opera Theatre. This feature will continue into the next financial year with the aim of including more curators for the comedy shows. We are excited by the potential partnership with multiple artists.

EYCT DEPARTMENT

1. Incubator

We ended the year with a big bang, presenting a new South African musical entitled Freedom, which featured mainly young unknown artists. What made the end of the year even more exciting is that the SAST programme was fortified by young artists who participated in the incubator programme. The 4th quarter has been thrilling, with most of the performers and theatre-makers making their professional débuts. The highlight of the Incubator programme include Sello Maseko's Angola, a brave look at Camp 13 notoriously known as Quadro, Joseph Komane's Xova an excellent cutting edge piece of theatre that tackles abuse; whilst Given Maziwa's Qina portrayed the pressures and challenges of entering an art school. The three productions have been selected and will be supported by the SAST to feature at the National Arts Festival in Makhanda in 2019.

The incubator programme didn't only pave way for dramatists, but it has open doors for young musicians like Kabelo "Bonafidebilli" and Ncamisa, who will be releasing their singles as a result of their participation in the programme. Anathi "Elpee" Nkanyuza, who uses candle to paint has also been identified for more exhibitions.

2. Community Arts Dramaturgy Outreach (CADO)

For the past ten years, CADO focused on South African Classical and contemporary Drama. This project has been running in collaboration with Tshwane University of Technology. Through CADO, we have managed to regularly service more than hundred and forty (140) community groups in Gauteng. Moving forward, we will be including dance and musical theatre within the project, as well as a schools programme to run in collaboration with the University of Pretoria.

For the 2017/18 financial year, we have worked with fifteen community groups. Big Eagle, CYTM, YTDM and Amanguni Youth group from Atteridgeville, Propaganda Artist Work from Diepsloot, African Golden Horns from Kagiso, Success and Future Arts from Mamelodi, Worse Dreamers, Bokamoso Young Stars, Kgomotso Children Centre and Harethabeng Arts Group from Soshanguve and Acadramics, sa Tlou and , shell busters from Tembisa.

We have also laid our footprint in Mpumalanga, eMalahleni and had activations in partnership with eMalahleni Municipality. Thirteen groups showcased across various arts genres including dance; drama; poetry and music to be part of the EYCT – CADO programme 2018.

In Northern Cape, we conducted showcases in Kimberly at Mayibuye Multi-purpose Centre. 15 groups showcased across various arts genres including dance; drama; poetry and music.

In Gauteng, we conducted showcases in Emfuleni Arts Centre in the Vaal. Four groups showcased drama productions and two groups were selected to be scheduled for the Indie spotlight programme as they didn't meet the under-35 year's age-limit requirement of the CADO call out.

In the Northwest, we conducted workshops at Mmabana Arts Centre in Lehurutshe. We also introduced the arts centre and their communities to our programmes e.g. Indie Spotlight, Youth Expressions, Vavasati International Festival and Mzansi Fela Festival. We are working towards building a fruitful relationship with Mmabana Centre.

3. SAST Youth Choir

The SAST youth choir has been growing in leaps and bounds. Most of the choir members featured prominently in the 4th quarter's programmes of the SAST. They were an integral part of the cast of Freedom and played an important role during the Memorial of Mama Winnie Madikizela Mandela. The SAST Youth Choir has also been featured on SABC's Imilonji ka Ntu and continue to be a regular feature on SAST's events.

NATIONAL DUTY

In partnership with the Department of Arts and Culture, we travelled to China to represent South Africa at the BRICS cultural festival. Xiamen was the host city of the 9th BRICS Summit held in September 2017. The summit was followed by the city holding a week-long cultural festival to celebrate BRICS cultural diversity and cultural exchange. The festival began with a Night of Ballet, featuring dancers from Russia's State Academic Bolshoi Theatre, South Africa's Jo'burg Ballet in collaboration with The South African State Theatre and Department of Arts & Culture.

The South African State Theatre (SAST) put together 10 artists with various expertise: - vocal and instrumental music/traditional dance and ballet. For the whole week this cultural festival brought together 210 artists from BRICS countries and staged 30 shows of theatre performances, music, folk, ballet dance, exhibitions and cinema.

10 South African artists also took part in outreach and presented master classes at Xiamen Art Schools and Xiamen Universities.

JOB CREATION

1,164 short-term jobs were created against an annual target of 450. What is more exciting is the fact that these opportunities were created for young people hence our assertion that the SAST artistic programme from 17/18 was fortified by young people. Considering the rate of unemployment in the country, the effort by the State Theatre is a serious investment on the future of South African arts.

RENAMING OF SPACES/ TRANSFORMATION OF THE SAST

In line with our Pan African Artistic outlook, we have embarked on a process to rename and transform our spaces. The ground work for this project has been laid. 2019/20 will see the implementation of the programme.

MAHOFI

Mahofi is a Setswana word meaning applause. Rightfully so, the programme is an open-air production staged in the SAST Applause Piazza. Tickets are not sold as the aim of the project is to market SAST productions to potential audience walking by SAST and to expose raw talent to the public. The programme has been able to generate massive audiences to the precinct and has created the necessary buzz around the theatre, keeping the precinct alive and the city buzzing with talent.

I must give a heartfelt note of appreciation to our staff members, artists and technicians who contributed to ensure that The SAST delivers a diverse and vibrant artistic offering.

I applaud the Chief Executive Officer, Dr. Sibongiseni Mkhize for his unwavering support as well as the outgoing Interim Chief Financial Officer Ms. Santa Viljoen for her support and understanding of the core business.

5.2 Productions per Programme for 2017/18

INTERNAL PRODUCTIONS

Category	Productions	Performances	Audience	Gross Box-office Sales	Sold	Comps
Main Artistic	39	351	55,658	4,675,578	36,115	19,543
IndieSpotlight	2	27	803	14,990	144	659
Rendezvous	4	36	0	0	0	0
Set-Works	3	40	7,073	605,030	6,022	1,051
Festival	36	77	1,816	67,940	1,290	526
TOTALS	**84**	**531**	**65,350**	**5,363,538**	**43,571**	**21,779**

EXTERNAL PRODUCTIONS

Category	Productions	Performances	Audience	Gross Box-office Sales	Sold	Comps
All External Productions	64	118	69,483	6,779,032	58,392	11,091
TOTALS	**64**	**118**	**69,483**	**6,779,032**	**58,392**	**11,091**
TOTALS (ALL)	**148**	**649**	**134,833**	**12,142,570**	**101,963**	**32,870**

MAIN ARTISTIC PRODUCTIONS

Quarter One		TOTAL	
Production	Cancellations	Performances	Audience
Tosca @ S A State Theatre, Opera(21/05/2017)	0	4	1,914
AFCO (Songs and Rhythms), Rendezvous (14/04/2017)	0	5	401
Bafana Ba Sebesho @ S A State Theatre, Drama(29/04/2017)	0	2	459
Tshwane Gospel Choir @ S A State Theatre, Drama(15/04/2017)	0	2	464
Kiu @ S A State Theatre, Momentum(17/05/2017)	0	14	933
The System @ S A State Theatre, Momentum(31/05/2017)	0	15	731
Tips & Friends Comedy Nites @ S A State Theatre, Drama(27/04/2017)	0	2	913
Sarafina @ S A State Theatre, Opera(01/04/2017)	0	27	11,716
Tribute To Mama Klaasen Concert @ S A State Theatre, Rendezvous(07/04/2017)	0	1	42
Escalandrum feat. Zoe Modiga @ S A State Theatre, Rendezvous(05/04/2017)	0	1	95
Freedom	0	1	168
TOTAL	**-**	**74**	**17,836**
Total Productions			**11**

Quarter Two	TOTAL		
Production	Cancellations	Performances	Audience
Tshwane Acapela Clap & Tap, Rendezvous (30/07/17)	0	2	112
A New Song, Arena (25/08/17)	0	1	200
Hip Hop Is My..., Momentum (12/07/17)	0	5	418
Marikana! The Musical, Drama (11/07/17)	1	31	10,565
Ringo Madlingozi, Opera (30/09/17)	0	1	785
Die Reuk Van Appels, Momentum (01/09/17)	1	21	881
Vir Ander, Arena (30/08/17)	3	21	1,275
TOTAL	**5**	**82**	**14,236**
Total Productions			**7**

Quarter Three	TOTAL		
Production	Cancellations	Performances	Audience
Caiphus Semenya and Letta Mbulu @ S A State Theatre, Opera(17/12/2017)	0	1	1,300
Thandiswa Mazwai @ S A State Theatre, Opera(08/12/2017)	0	1	1,303
Artspoken - Unveiling @ S A State Theatre, Rendezvous(05/12/2017)	0	2	335
Am I Free @ S A State Theatre, Arena(29/11/2017)	0	8	130
Isambulo - The Musical @ S A State Theatre, Drama(29/11/2017)	1	23	2,389
Clocking In @ S A State Theatre, Rendezvous(17/11/2017)	0	2	169
CapCity Hip Hop Rapture @ S A State Theatre, Rendezvous(11/11/2017)	0	1	24
SAST Youth Choir Lunch Hour @ S A State Theatre, Rendezvous(10/11/2017)	0	1	63
The Shampoonaiza Comedy Show @ S A State Theatre, Rendezvous(28/10/2017)	0	3	594
Elvis Blue @ S A State Theatre, Opera(21/10/2017)	0	1	736
Paleho @ S A State Theatre, Momentum(11/10/2017)	1	25	733
Kgolo @ S A State Theatre, Arena(04/10/2017)	1	25	1,438
Roots Echoes @ S A State Theatre, Opera Marble Foyer (Open Visual Arts Exhibition, non-ticketed entry)	0	1	-
TOTAL	**3**	**94**	**9,214**
Total Productions			**13**
Angola @ S A State Theatre, Arena(28/02/2018)	2	22	2,096
Xova @ S A State Theatre, Momentum(27/02/2018)	1	18	624
Fok Fok @ S A State Theatre, Arena(07/02/2018)	4	12	673
Nyala O @ S A State Theatre, Momentum(07/02/2018)	0	12	687
Freedom @ S A State Theatre, Opera(27/02/2018)	8	33	9,744
The Shampoonaiza Comedy Show @ S A State Theatre, Rendezvous(24/02/2018)	0	2	341
Tribute To Mamma Africa @ S A State Theatre, Rendezvous(23/03/2018)	0	1	53
Songs & Rhythms @ S A State Theatre, Rendezvous(09/02/2018)	1	1	154
TOTAL	**16**	**101**	**14,372**
Total Productions			**8**
		Total for the Year:	**39**

IndieSpotlight			
Quarter Two	TOTAL		
Production	Cancellations	Performances	Audience
Silent Scars, Momentum (19/07/17)	0	16	502
TOTAL		**16**	**502**
Total Productions			**1**
Quarter Three	TOTAL		
Production	Cancellations	Performances	Audience
E-Toilet @ S A State Theatre, Momentum(08/11/2017)	0	11	301
TOTAL		**11**	**301**
Total Productions			**1**
		Total for the Year:	**2**

Rendezvous Programme			
Quarter One	TOTAL		
Production	Cancellations	Performances	Audience
Precinct		9	
TOTAL		**9**	**-**
Total Productions			**1**
Quarter Two	TOTAL		
Production	Cancellations	Performances	Audience
Precinct		9	
TOTAL		**9**	**-**
Total Productions			**1**
Quarter Three	TOTAL		
Production	Cancellations	Performances	Audience
Precinct	0	9	-
TOTAL		**9**	**-**
Total Productions			**1**

Quarter Four	TOTAL		
Production	Cancellations	Performances	Audience
Precinct	0	9	-
TOTAL		**9**	**-**
Total Productions			**1**
		Total for the Year:	**4**

Set-Work Productions

Quarter One	TOTAL		
Production	Cancellations	Performances	Audience
Sophiatown		20	3,469
TOTAL		**20**	**3,469**
Total Productions			**1**

Quarter Two	TOTAL		
Production	Cancellations	Performances	Audience
Kgalagalo Tsa Setu @ S A State Theatre, Drama(14/03/2018)	1	13	2,464
Shakespeare Macbeth 2000 @ S A State Theatre, Drama(14/03/2018)	0	7	1,140
TOTAL		**20**	**3,604**
Total Productions			**2**
		Total for the Year:	**3**

Festivals

Quarter One: Youth Expressions Festival	TOTAL		
Production	Cancellations	Performances	Audience
Human Pieces 11 @ S A State Theatre, Momentum(26/06/2017)	0	3	86
Am I Free @ S A State Theatre, Arena(16/06/2017)	0	3	51
Psalm 69 @ S A State Theatre, Momentum(19/06/2017)	0	3	34
Day of Absence @ S A State Theatre, Arena(28/06/2017)	0	3	105
Ngwao Ya Rona @ S A State Theatre, Arena(24/06/2017)	0	3	41
#I Gave you Life Exhibition @ S A State Theatre, Gift Shop(16/06/2017)	0	2	6
The Helper @ S A State Theatre, Arena(21/06/2017)	0	3	64
Xova @ S A State Theatre, Momentum(17/06/2017)	0	3	57
Beating the Ground @ S A State Theatre, Arena(17/06/2017)	0	3	186
African Rhythm Experience @ S A State Theatre, Arena(23/06/2017)	0	1	58
Clap & Tap @ S A State Theatre, Rendezvous(18/06/2017)	0	1	19
Good Morning Propaganda @ S A State Theatre, Momentum(21/06/2017)	0	3	43
SAST Youth Choir @ S A State Theatre, Rendezvous(23/06/2017)	0	2	245
CapCity Hip Hop Revival @ S A State Theatre, Rendezvous(20/06/2017)	0	2	56
Boy Ntulikazi @ S A State Theatre, Momentum(29/06/2017)	0	3	103
Blaq Resonance Ubucha Bam @ S A State Theatre, Arena(27/06/2017)	0	3	125
#Energy Mindset Exhibition @ S A State Theatre, Gift Shop(21/06/2017)	0	-	-
Gogoa Mamoya @ S A State Theatre, Momentum(27/06/2017)	0	3	36
TOTAL	**-**	**44**	**1,315**
Total Productions			**18**

Quarter Two: Vavasati International Women's Festival	TOTAL		
Production	Cancellations	Performances	Audience
Mmakgosi The Musical, Momentum (28/08/17)	1	2	47
Jazz and African Music Night (25/08/17)	0	1	16
Mary the Unfaithful, Momentum (24/08/17)	0	3	115
Gug 'Othandayo The Musical, Momentum (14/08/17)	0	1	13
CapCity Hip Hop Revival, Rendezvous (02/09/17)	0	1	52
TOTAL	**1**	**8**	**243**
Total Productions			**5**

Quarter Three: Mzansi Fela Festival		TOTAL	
Production	Cancellations	Performances	Audience
The Visit @ S A State Theatre, Momentum(12/12/2017)	0	2	47
Umthwalo @ S A State Theatre, Momentum(12/12/2017)	0	2	16
Tebello The Unforseen @ S A State Theatre, Momentum(11/12/2017)	0	2	29
Othandiweyo Yitliziyo Yami @ S A State Theatre, Momentum(09/12/2017)	0	2	10
Peace @ S A State Theatre, Momentum(08/12/2017)	0	2	17
The Case @ S A State Theatre, Momentum(08/12/2017)	0	2	18
Toy Gun @ S A State Theatre, Momentum(07/12/2017)	0	2	10
Lillian @ S A State Theatre, Momentum(06/12/2017)	0	2	2
The Incarnate @ S A State Theatre, Momentum(06/12/2017)	0	2	25
Senesa Pula `Rain Maker` @ S A State Theatre, Momentum(05/12/2017)	0	1	19
We Still Thi @ S A State Theatre, Momentum(04/12/2017)	0	2	14
Mama My Africa @ S A State Theatre, Momentum(02/12/2017)	0	2	23
Over Ruled @ S A State Theatre, Momentum	0	2	28
TOTAL	**-**	**25**	**258**
Total Productions			**13**
		Total for the Year:	**36**

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 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 2018.

Yours faithfully

Chief Executive Officer
Dr. Sibongiseni Mkhize
31 July 2018

Chairperson of Council
Fikile N. M. Mazibuko
31 July 2018

7. STRATEGIC OVERVIEW

7.1 Vision

To be the National Flagship for the facilitation of Socio-Economic development in the Performing Arts Sector.

7.2 Mission

- To present an Artistic offering, of optimal quality, that integrates social and cultural diversity.
- To provide development opportunities to emerging Arts Practitioners to learn and perform with the aim of becoming commercially competitive.
- To provide effective Audience Development Programmes which will result in patrons supporting the economic objectives of the Performing Arts.
- To maintain and upgrade our unique Theatre facilities to support our Artistic ambitions and our self-generating revenue objectives.

7.3 Values

- Transparency
- Accountability
- Freedom of expression
- Honesty
- Integrity
- Excellence

8. LEGISLATIVE AND OTHER MANDATES


Ladysmith Black Mambazo
Image by Sanmari Marais

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:
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:

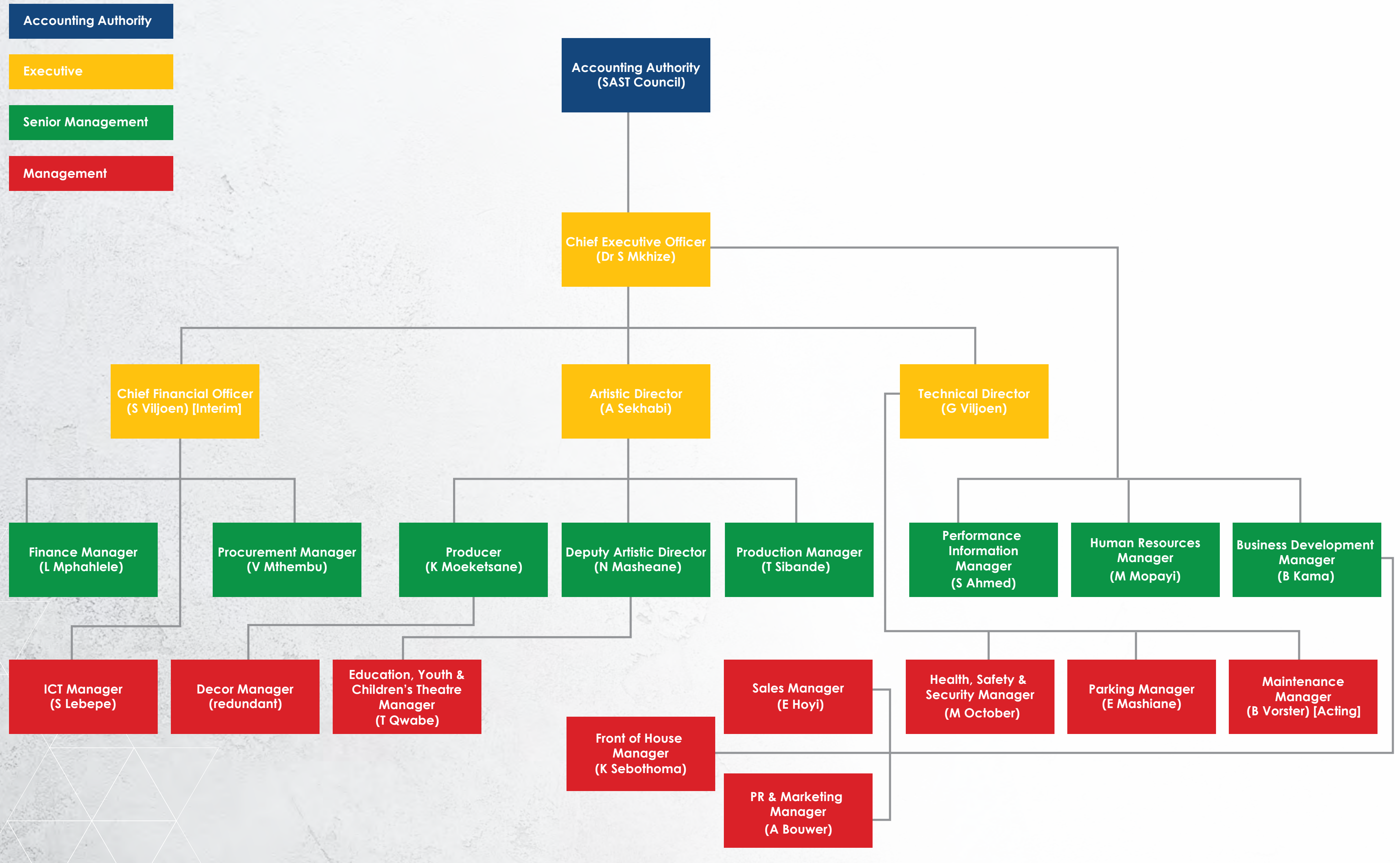
- Cultural Institutions Act, 1998 (Act 119 of 1998);
- Culture Promotion Act, 1983 (Act 35 of 1983);
- National Heritage Council Act, 1999 (Act 11 of 1999);
- National Heritage Resources Act, 1999 (Act 25 of 1999);
- Heraldry Act, 1962 (Act 18 of 1962);
- Legal Deposit Act, 1997 (Act 54 of 1997);
- National 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.

9. ORGANISATIONAL STRUCTURE



Qina
Image by Sanmari Marais

PART B:

PERFORMANCE INFORMATION

Sophiatown
Image by Sanmari Marais

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide limited 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 on the audit of the annual performance report in the auditor's report. Refer to the Auditors Report, published under Part E: Financial Information.

The SAST is pleased to announce that the audit outcome of predetermined objectives for 2017/18 has noted no findings on usefulness and reliability.

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 2017/18 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 2017/18.

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

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 Objectives for the year was reduced in the 2017/18 APP to 24. The Objectives; Implement the Schools Outreach programme and Stage In-house Productions through touring and performing at venues outside the State Theatre were removed due to budget constraints. Accordingly, programme measurable objectives and indicators have been set for each Goal as follows.

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.
	Generate revenue from Front of House sales.
Goal 4	Implement CAPEX projects, per UAMP.
	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.

2017/18 Programme Performance

SAST has achieved an actual performance for the year of 79% for our predetermined objectives, with two strategic goals achieving 100%. Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes and Goal 5: Develop Theatre going Audiences achieved 100% for the year. Goal 1: Stage In-house Performing Arts productions; 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 and Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation partially achieved set targets.

The partial achievement under Goal 1 was due to the IndieSpotlight programme staging only 2 productions for the year, against a target of 7. This lower than planned achievement was due to the realignment of functions within the department which resulted in delays in implementation of the programme.

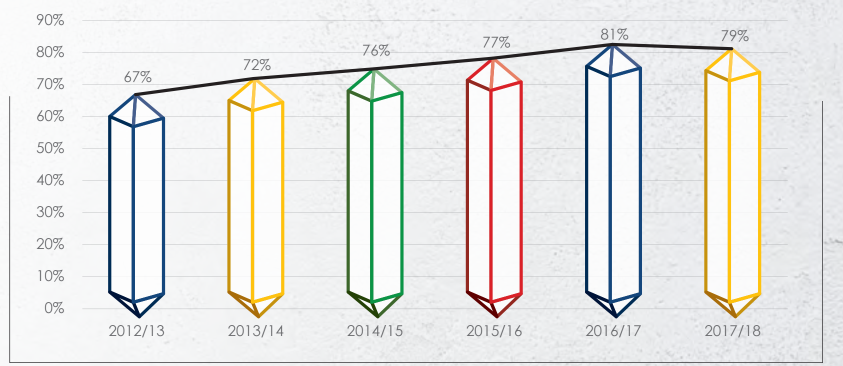
A very low number of Sponsors secured for the year together with a shortfall in Décor and Wardrobe rental revenue caused the partial achievement under Goal 3.

The 2016/17 qualified audit outcome issued by the Auditor General of South Africa resulted in partial achievement under Goal 6.

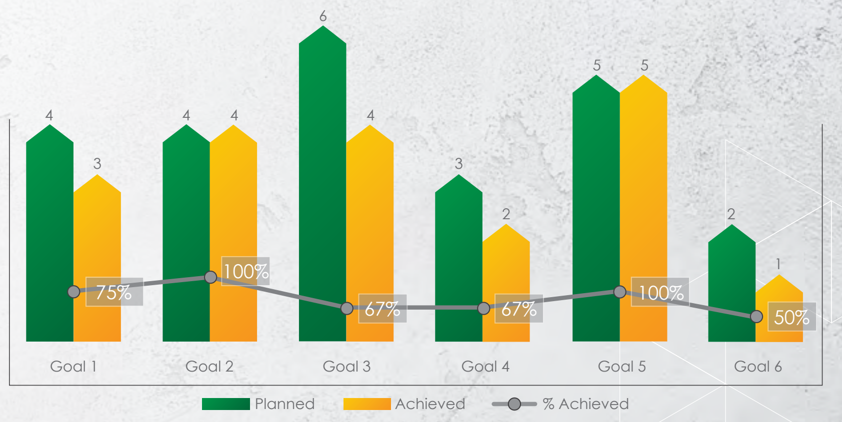
In Goal 4, A lack of funding from the Department of Arts and Culture (DAC) of our Capital Works (CAPEX) programmes together with operational inefficiencies in our Supply Chain Management department has limited the implementation of planned CAPEX projects. Only one project could be completed for the year, namely, the Drama theatre sound system upgrade. Several other CAPEX projects are in progress and will be completed during the MTEF.

The actual achieved performance for 2017/18 of 79% is a slight decline in performance of 2% from the 2016/17 performance of 81%. However, the 79% achieved for 2017/18 is higher than the actual performance of 77% achieved in 2015/16. 2015/16 was the 1st year of the current five-year strategic plan implementation. Over the three year period; 2015/16, 2016/17 and 2017/18, of the current 2015-2020 strategic plan, SAST has achieved an average performance of 79%.

2012/13 - 2017/18 PERFORMANCE ACHIEVED



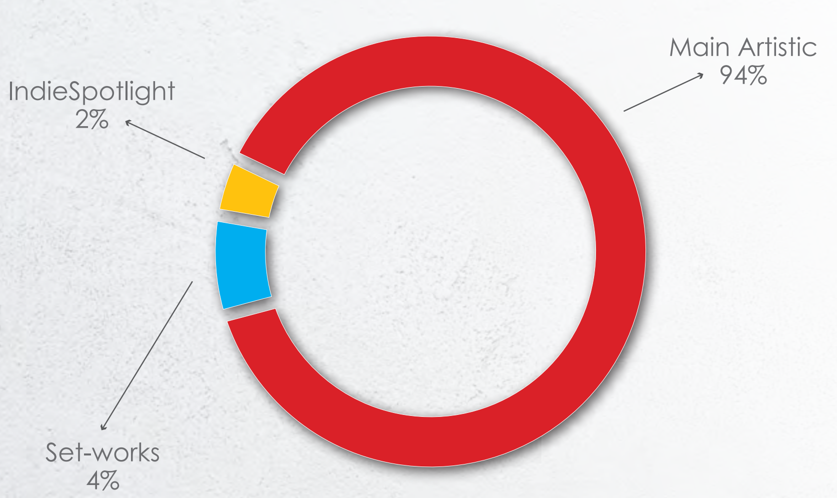
2017/18 PLANNED & ACHIEVED TARGETS



Performance Highlights

The number of In-house Productions staged for the year totalled 84. In total 531 performances were staged for these 84 in-house productions. In-house productions attracted an audience of 65,350 for the year of which 43,571 purchased tickets and 21,779 attended with a Complimentary ticket. R4,030,585 in revenue was generated from in-house productions during the year.

2017/18 ARTISTIC PROGRAMMES

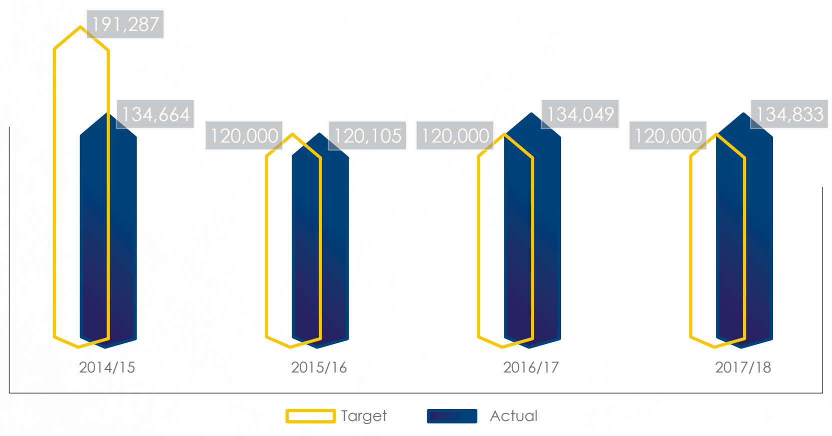


2014/15 - 2017/18 ALL IN-HOUSE PRODUCTIONS

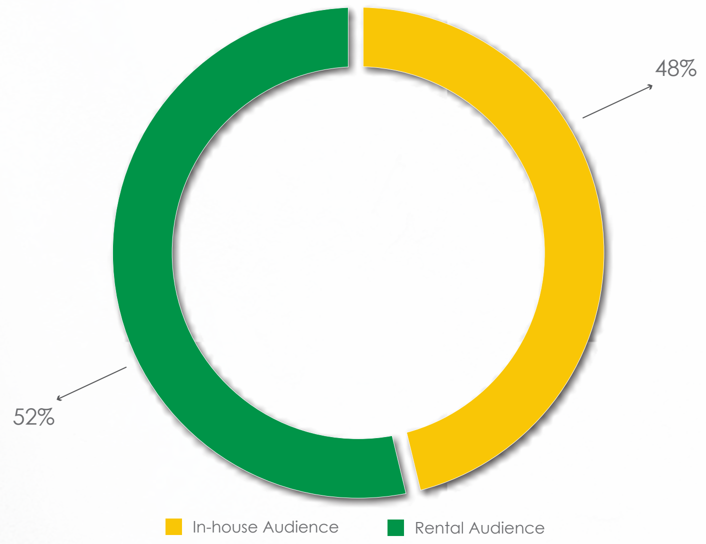
In total 134,833 was recorded for the year in audience attendance, compared to the annual target of 120,000. Rental productions attracted an audience of 69,483. In-house productions attracted an audience of 65,350. Audience attendance has consistently achieved target over the past three years. 2016/17 and 2017/18 has shown a positive trend of audience attendance stabilising at the 134,000 mark. This is a very encouraging sign that the 2018/19 target of 125,000 as well as the 2019/20 target of 130,000 will be comfortably achieved. The 2019/20 target will be reviewed during the planning process and may be adjusted accordingly to be in-line with the current audience attendance trends.

In-house productions provided 1,164 Short-term job opportunities, against a target of 450.

2014/15 - 2017/18 AUDIENCE ATTENDANCE

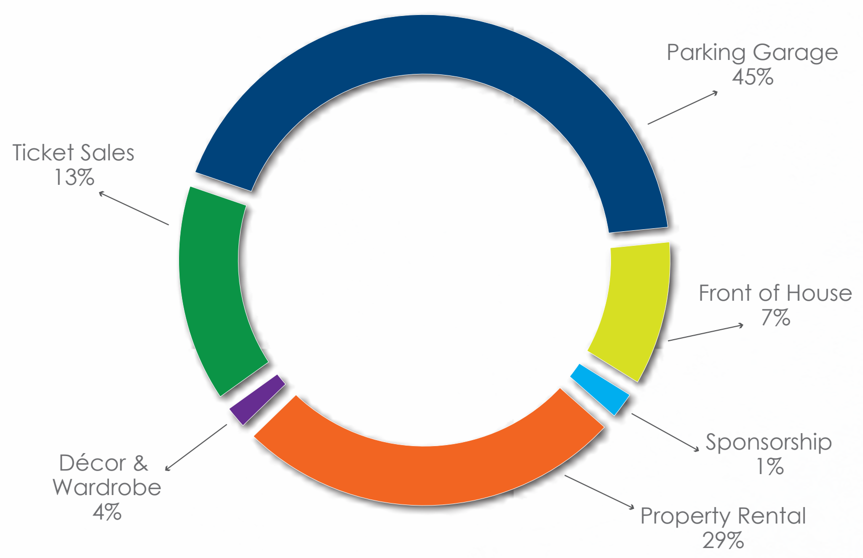


2017/18 IN-HOUSE VS. RENTAL AUDIENCE

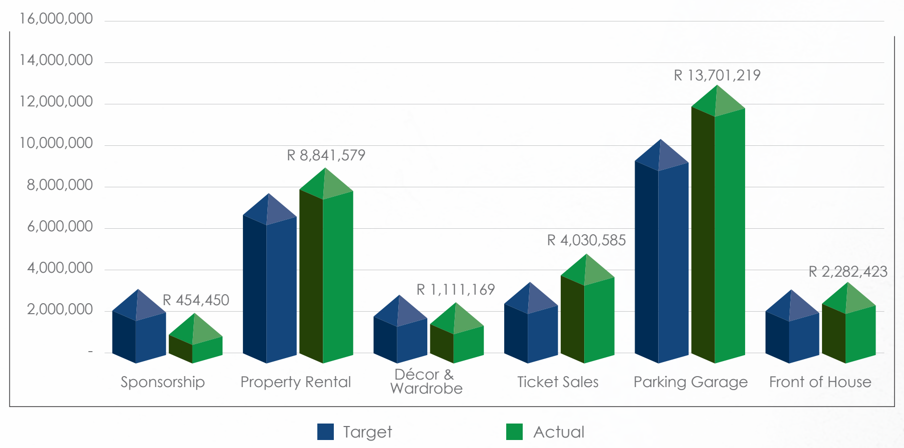


Rental of theatres, offices and other spaces generated R8,841,579 in revenue. Parking garage rentals generated R13,701,219 in revenue. Both indicators significantly overachieved their respective annual targets of R7,439,024 and R10,635,433.

2017/18 REVENUE STREAMS

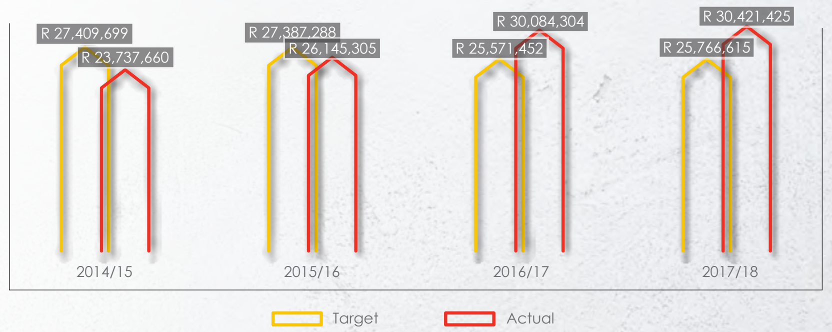


2017/18 SELF-GENERATED REVENUE



Self-generated revenue has also stabilised over the three-year term, achieving consistently in the R30 million mark with R30,084,304 recorded in 2016/17 and R30,421,425 for 2017/18.

2014/15 - 2017/18 SELF-GENERATED REVENUE



Implementation of the Community Outreach Fieldwork programme in collaboration with the Tshwane University of Technology attracted 15 community groups to participate in the programme. Each group was assigned a Fieldworker that provided development support to the community group. Fieldworkers were provided by the Tshwane University of Technology (year 3 and 4 drama students) . Groups that successfully prepared a theatrical production were given an opportunity to present their work during the 2017 Mzansi Fela Festival.

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

The following tables under Section 2.1 and Section 3 provide a detailed report of the overall programme performance for each Goal and Indicator.

2.1 STRATEGIC OUTCOME ORIENTED GOALS

Goal	Number of Sub-Programmes	Achieved	Partially Achieved	Not Achieved	Overall Performance *
Goal 1: Stage In-house Performing Arts productions	4	3	0	1	75%
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	4	1	1	67%
Goal 4: Ensure long term sustainability of Buildings and Assets	3	2	0	1	67%
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	**24**	**19**	**1**	**4**	**76%**
* Total overall performance is calculated using the weighted average method.		**79%**	**4%**	**17%**	

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 (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators) (Unit of Measure)	2016/2017 Actual	2017/2018 Target	Reporting Period	2017/2018 Actual Achieved	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
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.	R716,000	R2,000,000	Annually	R454,450	Not Achieved	Business development has not secured sufficient sponsorship due to lack of staff to actively pursue potential sponsors. Sponsorship agreements secured with SABC and Tshwane Heat.	Council has appointed an institutional development committee that will assist with Sponsorship during 2018/19.	Sponsorship /Donation Contracts. Accounting System: Income Statement / Balance Sheet with Notes.
	Rental revenue from the Immovable Property Portfolio										
	SPI2	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Theatres, Restaurants and other spaces.	Property rental revenue recognised.	R8,573,881	R7,439,024	Quarterly	R8,841,579	Achieved	Revised theatre rental rates together with recovery of operating costs on office and other spaces rentals contributed to the significant over-achievement.	Business development to develop long-term rental schedule and secure theatre rental productions in advance.	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.	R1,727,713	R1,580,608	Quarterly	R 1,111,169	Partially Achieved	Decrease in décor rentals resulted in a partial achievement.	Décor offering to be reviewed and aligned to both market and in-house demands.	Accounting System: Income Statement.

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators) (Unit of Measure)	2016/2017 Actual	2017/2018 Target	Reporting Period	2017/2018 Actual Achieved	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses		Revenue from Ticket Sales									
	SP14	Generate revenue from ticket sales.	Ticket sales revenue recognised.	R3,786,047	R2,311,672	Quarterly	R 4,030,585	Achieved	Good audience attendance for in-house productions. Increase in ticket sales for Incubator productions as well as set-works and the main artistic productions. Limiting of complimentary tickets has also contributed to an increase in tickets being purchased	Sales department to ensure that the productions sales targets are achieved, consistently.	Accounting System: Income Statement.
		Parking Revenue									
	SP15	Generate revenue from the Parking garage.	Parking garage revenue recognised.	R13,664,137	R10,635,433	Quarterly	R 13,701,219	Achieved	High volume of daily parkers contributed to the revenue generated from long-term parking contracts.	To ensure adequate allocation of parking bays utilised by contract holders.	Accounting System: Income Statement.
		Front of house Revenue									
	SP16	Generate revenue from Front of House sales.	Front of House sales revenue recognised.	R1,616,527	R1,799,878	Quarterly	R 2,282,423	Achieved	Good support for the Front of House bars from audiences attending both in-house and rental productions.	FoH offering to be aligned to the demands of patrons attending in-house productions to ensure suitable product offering to our diverse audience and thereby achieving targets.	Accounting System: Income Statement.

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators) (Unit of Measure)	2016/2017 Actual	2017/2018 Target	Reporting Period	2017/2018 Actual Achieved	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability	SPB	Capital Works Projects									
	SPB1	Implement CAPEX projects, per UAMP.	Number of CAPEX projects, per UAMP, completed.	0	11	Annually	1	Not Achieved	DAC has not approved funding of all projects submitted. Only the Drama theatre sound system project, awarded to the supplier Sound Harmonics, was completed during the year from available funds. SCM inefficiencies also negatively impacted on implementation of CAPEX projects.	Projects to be implemented on receipt of DAC funding.	Progress report together with signed service provider's project completion certificates.
		Maintenance Programme in compliance with statutory regulations									
	SPB2	Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	7	7	Annually	7	Achieved	Maintenance programme successfully completed for the year.	2018/19 maintenance plan to be prepared and implemented accordingly.	Progress report, monthly and quarterly.
		Secure environment provided to Customers and Staff									
	SPB3	Secure environment for both staff and patrons to ensure no incident of violence or crime occurs in the entity.	Number of incidents of violence or crime reported to the South African Police Services.	1 incidents	Maximum acceptable number of incidents: 4	Quarterly	No incidents occurred during the year.	Achieved	No incidents of violence or theft reported for the year to South African Police Services.	New security service provider has been appointed and commenced during February 2018.	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	Auditor-General has raised a Disclaimer Audit Opinion for the 2015/16 Financial Year.	Unqualified Audit report (2016/17 Financial Year)	Annually	Qualified Audit report for the 2016/17 Financial Year.	Not Achieved	Several material findings raised on the 2016/17 Financial Statements by the Auditor General.	Finance department developed and implemented an audit improvement plan which showed progress by the end of the financial year.	Auditor-General Audit Report.
		Compliance with all South African Labour Acts									
	SPR2	Comply with South African Labour Acts.	Number of incidents of non-compliance with Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act, SDL, UIF and PAYE.	0 incidents	Maximum acceptable number of incidents: 4	Quarterly	Two Incidents occurred during the year.	Achieved	One incident of non-compliance reported during the year which related to late payment of PAYE that had resulted in penalties and interest. One incident relating to unfair labour practice as ruled by the CCMA, relating to the suspension of internal security employees which the CCMA ruled to have been procedurally and substantively unfair.	Finance and HR department to ensure on time submission and payment of PAYE. HR department to ensure labour practices to be procedurally and substantively fair.	DAC quarterly report of Labour incidents.

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

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

Programme Strategic Objectives	Code	Programme Measurable Objectives	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators)	2016/2017	2017/2018	Reporting Period	2017/2018	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
		(Key Output - SMART)	(Unit of Measure)	Actual	Target		Actual Achieved				
	SPA	**Artistic Productions**									
Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work	SPA2	Stage In-house produced Festivals.	Number of In-house Festivals staged.	3	3	Quarterly	3	Achieved	The three annual festivals; Youth Expressions, Vavasati and Mzansi Fela were staged during the year.	The three annual festivals are to be included in the 2018/19 Artistic Calendar.	Computicket reporting system / Festival contracts / Festival budget.
	SPA3	Stage IndieSpotlight Productions.	Number of IndieSpotlight productions staged.	11	7	Quarterly	2	Not Achieved	This lower than planned achievement was due to the realignment of functions within the artistic department which resulted in delays in implementation of the programme.	The artistic calendar will from 2018/19 be prepared for a three-year period which will allow for planned programmes to be appropriately scheduled and implemented during the year.	Computicket 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.	80	35	Quarterly	79	Achieved	Productions in the incubator programme, children's theatre, festival productions and co-productions contributed together with the main artistic productions to the over-achievement.	Incubator productions to continue as part of programming for duration of the contract with DAC. Co-productions to be secured that complement the main programme.	Computicket reporting system / Production contracts / Production budget.

Programme Strategic Objectives	Code	Programme Measurable Objectives	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators)	2016/2017	2017/2018	Reporting Period	2017/2018	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
		(Key Output - SMART)	(Unit of Measure)	Actual	Target		Actual Achieved				
	Job creation										
Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes	SPR3	Short term job opportunities created by In-house Productions.	Number of short term job opportunities created by In-house Productions.	1,773	450	Quarterly	1,164	Achieved	The large number of employment positions created in the incubator programme, children's theatre, festival productions and co-productions contributed together with the main artistic productions to the over-achievement.	Artistic department to prepare complete and accurate information on short-term jobs created.	Artistic department report, including full list of names/surnames and ID numbers of employees.
	SPM	**Marketing and Audience Development**									
	SPM1	Implement the marketing strategy.	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	Plans developed and implemented.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Quarterly	Plan prepared accordingly.	Achieved	Plan developed and implemented for in-house productions staged during the year.	Plan to be presented before commencement of the quarter and approved before implementation.	Updated Marketing Plan.
	SPM2	Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	9	3	Quarterly	3	Achieved	Secured media partnerships with SABC, Tshwane Heat and Mall Media Company.	To ensure long-term media partners are secured.	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.	Plans developed and implemented.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Quarterly	Plan prepared accordingly.	Achieved	Plan developed and implemented for in-house productions staged during the year.	Plan to be presented before commencement of the quarter and approved before implementation.	Updated audience development plan.

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators) (Unit of Measure)	2016/2017 Actual	2017/2018 Target	Reporting Period	2017/2018 Actual Achieved	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes	SPM4	Increase audience attendance.	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	134,049	120,000	Quarterly	134,833	Achieved	Good attendance of in-house productions together with audience attending rental productions contributed to the over-achievement.	Marketing and artistic departments to prepare a suitable approach to marketing of productions to ensure the continued achievement of audience targets.	Computicket Reports / Overnight reports. Audience Attendance Summary.
	Patron Satisfaction										
	SPM5	Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	4	4	Quarterly	4	Achieved	Survey conducted using free online survey tools.	Revised marketing strategy to expand surveys to be comprehensive and useful.	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

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

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Programme Performance Indicator (Programme performance indicators must be read in conjunction with Annexure G of the APP, Technical Indicators) (Unit of Measure)	2016/2017 Actual	2017/2018 Target	Reporting Period	2017/2018 ACTUAL ACHIEVED	Status to date (Achieved, Partially Achieved, Not Achieved)	Reason for Achieved, Not Achieved, Partially Achieved and Over-Achieved	Interventions that will be put in place	Verification Documents
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 Outreach Fieldwork programme in collaboration with Tshwane University of Technology.	Number of Communities participating in the programme.	15	15	Annually	15	Achieved	The community arts development programme (CADO) was successfully implemented with 15 groups. Each group was supported by a Fieldworker.	To ensure that this programme is adequately funded such that implementation may proceed as planned.	Community Group Contract. Fieldworkers Contract. Progress report on programme.
	SPD3	Provide dramaturgy to Directors of productions.	Number of Directors provided with dramaturgy.	88	10	Quarterly	37	Achieved	Dramaturgy provided to the incubator programme productions as well as to school set works and the main artistic programme productions contributed to the over-achievement.	The dramaturgy programme is to continue in 2018/19, with an expanded focus whereby dramaturgy is to be provided to the full creative team in a production.	Dramaturgy report compiled by SAST dramaturg reflecting Directors names, Production names.
	SPD4	Stage School set-works.	Number of School set-works staged.	4	3	Annually	3	Achieved	Kgalagalo Tsa Setu, Shakespeare Macbeth 2000 and Sophiatown contributed to achievement of the target.	To ensure programme is suitably funded to achieve 2018/19 targets.	Computicket reporting system / Production contracts / Production budget.
		Learning and Development									
	SPR4	Provide internship positions.	Number of interns appointed.	12	6	Annually	7	Achieved	Interns successfully appointed in various departments. The over-achievement of 1 is due to an intern having resigned and a replacement intern being appointed, in the SCM department.	Internship programme to continue during 2018/19.	Internship Contract.

3.4 LINKING OBJECTIVES WITH BUDGETS

DEPARTMENT	2016/17				2017/18			
	BUDGET	ACTUAL	(OVER)/UNDER EXPENDITURE		BUDGET	ACTUAL	(OVER)/UNDER EXPENDITURE	
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Artistic	9 877	**15 535**	-5 658	-57%	9 763	**14 854**	-5 091	-52%
Front of House	4 101	**4 235**	-134	-3%	3 647	**4 049**	-402	-11%
Security and Transport	5 250	**6 286**	- 1036	-20%	5 947	**7 374**	-1 427	-24%
Parking	1 075	**1 093**	-18	-2%	1 111	**1 159**	-48	-4%
Wardrobe and decor	2 791	**2 549**	242	9%	2 014	**2 333**	-319	-16%
Stage Services	8 400	**7 431**	969	12%	7 124	**8 991**	-1 866	-26%
Marketing	6 804	**8 018**	-1 214	-18%	6 283	**6 127**	156	2%
Human Resources	2 367	**1 678**	689	29%	1 906	**2 419**	-513	-27%
Development	585	**901**	-43	-5%	1 085	**1 283**	-198	-18%
Administration	26 936	**26 869**	67	0%	24 927	**24 291**	-364	-1%
Facilities	3 401	**3 264**	137	4%	3 386	**3 102**	284	8%
Maintenance	13 242	**11 680**	1 562	12%	13 242	**15 702**	-2 159	-16%
Kilnerton	1 447	**2 384**	-937	-65%	2 470	**2 530**	-60	-2%
Total Operational	**86 549**	**91 923**	**-5374**	**-6%**	**82 906**	**94 913**	**-12 007**	**-14%**

4. REVENUE COLLECTION

SOURCES OF REVENUE	2016/17			2017/18		
	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	59 909	56 537	3 372	57 130	61 387	-4 256
Fundraising, marketing, other	25 571	30 802	-5 231	25 513	32 045	-6 532
Other Income	1 069	951	118	263	797	-534
Total Operational	**86 549**	**88 290**	**-1 741**	**82 906**	**94 228**	**-11 322**

5. CAPITAL INVESTMENT

Summary of CAPEX projects 17/18

Projects	Budget type	Progress %	Status
Upgrading of Drama theatre sound system	Upgrade	100%	Project completed.
Air-conditioning ducting replacement	Refurbishment	2%	Partially funded, awaiting allocation of balance of project funds. RFQ submitted to SCM, awaiting PO.
Repainting of State Theatre parking garage	Refurbishment	2%	Awaiting allocation of funds
Replacement of stage lighting equipment	Refurbishment	80%	Partially funded, awaiting allocation of balance of project funds. RFQ submitted to SCM, awaiting PO.
Replace air-conditioning cooling tower sand filters	Refurbishment	2%	Awaiting allocation of funds
Upgrading of audio-visual stage equipment	Upgrade	2%	Awaiting allocation of funds
Refurbishment of Foyers and ablutions	Refurbishment	10%	Partially funded, awaiting allocation of balance of project funds. Detail design approved, Interior decorator to be appointed.
IT Network development	Upgrade	50%	Partially funded, awaiting allocation of balance of project funds. Server equipment upgraded. Network cabling service provider to be sourced.
Upgrade of security radio system	Upgrade	2%	Awaiting allocation of funds
Renovations at Kilnerton stores	Refurbishment	2%	Awaiting allocation of funds
Resurfacing of parking garage	Refurbishment	2%	Awaiting allocation of funds
Waterproofing	Refurbishment	2%	Awaiting allocation of funds

Sophiatown
Image by Sanmari Marais

PART C:

GOVERNANCE

Die Reuk van Appels
Image 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.

During the period of review the King IV Report on Corporate Governance became effective, on 1 April 2017, along with the sector supplement for state-owned entities, which 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:

28 April 2017	4th Quarterly Report 2016/17
29 July 2017	1st Quarterly Report 2017/18
31 July 2017	Annual Financial Statements and Performance Information 2016/17
31 August 2017	Annual Report 2016/17
27 October 2017	2nd Quarterly Report 2017/18
30 January 2018	Annual Performance Plan 2018/19
30 January 2018	3rd Quarterly Report 2017/18
16 March 2018	Shareholders Compact 2018/19

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 recognises the King IV principles and practices, and has, through its members' leadership, individually and collectively cultivated characteristics of ethical and effective leadership, as set out in King IV.

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 2016/17 financial year. The following Committees were operational during the 2017/18 financial year:
Audit and Risk Committee (which is responsible for oversight of the financial operations and reporting processes within the SAST, assisting management in fulfilling its corporate governance as well as implementing 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).

From left to right: Ms Madile Mofammere, Mr Sylvester Chauke, Mr Bernard Jay, Charissa Carpenter (Council Secretary), Professor Fikile N. M. Mazibuko (Chairperson), Dr Matshediso Joy Ndlovu, Ms Shamila Singh, Mr Tebogo Mphuti, Artistic Director: Mr Aubrey Sekhabi, Ms Nkosazana Tebogo Mosala, Chief Executive Officer: Dr Sibongiseni Mkhize

Artistic and Sponsorship Committee (April 2017 to January 2018). The scope of delegation to the Artistic and Sponsorship Committee was increased, and the name of the committee changed to the Institutional Development Committee (IDC), in February 2018 (February - March 2018). Through this broader mandate, it was agreed that IDC would (in addition to its artistic, sponsorship and theatre-oriented undertakings) address institutional development on all levels including but not limited to programming, fundraising and marketing, socio-economic development, stakeholder relationships, performance and sustainable development, institutional ethics as well as responsible corporate citizenship. Human Resources and Remuneration Committee (which continues to be responsible for remuneration, employment, and all labour-related policies, processes and procedures).

Council Handover

As indicated, this year (viz 30 November 2017) marked the end of the term of the previous Council and the commencement of the new Council's term. The authority of the new Council came into effect on 1 December 2017. It is noted that four members, from the previous Council's composition, voluntary applied for re-election, and are currently members of the new Council. Consequently, four new members were duly appointed for serving SAST during the period of the new Council's term. It is expected that this balance of old and new Council members will not only support the value of continuity within the SAST, but will allow for infiltration of new, fresh ideas and solutions within the Council's mandate.

Of notable importance is that the SAST conducted its own Council Handover and Induction Process, in addition to the induction process offered by DAC. This was conducted by way of a two-day Council Induction workshop and was held on 8 and 9 February 2018. The outgoing Chairperson played a pivotal role in facilitating the handover process by compiling a detailed report for perusal and discussion by the new members. The workshop was undertaken on SAST's own accord and proved to be valuable and effective in assisting new Council members understanding the organisation of the SAST, the environment in which it operates, the respective members' oversight and governance duties and responsibilities towards the SAST and its key stakeholders, as well as the general mission, vision and undertaking of which the previous Council had invested in throughout the previous term.

In addition to agenda items that dealt with infrastructure, projects and critical issues that required focus for the upcoming financial year, the workshop and induction process also dealt extensively with governance mechanisms, including but not limited to:

- effective co-ordination of functioning between the Council and various committees;
- strategic alignment with the DAC and National Treasury, as key stakeholders which set out compliance mechanisms; and
- maintaining a balance between operational and effective infrastructure development, and the procurement of financial support from the Minister and the DAC.

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 the SAST's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Composition of the Council

The following are the Council members of SAST, appointed by the Minister of the Department of Arts & Culture, for the 2017/18 financial year:

For the period 31 March 2017 – 30 November 2017

Name	Term	Qualifications	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
B Masekela (Chairperson)	1/12/2014 – 30/11/2017	B A English, Cum Laude, Ohio University	English Language and Literature, Cultural Administration, Communications	Female	African	2/4
N Malange (Deputy Chairperson)	1/12/2014 – 30/11/2017	Diploma in Creative Writing - University of Iowa, United States of America	Arts management, theatre directing, scriptwriting, film and video production, and poetry	Female	African	3/4
S Chauke	1/12/2014 – 30/11/2017	BA (Hons) Marketing Communications	Marketing Strategy, Communication and Brand Building.	Male	African	4/4
M Mofammere	1/12/2014 – 30/11/2017	B Com Accounting: Turfloop Management development programme (GIBS)	Finance	Female	African	3/4
T Mphuti	1/12/2014 – 30/11/201	B.A. (Law): University of KwaZulu-Natal. LLB – University of Witwatersrand.	Law and Finance	Male	African	4/4
S Singh	1/12/2014 – 30/11/2017	B.A. (Law) LLB: University of KwaZulu-Natal - 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	Law	Female	Indian	4/4
A Vilakazi	1/12/2014 – 30/11/2017	B. Com Marketing, Business Administration, Maritime Economics - University of Natal Postgraduate Diploma in Business Management Honours Degree in Strategic Marketing Management - University of Natal Master's Degree in business administration (MBA) - University of KwaZulu-Natal Doctoral Degree in Business Administration (DBA) - University of KwaZulu-Natal Internationally Published Author: Service Quality in Transport Logistics and contributor to academic journals globally Chartered Marketer of South Africa or CM(SA) Member of the Chartered Institute of Marketing (UK) Member of the Institute of Directors of Southern Africa Senior Leadership Programmes: GIBS (2006) and UCT (2010)	Business Administration with emphasis on Strategic Marketing and Brand Management	Male	African	1/4
VT Zulu	1/12/2014 – 30/11/2017	PhD. in Human Development: Vanderbilt University, Nashville, Tennessee, USA.	Human Resources	Male	African	4/4
S Mkhize (CEO Ex-officio member)	1 November 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	4/4

In addition to the above Ms. Nontobeko Ndimande (CFO) and Mr. Aubrey Sekhabi (Artistic Director) attended the Council meetings by standing invitation.

For the period 01 December 2017 – 31 March 2018

Name	Term	Qualifications	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
F.N.M. Mazibuko (Chairperson)	01/12/2018 – 30/11/2021	BA and Honours degrees in Social Work - University of Zululand. BA majoring with Political Science and Communications. – University of South Africa (UNISA) Diploma in Public Relations (Damelin) Master's Degree in Social Sciences - ex-University of Natal (University of KwaZulu-Natal) PhD in Social Policy & Organisational Studies - University of Illinois, Chicago.	Social Policy, Governance and Administration, Education, Youth development in higher education, Research, innovation and human development.	Female	African	2/2
B Jay (Deputy Chairperson)	01/12/2018 – 30/11/2021	UK High School Qualification level	Theatre management and producing.	Male	Caucasian	2/2
S Chauke (re-appointed)	01/12/2018 – 30/11/2021	BA (Hons) Marketing Communications	Marketing Strategy, Communication and Brand Building.	Male	African	2/2
MJ Ndlovu	01/12/2018 – 30/11/2021	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	2/2
M Mofammere (re-appointed)	01/12/2018 – 30/11/2021	B Com Accounting: Turfloop Management development programme (GIBS)	Finance	Female	African	2/2
NT Mosala	01/12/2018 – 30/11/2021	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	1/2
T Mphuti (re-appointed)	01/12/2018 – 30/11/2021	B.A. (Law): University of KZN. LLB – University of Witwatersrand.	Law and Finance	Male	African	2/2
S Singh (re-appointed)	01/12/2018 – 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	Law	Female	Indian	1/2
S Mkhize (CEO Ex-officio member)	1 November 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	2/2

In addition to the above Ms. Santa Viljoen (Interim 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 2018:

Audit and Risk Committee

For the period 31 March 2017 – 30 November 2017

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
T Mphuti (Chairperson)	29/04/2015	Law and Finance	Male	African	3/3
S Singh	29/04/2015	Law	Female	Indian	3/3
A Vilakazi	29/04/2015	Business Administration with emphasis on Strategic Marketing and Brand Management	Male	African	1/3
M Mofammere	29/04/2015	Finance	Female	African	3/3
V Motholo (Independent External Member)	28/05/2015	Finance	Male	African	2/3
G Mongatane (Independent External Member)	24/05/2016	Finance	Male	African	3/3
B Kuzwayo (Independent External Member)	24/05/2016	Finance	Female	African	3/3
T Mhlari (Independent External Member)	24/05/2016	Finance	Female	African	2/3

Audit and Risk Committee, continued

For the period 01 December 2017 – 31 March 2018

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
G Mongatane (Independent External Member)	24/05/2016	Finance	Male	African	1/1
V Motholo (Independent External Member)	28/05/2015	Finance	Male	African	0/1
B Kuzwayo (Independent External Member)	24/05/2016	Finance	Female	African	1/1
T Mhlari (Independent External Member)	24/05/2016	Finance	Female	African	0/1
NT Mosala	08/02/2018	Public Relations, Marketing Strategy, Communication and Brand Building	Female	African	1/1
T Mphuti	08/02/2018	Law and Finance	Male	African	1/1

Artistic and Sponsorship Committee

For the period 31 March 2017 – 30 November 2017

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
S Chauke (Chairperson)	29/04/2015	Marketing Strategy, Communication and Brand Building.	Male	African	2/2
N Malange	29/04/2015	Arts management, theatre directing, scriptwriting, film and video production, and poetry	Female	African	2/2
T Mphuti	29/04/2015	Law and Finance	Male	African	2/2
S Khumalo (External Independent member)	14/06/2016	Performing Arts	Female	African	1/2

Institutional Development Committee

For the period 01 December 2017 – 31 March 2018

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	1/1
B Jay	08/02/2018	Theatre management and producing	Male	Caucasian	1/1
M Mofammere	08/02/2018	Finance	Female	African	1/1
S Khumalo (External Independent member)	08/02/2018	Performing Arts	Female	African	0/1

Human Resources and Remuneration Committee

For the period 31 March 2017 – 30 November 2017

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
M Mofammere (Chairperson)	29/04/2015	Finance	Female	African	2/2
S Singh	29/04/2015	Law	Female	Indian	2/2
N Malange	29/04/2015	Arts management, theatre directing, scriptwriting, film and video production, and poetry	Female	African	2/2
A Vilakazi	29/04/2015	Business Administration with emphasis on Strategic Marketing and Brand Management	Male	African	0/2
VT Zulu	29/04/2015	Human Resources	Male	African	2/2

Human Resources and Remuneration Committee, continued

For the period 01 December 2017 – 31 March 2018

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
MJ Ndlovu (Chairperson)	08/02/2018	Business Administration with emphasis on Human Resources Management	Female	African	1/1
M Mofammere	08/02/2018	Finance	Female	African	1/1
NT Mosala	08/02/2018	Public Relations, Marketing Strategy, Communication and Brand Building	Female	African	1/1
S Singh	08/02/2018	Law	Female	Indian	1/1

Remuneration of Council members

Refer to note 26 of the Annual Financial Statements for a detailed table of Council members' remuneration during the 2017/18 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. In addition, Council has exercised courage in taking certain risks and opportunities but has aimed to do so in a responsible manner and in the best interests of the SAST.

A Risk Management Committee has been appointed which performs ongoing risk assessment. 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 effectiveness.

Risk Management at SAST is now 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. In the last year, the Council has approved various policies that articulate and give effect to its focal direction on risk.

6. INTERNAL AUDIT AND AUDIT & RISK COMMITTEES

Refer to the detailed Audit and Risk Committee Report.

7. COMPLIANCE WITH LAWS & REGULATIONS

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

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 as an 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.

By virtue of the SAST'S public-interest mandates, compliance with laws and regulations as well as corporate citizenship, has been core to the purpose of SAST. The Council has consistently reiterated its accountability to citizens and its representation of these citizens, and has discharged their responsibilities in accordance with such mandates.

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. Together with the DAC, we conduct ongoing fraud awareness SMS campaigns. In 2018/19 the DAC-SAST campaign shall be extended to include our social media platforms.

Zero tolerance of fraud and corruption

Corruption in South Africa is perceived to be worsening. According to Transparency International's 2017 Corruption Index, our country ranked 71 out of 180 nations. 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 (0800701701)
- prevention of fraud and corruption policy
- delegation of authority
- ongoing fraud and awareness bulletins

Oversight of fraud and corruption has significantly improved with Council ensuring that the appointment of, and delegation to, management contribute to identification of fraud instances and implementation of measures to manage risk in respect thereof. In addition, Council has, collectively with management, identified accountability mechanisms in the various theatre-managerial roles to monitor the activities in which fraud and corruption opportunities are most adept to. In the last year, key ethical risks have been addressed in the organisation by Council, particularly in connection with front-house activities that have created a culture of potential fraud and corruption. These actions have been prioritised by Council and management has assisted in improving measures to monitor these occurrences and implement effective monitoring systems in respect thereof.

9. MINIMISING CONFLICT OF INTEREST

- 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 one permanent SCM official and adhoc staff 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.

Council, as well as management, have indicated that they will not tolerate any situations in which SAST personnel engage in activities and/or make executive decisions that neglect to avoid a conflict of interest. There was a notable incident in the past year, in connection with a senior executive member, wherein it was identified that independence and unfettered judgment was compromised and there was an exercise of an executive decision which resulted in undue influence and potentially biased decision being made. Council commended management for acting in an appropriate manner to address the occurrence.

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 & ENVIRONMENTAL ISSUES

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

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

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

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

Going forward, in an effort to achieve more efficient and effective outputs from our human capital; safety, health and well-being will be considered holistically. The intention is to pro-actively manage occupational injuries and reduce lost time early during injury management.

As part of continual improvement and fostering the safety culture within the organisation, the following key initiatives will be implemented:

- keeping abreast of the OHS legal requirements - in January 2017, the Department of Labour published the Draft Ergonomics Regulations for comments. The requirements will be analysed and appropriate actions and controls will be developed to ensure compliance once promulgated.
- the SAST OHS strategy - to reduce workplace injuries and build and foster the safety culture and behaviour.
- strengthen our relationships with our contractors - SAST will hold "Contractor Safety Stand-downs" to facilitate and improve contractor OHS awareness and compliance, and improve the measurement, monitoring and reporting of contractor safety performance.

The intention is to maximise the effectiveness of safety interventions and initiatives across the organisation to ensure a healthy and resilient workforce

Climate change

The UN Climate Change Conference (COP22) saw increased global commitment to implementation and action on climate change. South Africa is one of 111 countries that share in this commitment through ratification of the Paris agreement (UN Framework Convention on Climate Change). This deals with greenhouse gases emissions mitigation, adaptation and finance, starting in the year 2020, as well as submission of its national emissions reduction targets (nationally determined contributions). SAST realises the vital role business must play in supporting South Africa to reach its goals. The impending carbon tax forms part of this international commitment. While our operations are not significant emitters, there are complexities to the tax that have the potential to impact us directly or through our value chain. Emissions mitigation efforts take time to be implemented and, therefore, we need to be proactive in implementing without undue delay.

OHS Compliance

The Emergency Service Department, Fire Brigade Service Division has issued a Certificate of Fitness (Permit no. S 2047-2018 /41) to SAST.

Portable Fire Fighting Equipment

A three-year service provider contract for the maintenance of fire fighting equipment was signed.

OHS Priorities

1. Service of Portable Fire Extinguishers and Fire Hoses (95% completed) Odendaal building and Kilnerton.
2. Inefficient and outdated CCTV and Access Control system (system failure and retrieval of video footage, CCTV monitors failing)
3. Business Continuity (Assistants needed to support OHS & Security function)
4. Regulatory and compliance (non-compliance on training of First aid, Fire Marshalls, Evacuation Officers and Working at Heights). On-site qualified medical assistance not in place.
5. Fire detection serviceability (currently no detection)

SECURITY

Security Service Provider

A three-year contract, which commenced on 8 February 2018, has been signed with a new security service provider.

The following key interventions are being implemented with the new service provider;

- Installation of CCTV, Guard Patrol and Alarm System at FH Odendaal building as well as armed response.
- Installation of a CCTV, Guard Patrol and Alarm System at Kilnerton as well as armed response.
- Every shift has a level 3 First aid security officer on duty.

In accordance with King IV principles and practices, the Council continuously oversees and monitors, how the consequences of the SAST's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring has been performed against measures and targets agreed with management in various areas, including:

- Workplace (including employment equity; and the safety, health, dignity and development of employees);
- Society (including public health and safety, consumer protection, community development, and protection of human rights; and
- Environment (including responsibilities in respect of pollution and waste disposal, and protection of biodiversity).

12. SOCIAL RESPONSIBILITY

CADO - Community Arts Dramaturgy Outreach:

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

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

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 programme is a two year programme. In the first year of training; the groups after the up-skilling programme 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 but this pending meeting set requirements to be able to advance to the second year of training.

The Outreach:

The Outreach programme provides opportunities to artists and communities not in the same geographical area reach of the South African State Theatre. The programme goes out to present workshops and masters classes to these communities out of the metropolitan areas.

The workshop are presented about SAST programmes 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

The EYCT is always seeking new ways and ideas and partnerships to delivered the appropriate and required up-skilling programmes, 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 pro-actively 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.

2017 – 2018 Programme

1. Community Arts Dramaturgy Outreach:

CADO Programme is running it's last year in the current format , the following we will be including genres of dance and musical theatre to the genre of drama as part of CADO programme. It is important for the EYCT to grow these genres at community level and also to develop them for the overall growth of the Arts Industry.

Representation of selected community groups were as follows:

- Atteridgeville: 4 x groups
- Diepsloot: 1 x group
- Kagiso: 1 x group
- Mamelodi: 2 x groups
- Soshanguve: 4 x groups
- Tembisa: 3 x groups

1.1 29th September 2017:

- Marketing activation in partnership with eMalahleni Municipality
- Performances: Choir & Poetry etc.
- eMalahleni Exhibitors

1.2 30th September 2017: Showcases in eMalahleni Municipal Community Hall

- CADO 2018 – Showcases for selection of groups to be part of the EYCT – CADO programme 2018.
- 13 Groups show cased across various arts genres including dance; drama; poetry and music.

1.3 17th November 2017: Showcases in Kimberly Mayibuye Multi-purpose Centre

- CADO 2018 – Showcases for selection of groups to be part of the EYCT – CADO programme 2018.
- 11 Groups show cased across various arts genres including dance; drama; poetry and music.

1.4 07th December 2017: Showcases in Emfuleni Arts Centre

- CADO 2018 – Showcases for selection of groups to be part of the EYCT – CADO programme 2018.
- 04 Groups show cased drama productions which were very well prepared and two groups were selected of which one will be scheduled for the Indiespotlight programme as they also didn't meet the age requirements of the CADO call out.

1.5 Workshop:

- Mmabana Arts Centre – Zeerust: Lehurutshe. On the 10th March 2018 the EYCT team presented a workshop based on all State Theatre programmes and festivals including its application processes. This also include a question and answer session with the participants.

13. AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the year ended 31 March 2018 in terms of Section 51(1)(a)(ii) of the Public Finance Management Act, No. 1 of 1999, and Treasury Regulation 27.1.

The Audit and Risk Committee (the Committee) is pleased to present its report in respect of the financial year ended 31 March 2018 in terms of its obligations according to Paragraph 3.1.13 of the Treasury Regulations issued in terms of section 51(1)(a)(ii) of the Public Finance Management Act, Act 1 of 1999. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Committee is independent and was appointed by the Council during the 2017/18 financial year in line with the legislative requirements. The Committee discharges both its statutory and Council delegated responsibilities as outlined in the report below.

Composition of the Audit Committee

The composition of the Committee complies with the requirements of section 77 of the PFMA and Treasury Regulations 3.1. To ensure compliance with Treasury Regulations 3.1 and principles of King IV code, the new Council reconsidered the composition of the Committee and appointed an independent Chairperson for the Committee.

Details on the committee members are set out on page 57.

Committee Meetings and Attendance

The Committee meets quarterly as per its Terms of Reference. The Chief Executive Officer, Chief Financial Officer, Internal Audit and External Auditors attend committee meetings by invitation.
Details on the number of meetings held for the year and members' attendances are set out on page 57.

Roles and Responsibilities

The Committee's roles and responsibilities include its statutory duties as per the PFMA, and the responsibilities assigned to it by Council. The Committee has adopted formal Terms of Reference approved by Council, which are reviewed annually by the Committee and approved by Council. The Committee has conducted its affairs in compliance with these Terms of Reference for the year ended 31 March 2018 and has discharged its responsibilities contained therein.

The Terms of Reference are available on request from the Company Secretary whose contact details are provided on page 10 of this annual report. The Committee is satisfied that it has complied with its legal, regulatory, and other responsibilities.

Statutory Duties

The Committee has performed the following statutory duties:

External Auditors

The Committee has satisfied itself that the external auditor, Auditor-General of South Africa (AGSA), was independent of the entity as set out in the PFMA which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Public Audit Act of 2004. Requisite assurance was sought and provided by the external auditor that internal governance processes within the AGSA support and demonstrated their independence. The Committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted audit fees for the 2017/2018 financial year. The Committee is not aware of any non-audit services that the external auditor provided during the financial year.

Internal Auditors

The internal audit function of the SAST was outsourced to an independent internal audit firm, Business Innovations Group. The Committee has an oversight responsibility for the Internal Audit function. The Committee reviews and approves the Internal Audit Charter annually. Internal Audit is appointed by the Committee and has direct access to the Committee, primarily through its Chairperson. The Internal Audit function has the responsibility of reviewing and providing assurance on the adequacy of internal controls across the entity's operations, therefore plays an integral role in the governance of risk.
The Committee is satisfied with the independence of the internal auditors. Furthermore, the Committee was satisfied with the effectiveness of the internal auditors in identifying significant areas of audit concern. The contract with B.I.G expires in September 2018 and the process of appointing internal auditors for the next three years.

Effectiveness of internal control

The audit committee monitors effectiveness of internal controls, in the context of the approved risk assessment of the organisation and the statutory regularity audits performed by Auditor-General of South Africa and internal auditors. SAST applies a combined assurance model to ensure coordinated assurance activities. The Committee oversees the assurance activities and the establishment of effective systems of internal control to provide reasonable assurance that SAST's financial and non-financial objectives are achieved and that the preparation of financial statements for external purposes is in accordance with GRAP.

Significant internal control deficiencies were identified in prior years by both internal and external auditors, resulting in a qualified audit opinion on the 2016/17 financial statements. The Committee and executive management developed and implemented an audit action plan to address these material findings. We are proud to report that all material findings were addressed. Several challenges were experienced during the year, including the suspension of the previous CFO, which negatively affected the timeliness in addressing all audit findings. The appointment of an interim CFO and additional Finance staff ensured continuance of the action plan implementation resulting in an unqualified audit opinion. As expected, due to the limited time, not all findings were adequately addressed by year end and some adjustments were made to the financial statements during the audit as per the AGSA's recommendation.

The Committee will continue to monitor management's implementation of control improvements addressing findings relating to revenue management, fixed asset management, compliance with laws and regulations, prevention of irregular, fruitless and wasteful expenditure, consequence management and improvements to all relevant policies.

Risk Governance

The Council has assigned the oversight of the Risk Management function to the Committee. The Committee fulfils an oversight function regarding risks in all areas of the entity including operations, finance, fraud, information technology and ethics. SAST has updated its Fraud & Risk Policy and developed an Intellectual Property Policy which will be implemented in the 2017/18 financial year. SAST's risk register remains a standing item in all Committee meetings and is managed adequately.
The committee is satisfied, notwithstanding the issues noted above, that nothing significant has come to the attention of the committee to indicate any material breakdown in the functioning of the controls, procedures and systems during the year under review and that the controls are still appropriate to ensure compliance with the requirements of the PFMA and GRAP.

The quality of in-year management and monthly reports/quarterly reports

The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Council of The South African State Theatre during the year under review.

Meetings with Auditor-General of South Africa

The Committee has met, on a quarterly basis with the Auditor-General of South Africa to discuss matters raised in the management report and ensured that there are no unresolved issues.

Evaluation of the annual financial statements

The committee has evaluated the financial statements of SAST for the year ended 31 March 2018 and based on the information provided to it, considers that they comply, in all material respects, with the requirements of the PFMA and GRAP. The committee concurs that the adoption of the going-concern premise in the preparation of the financial statements is appropriate.

The committee has therefore, at their meeting held on 26 July 2018, recommended the adoption of the financial statements by Council. The Committee concurs and accepts the Auditor-General of South Africa's report on the annual financial statements; and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

PART D:

HUMAN RESOURCE MANAGEMENT

Isambulo The Musical
Image by Sanmari Marais

1. OVERVIEW OF THE PAST FINANCIAL YEAR SUMMARY

The organizational redesign has brought with new energy and vibrancy. Through the organizational redesign SAST is realizing the emergence of a new organization. Reference is made to the management team, which comprises of 80% new managers with relevant experiences and respective qualifications. Managers as leaders of the organization, influence cultural change and other aspects within the organization. We are confident that SAST is headed towards the right direction through the implementation of the organizational renewal. The greatest success of the fourth quarter of the year is the support and eagerness of SAST employees collaborating towards the same direction and goal "the success of productions and ensuring that the patron experience is grand". SAST Management is thrilled to pronounce that the efforts of all SAST departments in rallying and supporting the Artistic productions is evident and commendable.

Vacancy rate has improved from 32% in quarter 2, 30% in quarter 3 and 28% in the fourth quarter. Due to organizational renewal, redundancy of positions, splitting and or upgrading of positions, the vacancy rate will fluctuate until the organization is stable. The focal point for the next financial year will be the job grading implementation and the final process of the Organizational renewal.

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	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Various departments	R 39 229	R 28	0.07	68	R 411
Finance	R 2 877	R 8.8	0.31	2	R 4400
Finance	R 28 77	R 15.2	0.54	1	R 15 250
Artistic	R 45 65	R 3	0.07	10	R 300
Artistic	R 45 65	R 2	0.04	2	R 1 000

Employment and vacancies

Programme	2016/2017 Approved Posts	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies
Top Management	4	4	4	3	1
Senior Management	7	4	8	8	0
Professional qualified	10	6	8	7	1
Skilled	30	15	40	25	15
Semi-skilled	71	54	64	49	15
Unskilled	5	3	0	1	0
TOTAL	**127**	**86**	**124**	**94**	**32**

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	1	3
Senior Management	4	4	1	7
Professional qualified	4	4	2	6
Skilled	17	4	8	13
Semi-skilled	52	11	12	51
Unskilled	3	0	1	2
Total	**84**	**23**	**25**	**82**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	1.19
Resignation	4	4.76
Dismissal	4	4.76
Retirement	6	7.14
Retrenchment	10	11.9
Ill health	1	1.19
Expiry of contract	35	Not applicable due to project specific contract staff
Other	0	0
Total	**61**	**30,94**

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	2
Final Written warning	1
Dismissal	7
Suspension	10 including 5 Internal Security Personnel

Developing the Employment Equity Plan

SAST referenced vital information contained in the national demographics of the Economically Active Population (EAP), as illustrated by race and gender, together with the EAP by province, which provided a basis for setting of the employment equity numerical goals and targets. In addition, the EAP data indicates that special efforts are also required to increase the pool of women who are economically active, especially when they are the majority in terms of the total population and can make more of a contribution towards the development of the South African economy.

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	1	0
Senior Management	2	0	0	0	1	0	0	0
Professional qualified	4	0	1	0	0	0	1	0
Skilled	10	3	1	1	0	0	1	0
Semi-skilled	34	3	6	1	0	1	1	2
Unskilled	1	0	0	0	0	0	0	0
TOTAL	**53**	**6**	**8**	**2**	**1**	**1**	**4**	**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	1	1
Skilled	10	6	1	3	0	1	2	1
Semi-skilled	7	9	1	1	0	1	0	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**23**	**19**	**2**	**5**	**0**	**3**	**3**	**4**

Levels	Disabled	Staff		
	Male		Fem	ale
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	1
Skilled	0	0	0	0
Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
TOTAL	**1**	**1**	**1**	**2**

PART E:

FINANCIAL INFORMATION

Freedom The Musical
Image by Sanmari Marais

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

1. I have audited the financial statements of the South African State Theatre set out on pages 77 to 124, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, 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 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2017.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. 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 accounting authority 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

10. 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.

11. 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

12. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address 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/measures included in the planning documents. My procedures also did 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.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 1 - administration	39 - 41
Programme 2 - business development	42 - 44

15. 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.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1 - administration
- Programme 2 - business development

Report on the audit of compliance with legislation

Introduction and scope

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

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

Financial statements, performance report and annual report

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

20. Effective and appropriate steps were not taken to prevent irregular as well as fruitless and wasteful expenditure amounting to R23 582 835 and R1 000 376 as disclosed in notes 33 and 32 to the annual financial statements, respectively, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by payments made on expired contracts, and expenditure incurred above the approved budget. The majority of the fruitless and wasteful expenditure was caused by penalties charged during the retrenchment process.

21. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Revenue management

22. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Consequence management

23. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records not being maintained as evidence to support the investigations into irregular expenditure.

Procurement and contract management

24. Some construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) in accordance with section 18(1) of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000). This non-compliance was identified in the procurement processes for the repairs done to the Opera Theatre's passage ceiling.

25. In some instances, persons in the service of the public entity whose close family members, partners or associates had a private or business interest in contracts awarded by the public entity failed to disclose such interest and participated in the process relating to that contract, in contravention of treasury regulation 16A8.4. This non-compliance was identified during the testing of the process followed for the procurement of short-term insurance services.

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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 included in this report.

Leadership

31. The leadership did not establish and communicate adequate policies and procedures relating to consequence management and heritage asset management to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Financial and performance management

32. Weekly and monthly reconciliations were not always adequately prepared for financial items during the year. This resulted in the entity being required to rely on manual reconciliations at year-end. Due to the volume of manual reconciliations required, assurance processes were not implemented in time to ensure that information was accurate and complete and to prevent repeat non-compliance findings.

Auditor General

Pretoria
31 July 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

The South African State Theatre
Annual Financial Statements for the year ended March 31, 2018

Index

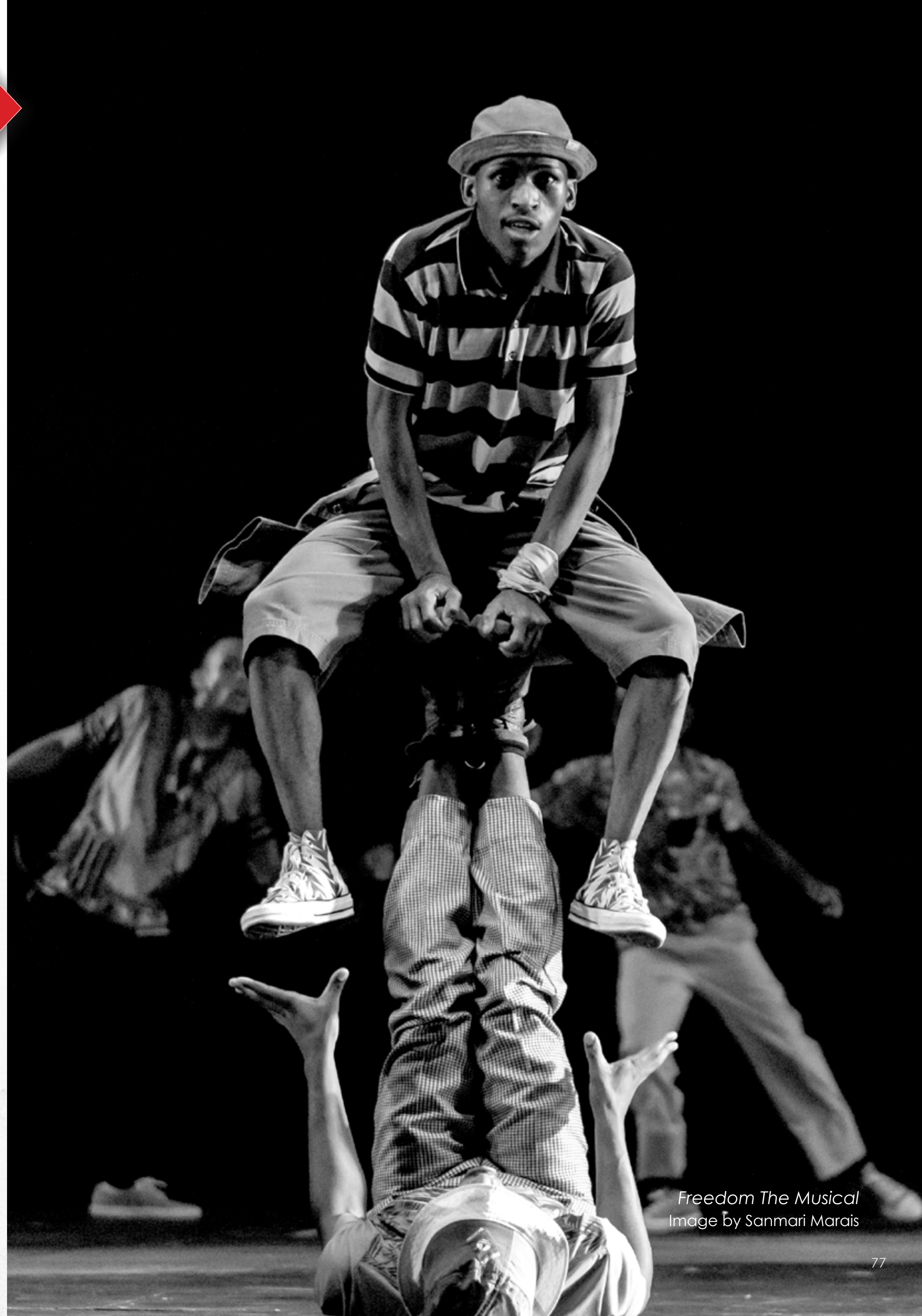
The reports and statements set out below comprise the annual financial statements presented to the parliament:

Abbreviations

SAST	The South African State Theatre
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act

The annual financial statements set out on pages 77 to 124, which have been prepared on the going concern basis, were approved by the Council on 31 July, 2018 and were signed on its behalf by:

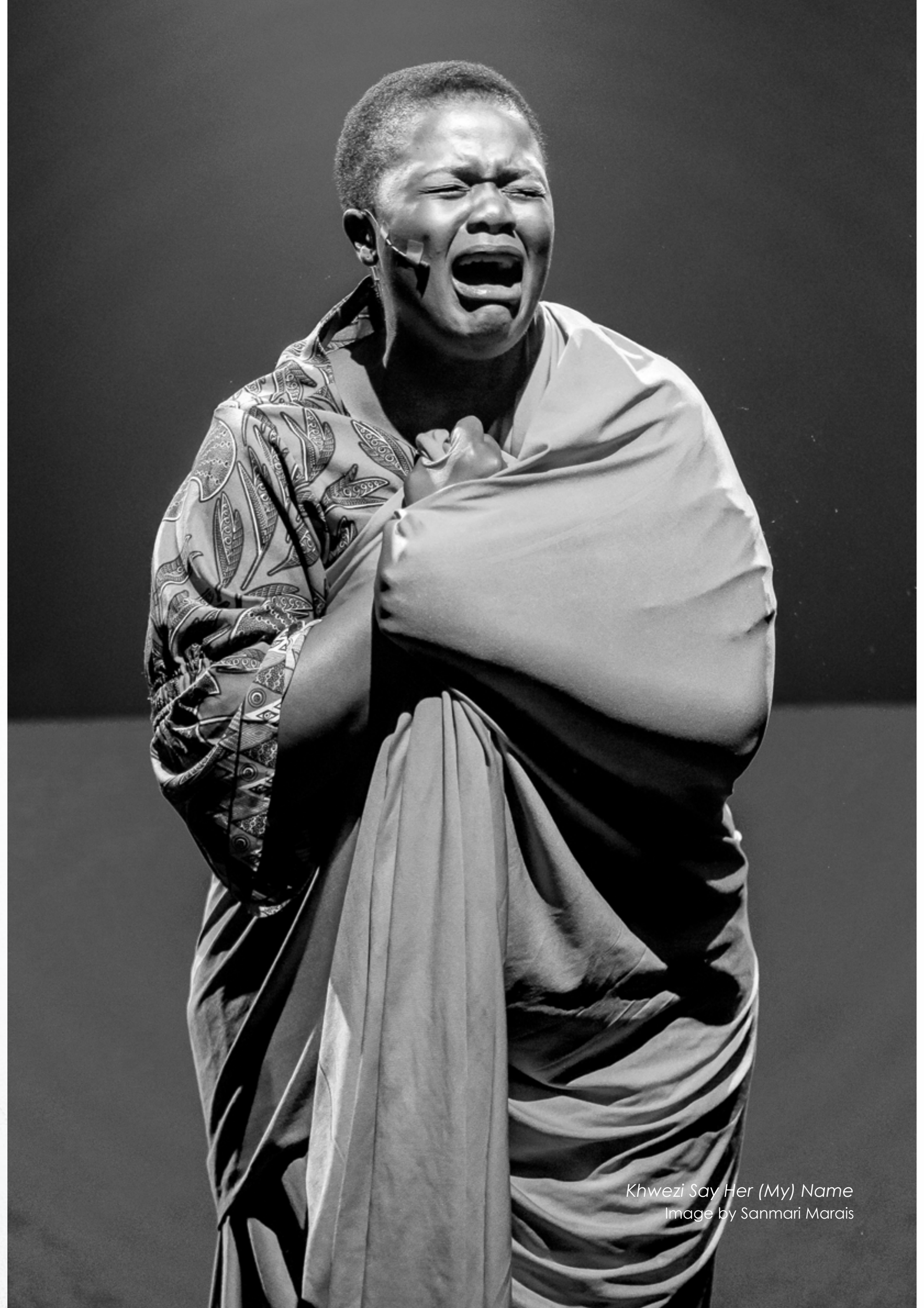
Prof. NM Mazibuko
Chairperson



Freedom The Musical
Image by Sanmari Marais

Statement of Financial Position as at 31 March, 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	9	852,341	282,275
Receivables from exchange transactions	10	2,643,364	1,729,021
Cash and cash equivalents	11	24,194,120	26,242,302
		27,689,825	**28,253,598**
Non-Current Assets			
Investment property	4	22,112,882	20,428,968
Property, plant and equipment	5	98,588,957	100,432,973
Intangible assets	6	178,603	124,348
Heritage assets	7	30,411,350	26,565,750
		151,291,792	**147,552,039**
Total Assets		**178,981,617**	**175,805,637**
Liabilities			
Current Liabilities			
Finance lease obligation	12	223,283	80,801
Payables from exchange transactions	14	11,156,928	8,259,500
Employee benefit obligation	8	436,000	472,000
Deferred grant income	13	19,566,528	22,274,022
		31,382,739	**31,086,323**
Non-Current Liabilities			
Finance lease obligation	12	148,022	107,649
Employee benefit obligation	8	2,896,000	3,002,000
		3,044,022	**3,109,649**
Total Liabilities		**34,426,761**	**34,195,972**
Net Assets		**144,554,856**	**141,609,665**
Reserves			
Revaluation reserve		13,557,829	9,707,229
Accumulated surplus		**130,997,027**	**131,902,436**
Total Net Assets		**144,554,856**	**141,609,665**



Khwezi Say Her (My) Name
Image by Sanmari Marais

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	15	2,178,288	1,540,035
Rendering of services	15	4,128,699	3,255,903
Rental of facilities and equipment	15	23,650,374	23,996,184
Sundry income	15	797,398	951,386
Interest received - investment	15	1,632,328	1,293,142
Total revenue from exchange transactions		**32,387,087**	**31,036,650**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	61,386,650	56,537,765
Sponsorship revenue	15	-	75,000
Revenue in kind	15	454,450	641,000
Total revenue from non-exchange transactions		**61,841,100**	**57,253,765**
Total revenue		**94,228,187**	**88,290,415**
Expenditure			
Employee related costs	17	(39,228,853)	(36,416,572)
Depreciation and amortisation	5&6	(6,954,489)	(9,692,532)
Impairment loss	5	(116,412)	(22,897)
Lease rentals on operating lease		(346,313)	(359,401)
Debt Impairment	10	90,026	20,914
Repairs and maintenance		(5,706,489)	(3,155,865)
Sale of goods/Inventory		(1,364,802)	(1,148,398)
General Expenses	18	(41,285,857)	(41,148,733)
Total expenditure		**(94,913,189)**	**(91,923,484)**
Operating deficit		**(685,002)**	**(3,633,069)**
Loss on disposal of assets and liabilities		(1,780,885)	(165,422)
Fair value adjustments	19	1,683,914	1,534,499
Actuarial gains/(losses)	8	(51,000)	608,235
		(147,971)	**1,977,312**
Surplus (deficit) for the year		**(832,973)**	**(1,655,757)**

Statement of Changes in Net Assets

Figures in Rand		Accumulated surplus	Total net assests
Opening balance as previously reported	-	133,344,746	133,344,746
Prior period error adjustments	9,707,229	213,447	9,920,676
Balance at 1 April, 2016 as restated*	**9,707,229**	**133,558,193**	**143,265,422**
Restated deficit for the year	-	(1,655,757)	(1,655,757)
Restated* Balance at 1 April, 2017	**9,707,229**	**131,830,000**	**141,537,229**
Deficit for the year	-	(832,973)	(832,973)
Artwork revaluation surplus	3,850,600	-	3,850,600
Balance at 31 March, 2018	**13,557,829**	**130,997,027**	**144,554,856**
Note(s)	28		

The South African State Theatre

Annual Financial Statements for the year ended March 31, 2017

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		30,481,922	29,743,508
Grants and sponsorship revenue	15	61,841,100	57,253,765
Interest income		1,632,328	1,293,142
		93,955,350	88,290,415
Payments			
Employee costs	17	(39,228,853)	(36,416,572)
Suppliers		(49,533,762)	(40,389,239)
		(88,762,615)	(76,805,811)
Net cash flows from operating activities	**22**	**5,192,735**	**11,484,604**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(7,070,557)	(3,809,734)
Proceeds from sale of property, plant and equipment	5	129,159	51,851
Purchase of intangible assets	6	(120,654)	(45,344)
Proceeds from sale of heritage assets	7	5,000	-
Net cash flows from investing activities		**(7,057,052)**	**(3,803,227)**
Cash flows from financing activities			
Finance lease payments		(183,865)	(188,450)
Net increase/(decrease) in cash and cash equivalents		(2,048,182)	7,492,927
Cash and cash equivalents at the beginning of the year		26,242,302	18,749,375
Cash and cash equivalents at the end of the year	**11**	**24,194,120**	**26,242,302**

Tribute to Mama Nomzamo Winifred Madikizela-Mandela

Image by Sanmari Marais

The South African State Theatre

Annual Financial Statements for the year ended March 31, 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1,799,878	-	**1,799,878**	2,178,288	**378,410**	Increased due to larger audiences attending productions purchasing goods from SAST kiosk.
Rendering of services	2,453,172	-	**2,453,172**	4,128,699	**1,675,527**	Increase in tickets sales.
Rental of facilities and equipment	21,075,132	-	**21,075,132**	23,650,374	**2,575,242**	Inflation related increase in parking income and theatre rental increase due to finalisation of new contracts.
Sundry income	263,134	-	**263,134**	797,398	**534,264**	Sale of decor equipments.
Interest received - investment	184,684	-	**184,684**	1,632,328	**1,447,644**	More favourable bank balances throughout the financial year & recognition of capex interest previously capitalised.
Total revenue from exchange transactions	**25,776,000**	**-**	**25,776,000**	**32,387,087**	**6,611,087**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	57,130,000	-	**57,130,000**	61,386,650	**4,256,650**	The increase in government grants is due to CAPEX grant expenditure recognised as income being more than budgeted for.
Revenue in kind	-	-	-	454,450	**454,450**	Services in kind received from various stakeholders not budgeted for.
Total revenue from non-exchange transactions	**57,130,000**	**-**	**57,130,000**	**61,841,100**	**4,711,100**	
Total revenue	**82,906,000**	**-**	**82,906,000**	**94,228,187**	**11,322,187**	

The South African State Theatre

Annual Financial Statements for the year ended March 31, 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure						
Personnel	(34,449,000)	-	**(34,449,000)**	(39,228,853)	**(4,779,853)**	Increase due to restructuring and implementation of the new personnel structure.
Depreciation and amortisation	(8,661,135)	-	**(8,661,135)**	(6,954,489)	**1,706,646**	Decrease due re-assessment of the fixed assets useful lives.
Impairment loss/ Reversal of impairments	-	-	**-**	(116,412)	**(116,412)**	Impairment of fixed assets not budgeted for.
Lease rentals on operating lease	(375,567)	-	**(375,567)**	(346,313)	**29,254**	Decrease in lease rentals on operating lease is due to equipment rented at a lower that budget price.
Bad debts impairment	-	-	**-**	90,026	**90,026**	Increase in bad debt impairment provision due to more debtors outstanding at year end.
Repairs and maintenance	(2,824,778)	-	**(2,824,778)**	(5,706,489)	**(2,881,711)**	Increase in repairs and maintenance is mainly due to upgrading of theatre facilities and on-going maintenance of the building.
Sale of goods/Inventory	(575,961)	-	**(575,961)**	(1,364,802)	**(788,841)**	Increase due to increase in sales of goods.
General Expenses	(36,019,559)	-	**(36,019,559)**	(41,285,857)	**(5,266,298)**	The increase against the budget is mainly due to: increased in utility expenditure and security expenditure.
Total expenditure	**(82,906,000)**	**-**	**(82,906,000)**	**(94,913,189)**	**(12,007,189)**	
Operating deficit	**-**	**-**	**-**	**(685,002)**	**(685,002)**	
Loss on disposal of assets and liabilities	-	-	**-**	(1,780,885)	**(1,780,885)**	Loss on disposal of assets.
Fair value adjustments	-	-	**-**	1,683,914	**1,683,914**	Fair value adjustment of the investment property.

The South African State Theatre

Annual Financial Statements for the year ended March 31, 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actuarial gains/losses	-	-	-	(51,000)	**(51,000)**	(51,000) Loss from actuarial valuation of employee benefit obligation at year end.
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(832,973)**	**(832,973)**	

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.

These accounting policies are consistent with the previous period.

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. Additional information is disclosed in Note 8 Employee benefit obligations

1.2 Significant judgements and sources of estimating uncertainty (continued)

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.

Accounting Policies

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.

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 de-recognised.

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.

1.4 Property, plant and equipment (continued)

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 de-recognised.

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 de-recognised.

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
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.

1.4 Property, plant and equipment (continued)

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 de-recognised 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 de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition 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.

1.5 Intangible assets (continued)

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.6 Heritage assets

Recognition

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

Initial measurement

Heritage assets are initially measured at cost.

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

Subsequent measurement

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

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

De-recognition

The entity de-recognises 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 de-recognition of a heritage asset is included in surplus or deficit when the item is de-recognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

The South African State Theatre
Annual Financial Statements for the year ended March 31, 2018
Accounting Policies

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.

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

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

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

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

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

A financial asset is:

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

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

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

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

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

1.7 Financial instruments (continued)

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 counter-party 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 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 payables	Financial liability measured at amortised cost

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

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.

1.8 Tax

Tax expenses

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

1.9 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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 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 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

1.11 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 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.

1.12 Employee benefits (continued)

Short-term employee benefits

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

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

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

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

Post-employment benefits

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

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

1.12 Employee benefits (continued)

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.

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;

1.12 Employee benefits (continued)

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

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.

1.13 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 deficits.
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.

1.13 Provisions and contingencies (continued)

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

Contingent assets and contingent liabilities are not recognised.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Items classified as commitments are disclosed in the annual financial statements note 21.

1.15 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.

1.15 Revenue from exchange transactions (continued)

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.

1.16 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.

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.

1.16 Revenue from non-exchange transactions (continued)

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.

1.17 Comparative figures

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

1.18 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 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.

1.19 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. No further action is required with the exception of updating the note to the financial statements.

1.19 Irregular expenditure (continued)

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Budget information

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

The approved budget covers the fiscal period from 2017-04-01 to 2018-03-31.

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.

1.21 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 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.

1.23 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.

Figures in Rand

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except the adoption of the following standards.

- The entity changed the accounting policy on artwork collections from Property, plant and equipment to Heritage assets. The change resulted in the reduction in Property, plant and equipment by R18 418 243 and heritage assets increasing by the same amount.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	1 April, 2017	The impact is not material.
• GRAP 26 (as amended 2015): Impairment of cash- generating assets	1 April, 2017	The impact is not material.
• GRAP 21 (as amended 2015): Impairment of non-cash- generating assets	1 April, 2017	The impact is not material.

4. Investment property

	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	22,112,882	22,112,882	20,428,968	20,428,968

Reconciliation of investment property - 2018

	Opening balance	Fair value adjustments	Total
Investment property	20,428,968	1,683,914	22,112,882

Reconciliation of investment property - 2017

	Opening balance	Fair value adjustments	Total
Investment property	18,894,469	1,534,499	20,428,968

The investment property is valued by an independent property valuers annually. The investment property was valued on 31 March 2018 by Strata Properties and by The Valuator Group on 31 March 2017 using the Income Capitalisation method.

Figures in Rand

5. Property, plant and equipment

	2018			2017		
	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	166,992,250	(89,171,710)	77,820,540	154,505,365	(85,484,404)	69,020,961
Motor vehicles	260,650	(60,895)	199,755	314,549	(73,252)	241,297
Office equipment	9,363,739	(7,126,071)	2,237,668	10,082,739	(7,045,189)	3,037,550
IT equipment	2,629,770	(1,145,907)	1,483,863	1,660,851	(978,576)	682,275
Wardrobe	931,300	(729,725)	201,575	931,300	(701,865)	229,435
Plant and Equipment	39,317,516	(28,465,125)	10,852,391	36,306,970	(27,485,126)	8,821,844
Artwork	196,466	-	196,466	1,631,362	-	1,631,362
Leased equipment	330,785	(64,800)	265,985	-	-	-
Capital Work in Progress	217,658	-	217,658	11,585,633	-	11,585,633
Leased motor vehicle	208,679	(98,543)	110,136	208,679	(28,983)	179,696
Total	**225,451,733**	**(126,862,776)**	**98,588,957**	**222,230,368**	**(121,797,395)**	**100,432,973**

Figures in Rand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	5,002,920	-	-	-	-	-	5,002,920
Buildings	69,020,961	12,486,884	-	-	(3,687,305)	-	77,820,540
Motor vehicles	241,297	-	(33,037)	-	(8,505)	-	199,755
Office equipment	3,037,550	24,286	(112,105)	-	(621,119)	(90,944)	2,237,668
IT equipment	682,275	1,047,883	(24,959)	-	(221,336)	-	1,483,863
Wardrobe	229,435	-	-	-	(27,860)	-	201,575
Plant and Equipment	8,821,844	4,548,664	(305,047)	-	(2,187,603)	(25,467)	10,852,391
Artwork	1,631,362	-	(1,434,896)	-	-	-	196,466
Leased Equipment	-	330,785	-	-	(64,800)	-	265,985
Capital Work in Progress	11,585,633	1,118,909	-	(12,486,884)	-	-	217,658
Leased motor vehicle	179,696	-	-	-	(69,560)	-	110,136
	100,432,973	19,557,411	(1,910,044)	(12,486,884)	(6,888,088)	(116,411)	98,588,957

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	5,002,920	-	-	-	-	-	5,002,920
Buildings	69,669,710	2,053,679	-	-	(2,702,428)	-	69,020,961
Motor vehicles	300,507	-	(48,384)	-	(10,826)	-	241,297
Office equipment	4,128,687	138,342	(75,762)	-	(1,132,287)	(21,430)	3,037,550
IT equipment	401,640	503,893	(520)	-	(221,271)	(1,467)	682,275
Wardrobe	255,533	-	-	-	(26,098)	-	229,435
Plant and Equipment	13,699,781	730,070	(92,607)	-	(5,515,400)	-	8,821,844
Artwork	1,631,362	-	-	-	-	-	1,631,362
Capital Work in Progress	11,410,562	2,305,906	-	(2,130,835)	-	-	11,585,633
Leased motor vehicle	-	208,679	-	-	(28,983)	-	179,696
	106,500,702	**5,940,569**	**(217,273)**	**(2,130,835)**	**(9,637,293)**	**(22,897)**	**100,432,973**

Figures in Rand

5. Property, plant and equipment (continued) Pledged as security

No property, plant and equipments are pledged as security for liabilities in 2018, (2017: Rnil) and all assets are non-current assets. During the year some Property, plant and equipment were disposed and proceeds amounting to R129, 159 was received.

6. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	680,811	(502,208)	178,603	560,157	(435,809)	124,348

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	124,348	120,654	(66,399)	178,603

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	186,343	45,344	(107,339)	124,348

7. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Artwork Collections	30,411,350	-	30,411,350	26,565,750	-	26,565,750

Reconciliation of heritage assets 2018

	Opening balance	Disposals	Revaluation increase/ (decrease)	Total
Artwork Collections	26,565,750	(5,000)	3,850,600	30,411,350

Reconciliation of heritage assets 2017

	Opening Balance	Total
Artwork Collections	26,565,750	26,565,750

Figures in Rand | 2018 | 2017

7. Heritage assets (continued)

Revaluations

Art collections

The effective date of the revaluation was 2018-03-31. Revaluations of the artwork collections were performed by an independent valuer, Mr Pieter W. van Heerden, from Association of Arts Pretoria. The value was determined directly by reference to observable prices in an active market.

8. 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 QDI Consult for the medical aid fund based on 14 (2017:15) 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 (2017:3) retired pensioners previously employed by the State Theatre by multiplying the annual pension provided by an appropriate annuity factor as at the valuation date. As at the valuation date, the ex-gratia benefits liabilities of the State Theatre were unfunded, i.e. no dedicated assets have been set aside to meet this liability. No valuation was done on any assets.

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

	2018	2017
Employee benefit obligation		
Post Medical aid liability		
Opening Accrued liability	(3,292,000)	(4,011,594)
Interest Cost	(255,000)	(330,500)
Benefits Paid	424,000	419,305
Actuarial gain/(losses)	(36,000)	630,789
	(3,159,000)	**(3,292,000)**
Ex-gratia Pension Benefit Liability		
Opening Accrued Liability	(182,000)	(187,893)
Interest Cost	(13,000)	(14,594)
Benefits Paid	37,000	43,041
	(15,000)	(22,554)
	(173,000)	**(182,000)**

8. Employee benefit obligations (continued)

Figures in Rand	2018	2017
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	3,474,000	4,199,487
Benefits paid	(461,000)	(462,346)
Net expense recognised in the statement of financial performance	319,000	(263,141)
	3,332,000	**3,474,000**
Net expense recognised in the statement of financial performance		
Interest cost	268,000	345,094
Actuarial (gains) losses	51,000	(608,235)
	319,000	**(263,141)**
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	51,000	(608,235)

Figures in Rand

8. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount used - Post Employment Medical Aid	7.93 %	8.28 %
Consumer Price Inflation - Ex gratia pensioners	7.37 %	5.64 %
Healthcare Cost Inflation - Post Employment Medical Aid	6.50 %	6.13 %
Pension Inflation	4.49 %	5.64 %
Medical Aid Contribution inflation	7.13 %	7.13 %
Net Discount Rate - Ex gratia Pensioners	2.32 %	2.04 %
Net Discount Rate - Post Employment Medical Aid	1.34 %	1.07 %

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

Ex-gratia Pensioners

a) Economic Assumptions

The discount rate was set by matching the implied duration of the liability, which was 4 years in this valuation, to the point on the yield curve matching that valuation. Similarly, pension inflation was taken as the difference the bond curve and the real curve at the appropriate duration. For the Ex-gratia pensioners the discount rate was set equal to the market yields on government bonds. The CPI assumption was calculated as the difference between the market yields on index linked bonds consistent with the estimated term of the liability and those of fixed interest bonds with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases. The net effective discount rate is the difference between the discount rate assumption and the pension inflation assumption.

b) Demographic Assumptions

The PA(90) mortality table was used to determine the annuity factors. We assumed that all pensioners were married with males being five years older than their female spouses.

c) Sensitivity Analysis

In order to illustrate the sensitivity of the results to changes in certain key variables, the liability was recalculated using the following assumptions:

(i) The general pension inflation rate assumption

(ii) The discount rate assumption and

(iii) The rates of mortality assumed, post retirement

(i) Pension Inflation Rate

Deviation from the long-term assumption made by 1% increase, the liability will be 9.1% higher than the above results and vice versa.

(ii) Discount Rate

An increase from the long-term assumption of the discount rate by 1% will cause an increase of the liability by 9.1% and vice versa.

(iii) Mortality Rate

A 1 year decrease in the post-retirement mortality rate, will increase the above liability by 6% and vice versa.

Post Employment Medical Aid

a) Discount Rate

The post employment medical aid discount rate used was based on the market yields on government bonds consistent with the estimated term of the post-employment liability. These rates do not reflect any adjustment for taxation and they were deducted from the yield curve obtained from the Bond Exchange of South Africa after the market close on 31 March 2018. The rate is calculated by using a weighted average of yields for the three components of the liability, namely;

(i) In-service member's retirement liability

(ii) Death-in-service liability

(iii) Continuation member's liability

Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's liability-weighted average duration, using an iterative process.

Figures in Rand — 2018 — 2017

b) Medical Aid Inflation Rate

The medical aid inflation was set with reference to the past relationship between CPI and medical aid contribution inflation. The inflation was obtained by considering the point on the yield curve matching the implied duration of the liability. CPI was taken as the difference between the bond curve and the real curve at the appropriate valuation. South Africa has experienced high health care cost inflation in recent year. The annualised compound rates of increase for the last 10 years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-stripped general inflation by 1% per annum over the foreseeable future.

c) Mortality Rates

Mortality post-employment (for pensioners) has been based on the PA(90) ultimate mortality tables. No explicit assumption was made about additional mortality or health case costs to AIDS.

d) Spouses and Dependants

It has been assumed that the marital status of members who are currently married will remain the same up to retirement. It is also assumed that 90% of all single employees (if applicable on valuation) would be married at retirement with no dependant children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement..

e) Sensitivity Analysis

The liability at the valuation date was recalculated to show the effect of:

(i) 1% increase and decrease in the assumed rate of health care cost inflation;
(ii) 1% increase and decrease in the assumed rates of post-retirement mortality
(i) Medical aid inflation

A 1% increase in the cost of health care will result in a 5.4% increase in the post-employment medical aid liability, however,a 1% decrease in this cost will cause the liability to decrease by 5%.

(ii) Mortality Rate

A 20% increase in the mortality rate will increase the liability by 14% as the members are expected to live longer.

9. Inventories

	2018	2017
Stationery	13,503	133,702
Front Of House Liquor, refreshments and consumables	838,838	148,573
	852,341	282,275

10. Receivables from exchange transactions

	2018	2017
Trade debtors	2,246,184	1,317,082
Deposits	12,124	12,124
Operating lease receivables	329,549	84,758
Accrued income	-	311,626
Other receivables	10,898	-
Prepaid expenses	44,609	3,431
	2,643,364	**1,729,021**

Trade and other receivables impaired

Trade and other receivables which are past due over 60 days are considered for impairment. As at 31 March, 2018, trade and other receivables amounting to R1, 624, 691 ((2017): R1, 714, 249) were provided for impairment. The ageing of these receivables provided for is as follows:

Reconciliation of provision for impairment of trade and other receivables

	2018	2017
Opening balance	1,714,248	4,001,233
Provision for impairment movement	(89,557)	(2,286,985)
	1,624,691	**1,714,248**

Debt impairment presented on the face of the statement of financial performance comprises of provision for bad debt income statement movement for 2018 amounting to R89, 557 (2017: R 1, 977, 281) as well bad debt write-off amounting to R469 (2017: R2,
266, 070) for 2016/17 financial year.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	44,800	48,737
Bank balances	504,990	361,098
Deposits call account	23,644,330	25,832,467
	24,194,120	**26,242,302**

Figures in Rand	2018	2017

12. Finance lease obligation

	2018	2017
Minimum lease payments due		
- within one year	223,149	80,802
- in second to fifth year inclusive	187,888	134,670
	411,037	215,472
less: future finance charges	(39,731)	(27,022)
Present value of minimum lease payments	**371,306**	**188,450**
Non-current liabilities	148,022	107,649
Current liabilities	223,283	80,801
	371,305	**188,450**

Finance lease obligations represents rentals payable to ABSA Vehicle Management Solutions for a leased vehicle; Bytes Document Solutions for leased printers and Esizwe Group for leased laptops.

The average lease term is 3 years and the entity applied a borrowing rate of 10% in 2018 (2017:10%).
No contingent rent was payable.

13. Deferred grant income

	2018	2017
Deferred grant income comprises of:		
Unspent conditional grants and receipts		
Deferred grant income - capital portion	19,566,528	22,274,022

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

14. Payables from exchange transactions

	2018	2017
Trade payables	5,674,751	3,572,592
Income received in advance	356,401	666,407
Accrued leave pay	1,087,337	630,240
Accrued expenses	1,438,050	1,156,040
Tenant deposits received	1,166,720	1,334,397
Other payables	1,433,669	899,824
	11,156,928	**8,259,500**

Figures in Rand	2018	2017

15. Revenue

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

	2018	2017
Sale of goods	2,178,288	1,540,035
Rendering of services	4,128,699	3,255,903
Rental of facilities and equipment	23,650,374	23,996,184
Sundry income	797,398	951,386
Interest received - investment	1,632,328	1,293,142
	32,387,087	**31,036,650**

Revenue from exchange transactions is made up as follows:

- Sale of goods which comprises sales of Front Of House liquor and refreshments
- Rendering of services which comprises of tickets sales
- Rental of facilities and equipment which comprises of rental of theatres, office space, parking, costumes and restaurant space.
- Sundry income comprises mainly insurance claim received and discount from creditors.
- Interest received arises from the grants received in advance which were invested.

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

	2018	2017
Transfer revenue		
Government grants & subsidies	61,386,650	56,537,765
Sponsorship revenue	-	75,000
Revenue in kind	454,450	641,000
	61,841,100	**57,253,765**

Revenue in kind

Revenue in kind includes services received from SABC, Tshwane Heat and Tshwane Fashion Festival for advertising our productions.

Figures in Rand	2018	2017

16. Government grants and subsidies

Operating grants		
Department of Arts and Culture - Operational Grant	52,075,012	49,595,000
CATHSSETA Grant	55,344	53,109
Department of Arts and Culture - Incubator grant	1,548,800	1,760,000
	53,679,156	**51,408,109**
Capital grants		
Department of Arts and Culture - Capital Grant	7,707,494	5,129,656

Capital grant received during the year amounted to R5, 000, 000

17. Employee related costs

Basic	35,909,652	34,578,750
Medical aid - company contributions	1,089,231	872,000
Workman's compensation	157,269	163,150
Leave pay provision charge	728,879	(372,680)
Interest cost on revaluation of Medical Aid Fund and Pension Fund	268,000	345,094
Overtime payments	1,075,822	830,258
	39,228,853	**36,416,572**

Figures in Rand	2018	2017

18. General expenses

Advertising	2,622,589	5,484,675
Assets expensed	2,294	2,288
Auditors remuneration	2,537,653	2,516,128
Bank charges	342,816	324,566
Cleaning	2,953,101	2,957,198
Consulting and professional fees	2,597,650	2,119,083
Consumables	67,592	31,978
Entertainment	273,830	275,405
Fines and penalties	114,248	1,250
Flowers	5,320	3,593
IT expenses	106,605	20,916
Insurance	391,405	101,674
Levies	-	82,074
Other expenses	539,496	313,866
Placement fees	129,091	36,489
Postage and courier	4,324	17,671
Printing and stationery	267,593	291,347
Production Costs	7,918,634	11,102,517
Royalties and license fees	21,521	-
Security	5,514,465	4,720,034
Software expenses	79,853	74,449
Staff welfare	116,673	54,507
Subscriptions and membership fees	409,848	358,877
Telephone and fax	489,352	430,797
Training	61,999	123,850
Travel - local	891,816	449,488
Uniforms	5,416	27,043
Utilities	12,820,673	9,226,970
	41,285,857	**41,148,733**

Figures in Rand	2018	2017

19. Fair value adjustments

Investment property (Fair value model)	1,683,914	1,534,499

Fair value adjustments arises from valuation of investment property.

20. Operating lease commitment - entity as a lessor

The entity leases office buildings and workshops to tenants for a maximum period of 3 consecutive years with an annual escalation clause of 8%. No contingent rent is receivable. The lease agreements are renewed at the end of each lease term. The future minimum lease payment under non-cancellable operating lease agreements are as follows:

	2018	2017
State Theatre Building		
Due no later than one year	3,426,931	936,635
Due between 1 and 5 years	2,861,526	748,829
	6,288,457	1,685,464
Investment Property		
Due no later than one year	-	717,257

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.

Figures in Rand	2018	2017

22. Cash generated from operations

	2018	2017
Deficit	(832,973)	(1,655,757)
Adjustments for:		
Depreciation and amortisation	6,954,489	9,692,532
Loss on disposal of assets	1,780,885	165,422
Fair value adjustments	(1,683,914)	(1,534,499)
Impairment deficit	116,412	22,897
Debt impairment	(90,026)	(20,914)
Non-cash items	32,590	(132,535)
Stock adjustment	209,750	79,971
Changes in working capital:		
Inventories	(570,066)	(99,833)
Receivables from exchange transactions	(914,343)	(988,886)
Payables from exchange transactions	2,897,425	603,341
	-	-
Deferred grant income	(2,707,494)	5,352,865

Figures in Rand	2018	2017

23. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	1,323,721	642,567
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating expenditure in the current year	18,106,157	1,587,871
Total operational commitments		
Already contracted for but not provided for	18,106,157	1,587,871

This committed capital expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources.

Capex was used for operational expenditure in the prior years. Department of Arts and Culture (DAC) and National Treasury has indicated that amount used has to be replaced.

24. Contingencies

The entity is currently involved in three court cases pending at the Labour Court, of which the amount and outcome cannot be reliably estimated as at year end.

Figures in Rand	2018	2017

25. Related parties

Relationships

Controlling department	Department of Arts and Culture
Members of key management	Mr AD Sekhabi

	2018	2017
Related party transactions		
Department of Arts and Culture		
Operational Grant	52,075,012	49,595,000
CAPEX Grant	5,000,000	12,500,000
Incubator Grant	1,548,800	1,760,000
Production royalties paid to Mr AD. Sekhabi	170,660	20,000

26. Key Management Compensation

2018

Executive	Basic Salary	Provident Fund	Allowances	Other	Total
Dr S. Mkhize	1,502,064	282,969	24,000	-	1,809,033
Ms N. Ndimande (Terminated on 17 November 2017)	581,785	75,014	16,000	-	672,799
Mr A. Sekhabi	893,881	167,704	87,600	173,493	1,322,679
Mr G. Viljoen (Retired on 30 March 2018)	971,104	168,220	24,000	780	1,164,104
	3,948,834	693,907	151,600	174,273	4,968,615

Figures in Rand | 2018 | 2017

Non Executive	Members Fees	Other	Total
Ms B. Masekela (Chairperson) (Term ended 30 November 2017)	13,636	600	14,236
Prof. N. Mazibuko (Chairperson appointed on 1 December 2017)	11,093	-	11,093
Ms N. Mosala (Appointed on 1 December 2017)	11,103	5,452	16,555
Dr. M Ndlovu (Appointed on 1 December 2017)	9,912	1,271	10,183
Ms B. Malange (Deputy chairperson) (Term ended 30 November 2017)	20,336	666	21,002
Mr B. Jay (Deputy chairperson appointed on 1 December 2017)	5,538	3,631	9,169
Mr T. Mphuti (Term extended until 30 November 2020)	41,885	8,863	50,747
Mr S. Chauke (Term extended until 30 November 2020)	23,190	2,014	25,204
Ms M. Mofammere (Term extended until 30 November 2020)	39,502	6,744	46,246
Dr AM. Vilakazi (Term ended 30 November 2017)	2,033	206	2,239
Ms S. Singh (Term extended until 30 November 2020)	39,890	3,502	43,392
Dr V. Zulu (Term ended 30 November 2017)	19,206	9,613	28,819
Mrs S. Khumalo (Independent Artistic and Sponsorship Committee Member)	2,189	584	2,773
Ms B. Kuzwayo (Independent Audit Committee Member)	17,101	1,804	18,905
Mr T. Mhlari (Independent Audit Committee Member) (Terminated on 31 March 2018)	8,417	625	9,042
Mr T. Mongatane (Independent Audit Committee Chairperson)	24,723	1,326	26,049
Mr V. Motholo (Independent Audit Committee Member)	6,938	164	7,102
	296,692	**47,065**	**342,756**

2017

Executive	Basic Salary	Provident fund	Allowances	Other	Total
Dr S. Mkhize	1,440,128	259,871	24,000	-	1,723,999
	-	-	-	-	-
Ms N. Ndimande	799,953	100,047	24,000	-	924,000
Mr A. Sekhabi	850,686	150,789	87,600	24,696	1,113,771
Mr G. Viljoen	862,615	152,982	24,000	-	1,039,597
	3,953,382	**663,689**	**159,600**	**24,696**	**4,801,367**

Figures in Rand

Non Executive	Members Fees	Other	Total
Ms B. Masekela (Chairperson)	13,582	2,886	16,468
Ms B. Malange (Deputy Chairperson)	16,744	2,446	19,190
Mr TK. Mphuti	39,148	9,505	48,653
Mr S. Chauke	15,293	4,602	19,895
Ms MF. Mofammere	37,194	10,356	47,550
Ms S. Singh	25,998	8,150	34,148
Dr AM. Vilakazi	7,166	3,880	11,046
Dr VT. Zulu	15,877	12,404	28,281
Mrs S. Khumalo (Independent Artistic and Sponsorship Committee Member)	4,040	3,201	7,241
Ms B. Kuzwayo (Independent Audit Committee Member)	12,778	1,776	14,554
Mr T. Mhlari (Independent Audit Committee Member)	9,612	929	10,541
Mr T. Mongatane (Independent Audit Committee Chairperson)	9,555	535	10,090
Mr V. Motholo (Independent Audit Committee Member)	15,825	616	16,441
	222,812	**61,286**	**284,098**

Figures in Rand

27. Change in estimate

Property, plant and equipment

During the year depreciable assets' remaining useful lives were assessed to reflect the actual pattern of future economic benefits and service potential derived from the assets. The effect of the assessment is summarised below:

Computer equipment

The useful life of certain computer equipment was original estimated to be 5 years. In the current period management have revised their estimate to 10 years. The effect of this revision has increased the depreciation charges for the current and future periods by R 4,121

Office Equipment

The useful life of certain office equipment was original estimated to be 5 years. In the current period management have revised their estimate by additional 3-4 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R597, 969

Motor Vehicle

The original residual value of Toyota Corolla was reviewed. The management changed the residual value from the original R59, 436 estimated to R80,000. The effect of this revision has decreased the depreciation charges for the current and future periods by R 4, 407.71.

Plant and machinery

The useful life of certain plant and machinery was original estimated to be 5 years. In the current period management have revised their estimate by additional 3- 4 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 4, 512, 725.89

Wardrobe

Assets that had been fully depreciated were assessed for their remaining useful life. The assessment resulted to an increase in the remaining useful life by an additional 5 years. The effect of this revision has increased the depreciation charges for the current and future periods by R 506.77.

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 2016/17 financial year which affected a number of general ledger accounts. The prior period was adjusted retrospectively. The impact of the correction of the error(s) can be summarised as follows:

The South African State Theatre
Annual Financial Statements for the year ended March 31, 2018
Notes to the Annual Financial Statements

28. Prior period errors (continued)

Statement of financial position

Figures in Rand	2018	2017
1. Decrease in property, plant and equipment - reclassification of artwork from property, plant and equipment to heritage assets. Leased vehicle previously classified as an operating lease in the prior year reclassified as a finance lease. The entity assessed the useful life of all assets and the assessment resulted to change in useful life for some of our assets.	-	(16,074,042)
2. Increase in heritage assets - reclassification of artwork from property, plant and equipment. Revaluation of artwork.	-	26,565,750
3. Increase in Investment property - valuation of land not previously valued.	-	(2,571,032)
4. Decrease in cash and cash equivalents - prior year adjustments involving a number of transactions affecting the bank identified during bank reconciliation.	-	(291,086)
5. Increase in intangible assets - Capitalisation of computer software	-	35,897
6. Decrease in receivables from exchange transactions - unallocated receipts allocated as well as incorrect invoices previously raised were reversed.	-	(758,902)
7. Increase in payables from exchange transactions - reclassification of provisions to accruals.	-	1,231,584
8. Decrease in deferred income - grant - recognition of capex grants expenditure spent in the prior year and recognition of interest income previously capitalised as capex grant	-	(3,532,078)
9. Increase in finance lease obligation - leased vehicle previously classified as an operating lease in the prior year. In 2017/18 financial year reclassified as a finance lease.	-	(188,450)
10. Decrease in provisions - reclassification from provisions to payables from exchange transactions	-	846,232
11. Increase in revaluation surplus	-	9,707,229
12. Increase in accumulated surplus or deficit - net impact of prior year adjustments.	-	9,488,664

Figures in Rand	2018	2017

Statement of Financial Performance (continued)

1. Increase in revenue from exchange transactions - reversal of tickets sales accrued to producer incorrectly accounted as SAST revenue. Theatre bookings not previously processed. Recognition of interest income from capex grants received previously capitalised	-	871,179
2. Increase in revenue from non-exchange transactions - recognition of capex grant expenditure spent in the prior year not recognised as revenue.	-	714,565
3. Decrease in sponsorship revenue - reclassification to revenue in kind	-	(641,000)
4. Increase in revenue in kind - reclassification from sponsorship revenue	-	641,000
5. Decrease in employee related cost -retrenchment cost accrual underpaid in the prior year and settled in the current year. Reversal of incorrectly processed provisions.	-	360,539
6. Decrease in repairs and maintenance - Reversal of repairs and maintenance processed in a wring period	-	446,089
7. Increase in general expenses - expenditure corrections for advertising expenses, consulting and production fees not previously processed in the prior year.	-	(146,616)
8. Decrease in depreciation - Recalculation of the depreciation. Depreciation of the leased vehicle that was classified as an operating lease in the prior year. Reclassified as finance lease.	-	246,556
9. Decrease in lease rentals on operating lease	-	25,079
10. Increase in sale of goods	-	(12,723)
11. Decrease in loss on disposal of assets	-	10,549
12. Decrease in fair value adjustment - Valuation of investment property	-	2,571,032
	-	**5,086,249**

Figures in Rand	2018	2017

29. Prior-period irregular expenditure

The disclosed irregular expenditure in Note 33 opening balance of R125, 565, 303 includes irregular expenditure identified in the current year relating to prior years amounting to R22, 286, 195. Included in this amount is an irregular expenditure transactions relating to 2015/16 financial year amounting to R16, 312, 865 as well as relating to 2011/12 financial year amounting to R5, 973, 330.

The irregular expenditure arose from transactions where the procurement processes were not followed & extension of contracts exceeding 15%.

30. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks, (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to monitor and control these risks. Internal audit function reports quarterly to the Audit Committee, an independent body that monitors risks and policies to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

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

	2018	2017
Trade and other payables	5,674,750	3,572,592

Notes to the Annual Financial Statements

Figures in Rand

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 creditors and cash and cash equivalents.

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

Financial instrument	2018	2017
Cash and cash equivalents	24,149,320	26,193,565
Trade and other receivables	2,246,184	1,726,690

Interest rate risk

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

Assets		
Cash and cash equivalents	12,414,920	26,193,565
Trade and other receivables	2,246,184	1,726,690
	14,661,104	**27,920,255**
Liabilities		
Trade and other payables	5,674,750	3,572,592

31. Going concern

We draw attention to the fact that at 31 March, 2018, the entity had accumulated surplus of R 130,997,027 and that the entity's total assets exceed its liabilities by R 144,554,856.

Notes to the Annual Financial Statements

Figures in Rand

31. Going concern (continued)

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.

32. Fruitless and wasteful expenditure

Opening balance	790,081	789,492
Fruitless and wasteful expenditure for the current year	210,295	589
	1,000,376	**790,081**

Incident	Disciplinary action	2018	Total
SARS PAYE Penalty & interests for EMP201 submitted and paid late.	Matter is under investigation	52,679	52,679
Traffic fines: Number of traffic fines offences incurred between 2010 - 2017 by number of drivers.	Matter is under investigation	14,000	14,000
CCMA penalty charged and awarded to employees concerned on process followed during the retrenchment process.	Matter is under investigation	118,083	118,083
School reimbursement for transport fees after the show time was changed without their knowledge.	Matter is under investigation	15,200	15,200
Waste removal paid to a service provider after the contract was suspended following failure to disclose subcontracting arrangement by the service provider.	The service provider subsequently issued credit notes for waste removal services paid for but not delivered	10,333	10,333
	-	**210,295**	**210,295**

33. Irregular expenditure

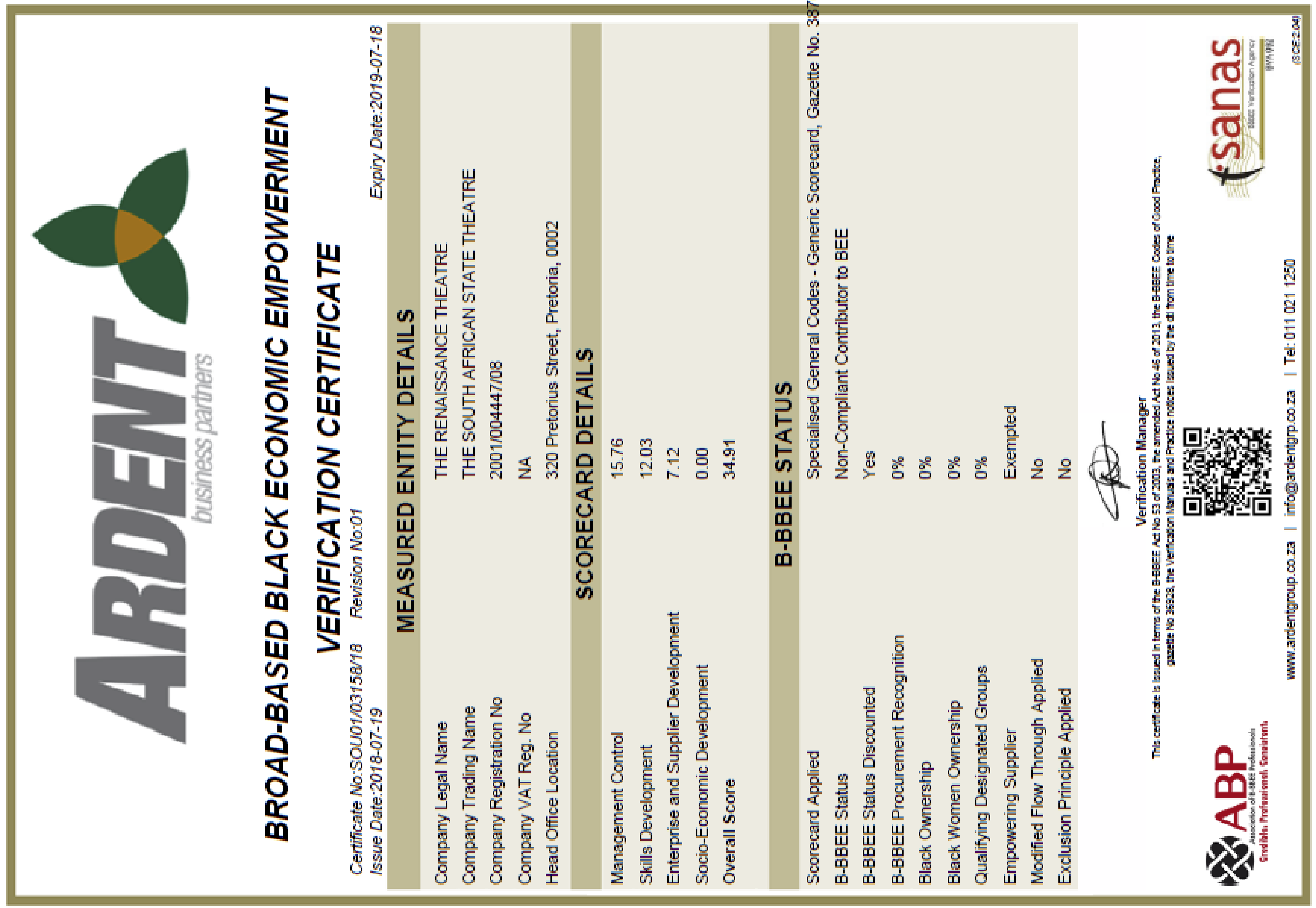
Opening balance	142,293,045	125,565,603
Add: Irregular Expenditure - current year	23,582,835	16,727,442
	165,875,880	**142,293,045**

Figures in Rand

33. Irregular expenditure (continued)

Details of irregular expenditure – current year	Disciplinary steps taken/ criminal proceedings	
Procurement without a valid tax clearance certificate	Matter is under investigation	150,000
Procurement without obtaining three quotations	Matters are under investigation	155,971
Procurement without obtaining CIDB ratings	Procurement will update the current checklist to include the assessment of compliance with CIDB on all maintenance, repairs, installation & renovation related procurements	240,974
Procurement where supplier did not declare their interest	Procurement will strengthen the controls around identification of interests.	422,180
Extension of contracts exceeding 15%	New contracts are in a process of being finalised through tender processes.	10,606,521
Total actual expenditure exceeding budgeted expenditure (The total actual revenue exceeded the budgeted revenue by R10, 237, 914, which do put the expenditure spent in context).	The budget monitoring will be done to ensure that a revised budget where the revenue and expenditure are expected to be exceeded is submitted for approval timeously.	12,007,189
		23,582,835

Annexure A:



ARDENT business partners

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

VERIFICATION CERTIFICATE

Certificate No:SOU/01/03158/18 Revision No:01

Issue Date:2018-07-19 Expiry Date:2019-07-18

MEASURED ENTITY DETAILS

Company Legal Name	THE RENAISSANCE THEATRE
Company Trading Name	THE SOUTH AFRICAN STATE THEATRE
Company Registration No	2001/004447/08
Company VAT Reg. No	NA
Head Office Location	320 Pretorius Street, Pretoria, 0002

SCORECARD DETAILS

Management Control	15.76
Skills Development	12.03
Enterprise and Supplier Development	7.12
Socio-Economic Development	0.00
Overall Score	34.91

B-BBEE STATUS

Scorecard Applied	Specialised General Codes - Generic Scorecard, Gazette No. 38766
B-BBEE Status	Non-Compliant Contributor to BEE
B-BBEE Status Discounted	Yes
B-BBEE Procurement Recognition	0%
Black Ownership	0%
Black Women Ownership	0%
Qualifying Designated Groups	0%
Empowering Supplier	Exempted
Modified Flow Through Applied	No
Exclusion Principle Applied	No

Verification Manager

This certificate is issued in terms of the B-BBEE Act No 53 of 2003, the amended Act No 46 of 2013, the B-BBEE Codes of Good Practice, gazette No 36928, the Verification Manuals and Practice notices issued by the dti from time to time

ABP Association of B-BBEE Professionals

sanas B-BBEE Verification Agency BVA 092

www.ardentgroup.co.za | info@ardentgrp.co.za | Tel: 011 021 1250

(SCE2.04)

Tribute to Mama Nomzamo Winifred Madikizela-Mandela
Image by Sanmari Marais

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ANNUAL REPORT 2017/2018

RP265/2018
ISBN: 978-0-621-46460-3

PO BOX 566 PRETORIA 0001
REPUBLIC OF SOUTH AFRICA
320 PRETORIUS STREET
PRETORIA 0002

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