



THE SOUTH AFRICAN STATE THEATRE
ANNUAL REPORT
2022 | 2023



an agency of the
Department of Sport, Arts and Culture



FREE ENTRANCE

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

Epoch(Nako)

Exhibition By Thepo Hlangwane

TICKET R150

THE SOUTH AFRICAN STATE THEATRE, IN ASSOCIATION WITH THE MARKET THEATRE, PROUDLY PRESENTS

SIFU

THE CAGE

ROEL ZWAKALA FESTIVAL-WINNER

BY BOPAKI SEBAPU
DIRECTED & CHOREOGRAPHED BY EMBE KENK
DIARHUSBY BY SIFISO NKALE

TICKET R80

THE SOUTH AFRICAN STATE THEATRE, IN PARTNERSHIP WITH AMABHELE DIGITAL & CONCERTS SA, PROUDLY PRESENTS

Mhambha Dube's

Road to Amaphupho

TICKET GENERAL R120
VIP R250

THE SOUTH AFRICAN STATE THEATRE IN PARTNERSHIP WITH ROOTS KOOPERATIEV PROUDLY PRESENTS

10 YEARS OF

AFRIKAN ROOTS

AFRIKAN ROOTS | DJ BUZZZ | NOLU M | MCKENZIE MATOME | PAUL K | MOWIM | DR MORUJI
DU FORTE | ESHIO JONES | DJ TRENBY | ROBERTS THE JOURNEY | JAY SAKI | AYABINGI | SEFENE
MABAO | PRINCE WAKO PITHO | MATHHEZI | DJ MAREMA | CHELLE | MR MERCEDES
LATOYA GOULD AND MANY MORE

THEME: ALL BLACK WITH A TOUCH OF AFRICAN

TICKET R200 - R250

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

YOUTH IN HERITAGE

WITH MBUSO KHOZO

OPERA MARBLE FOYER 7 - 24 APRIL 2022

SIBUSISO KHWINANA THEATRE 19 MAY - 5 JUNE 2022

MALOMBO THEATRE 21 MAY 2022 FROM 6PM

OPERA THEATRE 18 JUNE 2022 AT 6PM

OPERA THEATRE 19 JUNE 2022

TICKET R150

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

MARIKANA

THE MUSICAL

WRITTEN & DIRECTED BY AUBREY W. SEKHABI

FEATURING MESHACK MAVUSO MAGABANE, AUBREY POO, SIYASANGA PAPU, SIMPHWE EMMA MMEKWA, MCKENZIE MATOME

Based on the book "We are Going to Kill Each Other Today: The Marikana Story" by Sebatso Masomo, Thandukalo Jika, Aphanhwe Saba, Lucas Ledwaba, Felix Dlangamandla & Leon Sacki

TICKET R150

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH CAPE TOWN CITY BALLET PROUDLY PRESENTS

SERENADE

CHOREOGRAPHER: GEORGE BALANCHIN
MUSIC COMPOSER: PYOTR ILYICH TCHAIKOVSKI

INGOMA

INSPIRED BY GERALD SEKOTO'S SONGS OF THE PICK' AND ASSIPIO NDELOVO MALLINGA'S POEM 'BLUE HEAD'

CHOREOGRAPHER: MHNHLEZI NOVEMBER
MUSIC COMPOSER: PETER JOHNSON

TICKET R150

THE SOUTH AFRICAN STATE THEATRE, IN ASSOCIATION WITH MANTIMAKHULU PTY LTD PROUDLY PRESENTS

ASKARI

ACTION PACKED POLITICAL THRILLER

WRITTEN BY SELLO AMOS MASEKO & MDIDIZI NHLAPO
DIRECTED BY SELLO AMOS MASEKO
MUSICAL DIRECTION BY ELVIS TEAKAY
CHOREOGRAPHED BY MDIDIZI NHLAPO

TICKET R100

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

Queen Nebo

— Dithomo Tsa Africa —

TICKETS R150

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

SHAKA ZULU

THE GAPING WOUND

Written by Bongani Linda & Directed by Meshack Mavuso Magabane
Musical Direction by Simphwe Shakhane & Zakhele Mabena

Starring
Theminkosi Chagwe | Mduduzi Mabaso kaMdadane | Nkanyiso Bhengu

DRAMA THEATRE 2 - 28 AUGUST 2022

OPERA THEATRE 23 - 25 SEPTEMBER 2022

ARENA THEATRE 27 SEPT - 16 OCT 2022

MALOMBO THEATRE 1 OCTOBER 2022 8PM

DRAMA THEATRE 8 - 27 NOVEMBER 2022

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

KUCHEZA

AFRIKA FESTIVAL

01 - 10 APRIL '22

THE SOUTH AFRICAN STATE THEATRE, IN ASSOCIATION WITH FLUX, AFRICAL, FLUTINA, CHELLE, THEATRE & PAPERWORK PROUDLY PRESENTS

Youth expressions FESTIVAL

Feel free... Just Be!

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

Kwarasi

INTERNATIONAL FESTIVAL

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

MAYIBUYE

COMMUNITY OUTREACH

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

MZANSI

FELA FESTIVAL

STATE THEATRE | APRIL 2022

STATE THEATRE | JUNE 2022

STATE THEATRE | 09 - 21 AUGUST 2022

STATE THEATRE | DECEMBER 2022

STATE THEATRE | DECEMBER 2022



CONTENTS

CONTENTS

PART A: GENERAL INFORMATION	1
1. PUBLIC ENTITY'S GENERAL INFORMATION	2
2. LIST OF ABBREVIATIONS/ACRONYMS	3
3. FOREWORD BY THE CHAIRPERSON	4
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	9
5. ARTISTIC DIRECTORS OVERVIEW	13
5.1. 2022/23 Productions	16
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	24
7. STRATEGIC OVERVIEW	25
7.1 Vision	25
7.2 Mission	25
7.3 Values	25
8. LEGISLATIVE AND OTHER MANDATES	26
9. ORGANISATIONAL STRUCTURE	27
PART B: PERFORMANCE INFORMATION	29
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	30
2. SITUATIONAL ANALYSIS	30
3. PROGRESS TOWARDS ACHIEVEMENT OF PLANNED IMPACT AND OUTCOMES	36
4. PROGRAMME PERFORMANCE INFORMATION	36
Summary of Performance by Strategic Outcome Oriented Goal	36
Response to the COVID-19 Pandemic	37
5. PERFORMANCE INFORMATION BY PROGRAMME	38
5.1 Programme 1: Administration	38
5.2 Programme 2: Business Development	41
5.3 Programme 3: Public Engagement	43
5.4. Linking Objectives with Budgets	44

6. REVENUE COLLECTION	44
7. CAPITAL INVESTMENT	45
PART C: GOVERNANCE	47
1. INTRODUCTION	48
2. PORTFOLIO COMMITTEES	48
3. EXECUTIVE AUTHORITY	48
4. THE ACCOUNTING AUTHORITY (Council)	48
5. RISK MANAGEMENT	51
6. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEES	52
7. COMPLIANCE WITH LAWS AND REGULATIONS	52
8. FRAUD AND CORRUPTION	52
9. MINIMISING CONFLICT	52
10. CODE OF CONDUCT	52
11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	53
12. SOCIAL RESPONSIBILITY	54
13. AUDIT AND RISK COMMITTEE REPORT	55
14. BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)	56
PART D: HUMAN RESOURCE MANAGEMENT	59
1. INTRODUCTION	60
2. HR RISKS	60
3. HR PLAN	60
4. HUMAN RESOURCE OVERSIGHT STATICS	61
PART E: PFMA COMPLIANCE REPORT	64
1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES	65
2. LATE AND/OR NON-PAYMENT OF SUPPLIERS	66
4. SUPPLY CHAIN MANAGEMENT	67
PART F: FINANCIAL INFORMATION	77
1. REPORT OF THE EXTERNAL AUDITOR	78
2. ANNUAL FINANCIAL STATEMENTS	67



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

PUBLIC ENTITY:	THE SOUTH AFRICAN STATE THEATRE
PHYSICAL ADDRESS:	320 PRETORIUS STREET PRETORIA 0002
POSTAL ADDRESS:	P O BOX 566 PRETORIA 0001
TELEPHONE NUMBER:	+27 12 392 4000
EMAIL ADDRESS:	ADMIN@STATETHEATRE.CO.ZA
WEBSITE ADDRESS:	WWW.STATETHEATRE.CO.ZA
EXTERNAL AUDITORS:	AUDITOR-GENERAL SOUTH AFRICA
BANKERS:	ABSA BANK LIMITED
COUNCIL SUPPORT:	ADAMS AND ADAMS (1 April 2021 to 31 March 2022) WILLIAM RADCLIFFE (PTY) LTD (Commenced 1 April 2022)

2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. FOREWORD BY THE CHAIRPERSON



PROFESSOR FIKILE N. M. MAZIBUKO
CHAIRPERSON

Introduction

The Council of the South African State Theatre (SAST) has the pleasure to present the Annual Report for the 2022/23 financial year. The Annual Report serves as an instrument of accountability to the shareholder and the people of South Africa. It has been prepared by management and approved by Council, in accordance with the Cultural Institutions Act (Act 119 of 1998, as amended in 2001) and the Public Finance Management Act (Act 1 of 1999).

This report outlines the governance and operational activities of the SAST during the final year of this Council's three-year term, which began on 09 December 2020. It has been a year filled with determination, hope, optimism, characterised by team spirit

that transcend difficulties and take the SAST to higher level of excellence.

I am proud of and humbled by the positive achievements that have been recorded despite challenges and unforeseen circumstances. Council has guided the SAST through a difficult period characterised by Covid-19 and the attainment of two consecutive qualified audit opinions. It was very challenging for this Council, which had inherited an unqualified audit opinion. While the negative audit outcomes were devastating, they also presented an opportunity for the organisation to reflect on its shortcomings and strengthen controls to maintain sound financial management and operational efficiency.

In the final year of its term, Council continued to monitor the SAST's Business Model focussing on long term sustainability, reimagining and realignment of the theatre, and the maintenance of a healthy balance between artistic creativity and fiscal stability. There is a common understanding that the SAST should continue to identify and position itself as "the theatre of Africa", with its vision as: "To be the prestigious theatre of choice for a distinctly Pan-African experience", while recognising the global and inclusive character of South Africa's past, present and future.

During its strategic planning workshops in 2021 and 2022 Council renewed its strategic focus on identity and branding, generating revenue, marketing, stakeholder engagement, enhancement of infrastructure, prioritisation of ICT governance, legislative compliance, and human resource capacity to deliver on the entity's mandate. The Council Strategic Planning workshop in November 2022 was used as an opportunity to recalibrate the organisation post-Covid.

Operating conditions and Audit Outcome

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

Council is committed to improving organisational performance and excellence in operational efficiency. Some of the key strategic priorities form part of our Handover Report at the end of our term I ON 30 November 2023.

The financial year 2022/23 was another particularly challenging one, with the persistence of unprecedented problems caused by the outbreak of the Covid-19 pandemic and the resignation of the Chief Financial Officer in January 2022. Despite the difficulty of the operating climate and hostile trading conditions, the institution has managed to triumph in respect of its core business by being focussed, reflective, innovative and creative.

The fraud and corruption matter, which was identified during the 2019/20 financial year, is the subject of an investigation by the law enforcement agencies. The SAST's own forensic investigation was concluded in November 2021 and the report was submitted to the Directorate for Priority Crimes Investigation (DPCI). It is disheartening that despite numerous undertakings by the DPCI, the perpetrators of the fraud have not yet been arrested. We remain optimistic that they will be arrested during the 2023/24 financial year.

I am delighted that the SAST received an unqualified audit opinion from the Auditor-General (AG) in respect of the 2022/23 financial year audit. For the first time in its history the theatre received an unqualified audit opinion without findings. This clean audit report is the result of hard work, vigilance and determination by Council, the Audit and Risk Committee and Finance Committee as well as the Chief Executive Officer and his executive team, especially the Chief Financial Officer. The CFO, demonstrated unwavering, decisive leadership and high level of technical expertise in executing her duties and driving the SAST throughout the 2022/23 Financial Year.

In last year's Annual Report, we noted that while the negative audit opinion is a serious setback. Council and management refocussed and conducted an honest review of the organisational performance of the 2021/22 financial year, including risks, internal operational inefficiencies and consequence management. The above-mentioned positive audit opinion bears testament to that commitment.

Management has already put in place an Action Plan to

address areas of concerns and recommendations by the AG in expenditure management, supply chain management, contract management, irregular, expenditure and fruitless and wasteful expenditure. The aim is to ensure that the SAST sustains its clean audit opinion in the coming financial years.

Corporate Governance

The SAST Council and its committees, namely the Audit and Risk Committee (ARC), the Human Resources and Remuneration Committee (HRRC), Institutional Development Committee (IDC), the Finance Committee, and the Social and Ethics Committee, executed their responsibilities in accordance with their respective charters and enabling legislation. During 2021/22 in addition, to enhance collective assurance and risk management, an ICT Strategic Committee was established. The ICT Strategic Committee is in line with Council's strategic thrust of strengthening ICT governance, enhance ICT architecture,

strengthen ICT security, and ensure that ICT drives organisational performance.

Over the past three financial years Council has overseen the evolution of the organisation and that of its own. The SAST has continued to operationally adapt to the rapidly changing internal and external factors. The Business Model has been reviewed from time to time to ensure that the organisation remains dynamic and transformative in its outlook. Similarly, Council has continued to consistently strengthen the pillars of good corporate governance by reviewing the composition and mandates of committees, strengthening them by replacing those members who resigned, reviewing organisational policies, ensuring implementation of sound internal controls and risk management, monitoring, evaluation and enhancing legislative compliance. Council has ensured that there is improvement in the execution of its fiduciary and oversight responsibility as well

as accountability by the executive management in respect of organisational performance.

Organisational Performance for the year under review

The SAST's overall performance of 71% against predetermined objectives, as set out in the SAST's 2022/23 Annual Performance Plan, which is 6% more than the performance for the 2021/22 financial year.

Council is proud of the artistic work of the SAST, and the achievements made in cementing its role as a premier theatre for both small and large-scale productions. The artistic programme continued to stimulate debate on pertinent socio-economic and political issues, secure long-term sustainability for the arts, contributed to economic growth, and created jobs while also making critical commentary on nation-building, social cohesion, gender-based violence, racial discrimination, corruption, poverty, and inequality.



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

In the 2021/2022 report, we highlighted that the SAST has registered positive and encouraging achievements in respect of its APP. It continues to experience challenges caused by the high vacancy rate, inadequate budget to sustain operations to pay market-related salaries, and the misalignment between the strategy and human resources. Although previously management committed to enhancing revenue generation efforts, it has become apparent that the economic climate and trading conditions are not going to make it easy for the SAST to attract more long-term parking clients as well as fundraising/sponsorship partners. These challenges persisted during the 2022/23 financial year as the economic climate nationally and globally has struggled to improve. South Africa continues to face a fiscal cliff and the competition for disposable income has increased.

Financial Results

The SAST's financial performance is outlined in the audited Annual Financial Statements, which form part of this Annual Report. The SAST Council and management remain committed to fiscal stability by implementing cost containment measures. The financial year under review was a particularly difficult period due to the cancellation of a major parking contract and the continued poor performance of the property rental portfolio. The SAST continued to endure the devastating impact of Covid-19 across its revenue generation areas. As a result, the SAST struggled to meet its obligations during the financial, with the municipal bills being the main contributor to the liquidity crisis. However, we are pleased to report that DSAC has made an adjustment to the SAST's subsidy from the 2023/24 financial year onwards by adding an amount of R10,1m to the operational grant, an amount which is specifically earmarked for payment of municipal utilities.

Revenue collection from property tenants is still a matter of serious concern. Council has mandated management to implement various measures to address this challenge of poor revenue generation from leasing of facilities. A process to strengthen revenue collection and evict non-paying tenants has continued during the year under review. This has been done with due regard to the difficult economic climate caused by the Covid-19 pandemic. The SAST continues to engage with DSAC regarding the enhancement of capacity to generate own revenue as one of the key deliverables. Strengthening the SAST's revenue generation capacity is crucial during the economic climate which has seen massive budget cuts by National Treasury for the financial year under review as well as the next two financial years.

Strategic Direction

The SAST's strategic direction was reaffirmed during the Council workshop in November 2022. The entity's Programme of Action / Key Strategic Priorities still focuses on five strategic pillars, which are: Maximise Revenue, Enhance Reputation, Develop and Manage Human Capital, Promote a Culture of Excellence, and Audience Development. The Programme of Action places particular focus on infrastructure management, presentation of agile artistic offerings, achievement of operational efficiency, achievement of an unqualified audit opinion, strengthening of corporate governance and the entrenchment of an ethical culture, strengthening a culture of compliance, the review of the organisational structure for operational efficiency and effectiveness, the positioning of the SAST as a leading generator and distributor of digital artistic content, enhancement of institutional visibility, strengthening of partnerships and stakeholder relations, and the diversification of revenue streams.

In pursuing the strategic direction, Council remains cognisant of the DSAC and National Treasury

imperatives regarding the substantial budget reductions during the 2024/25 financial year, the implementation of the Revised White Paper on Arts, Culture and Heritage as well as the governance and operational implications of the proposed the Amalgamation of DAC entities.

Acknowledgements

On behalf of the SAST, Council extends its sincere gratitude and acknowledgement of the foresight, insight and collective critical reflections driven by the Executive Authority, former Honourable Minister of Sport, Arts and Culture, Mr N. E. Mthethwa and current Honourable Minister N.G. Kodwa. The continued support from and mutual engagement with the team in the department, led by the former Director-General and the Acting Directors General, is greatly appreciated.

I would also like to recognise and express appreciation for the profound and invaluable contribution made by all staff of the SAST. Staff consistently demonstrate strong work ethic, passion, resilience, civility, and professionalism. Despite extreme adversity caused by working under Covid-19 restrictions, high vacancy rate and relatively low salaries, the SAST staff were not disheartened but remained resolute in their commitment to SAST values and achievement of organisational goals.

On behalf of SAST a sincere word of appreciation is extended to the diverse South African and international audiences who attended performances and related activities at the State Theatre.

The outgoing Council will continue to provide strategic oversight, guidance, and leadership to ensure that the strategic priorities of the SAST are aligned to the National Development Plan 2030, the Minister's 10-Point Plan and the SAST's Five Year Strategic Plan until the expiry of its term on 30 November 2023.

The achievement of a clean audit opinion during the 2022/23 financial has set the organisation on a sound governance footing and plans are already in place to ensure that the positive audit opinion is sustained.

The SAST Council looks ahead to the remaining few months of its term with renewed vigour and a resolve to achieve operational efficiency, good corporate governance, and accountability.



Professor Fikile N. M. Mazibuko

Chairperson

The South African State Theatre

31 July 2023



SAST COUNCIL



PROF FIKILE N.M. MAZIBUKO (CHAIRPERSON)



DR MATSHEDISO JOY NDLOVU (DEPUTY CHAIRPERSON)



ADVOCATE KHAYELIHLE THANGO



DR LEBOGANG LANCE NAWA



MR SUREN MAHARAJ



MS HELLEN KENTSE MAKGAE



MR GLENN UJEBE RAMOTILE ERIC MASOKOANE

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



DR SIBONGISENI MTHOKOZISI MKHIZE
CHIEF EXECUTIVE OFFICER

Introduction

I am pleased to write my eighth Annual Report overview. It has been a long, turbulent journey, but mostly characterised by moments of pride and celebration. Overall, it's a been an intellectually enriching and rewarding artistic and professional endeavour. The year 2022/23 was an important milestone in the history of the theatre as it marked 20 years since it's reopening as an inclusive and transformative space for artistic expression and innovation.

This Annual Report, which is a tool of accountability, is based on the 2022/23 Annual Performance Plan (APP), a document that is aligned to the government's strategic imperative to support job creation, create a skilled workforce, build an empowered and inclusive citizenship as well as foster an effective, efficient,

and responsive public service. The theatre's strategic goals have been formulated out of the DSAC's strategy, which aims to develop, preserve, protect, and promote, arts, culture in South Africa and mainstream its role in social cohesion, nation building and facilitation of socio-economic development. The SAST has continued to focus on the reimagining and repositioning itself post-Covid-19 in terms of its mandate, operational efficiency, continuation to the arts and culture sector and the organisation's long-term sustainability.

Delivery of Mandate and Audit Outcome

In implementing its performance plan, the SAST was informed by the strategic pillars and priorities, which were identified during Council's Strategic Planning workshop in November 2021. The SAST Council and executive management ensured that there was a constant review of its artistic programmes, investment in people and change in organisational culture, strengthen capacity to raise partnerships and attract sponsors, and enhance capacity to generate own revenue.

In addition, special attention was given to improving programmatic and institutional visibility, diversification of artistic offerings, infrastructure refurbishment, development of human capital, positioning of the SAST as a premier digital content creator and distributor and the use its artistic programme and the Transformation Project to promote its identity as a proudly Pan-African theatre. The SAST continued the review of the quality of spending, strengthen internal controls in financial management and safeguarding of assets, achievement of a healthy balance between artistic creativity and financial stability.

Management's hard work and determination to turn around the audit outcome has yielded positive results. I am delighted that during the audit of the 2022/23 financial year the SAST obtained an unqualified audit opinion from the Auditor General, without any findings. This is a remarkable achievement, considering that this entity has received two consecutive negative audit outcomes.

Artistic Performance

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

The SAST's artistic philosophy and programme are predicated on the SAST's Pan-African identity. The artistic performance is aligned to the key priorities and strategic pillars as identified during the Council meetings and workshops during the financial year. The SAST continued to consolidate its place as a premier centre for the performing arts and a centre of artistic excellence, serious challenges persisted in audience attendance and ticket sales caused mainly by lockdown restrictions and the difficult economic climate.

The artistic achievements as outlined in the Artistic Director's Report, occurred within a context of resource constraints. Council has consistently raised concerns regarding the inadequacy of the financial resources to support the core mandate, and efforts are being made to strengthen the organisation's fundraising and sponsorship capacity.

The theatre's hybrid artistic programme, which began in 2020/21 financial year and was driven by innovations around online/digital theatre, has broadened horizons, and opened new vistas in respect of partnerships, creativity, and artistic expression. This artistic programme ensured that the SAST continues to execute its mandate of presenting theatre while also ensuring that it brought relief to the arts and culture sector. During the 2022 planning workshop Council expressed its confidence that the SAST's creative team will continue to find creative ways of critically and innovatively engaging with the ever-changing challenges as well as opportunities.

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 2022/2023 financial year, the SAST received an operational grant of R67 752 000 from DSAC, R88 806 from CATHSSETA and and R1 350 000 from DSAC for the Incubator programme and capital expenditure grant totalling R10 377 829, self-generated revenue of R23 158 948 and sponsorship revenue of Nil. Revenue increased by 11.95%. Expenditure increased by 20.74%. The net inflationary adjustment after in year budget reductions amounted to a decrease of 1%.

The number of in-house productions staged during the year totalled 133 against a target of 100. Online and live performances

were staged for these productions, attracting an audience of 116, 040 (against a target of 38191) and combined with theatre rental income, generated a revenue of R8,164,048. The SAST created 941 short term jobs against a target of 600. Rental of offices and other spaces generated R3,905,980 against a target of R3,816,465. Parking garage rentals generated R8,139,982 against a target of R8,555,683. Front of House revenue was R2,333,455 against a target of R900,000.

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.

Planning and Performance Reporting

During the 2022/23 financial year the SAST Council and management paid particular attention on the matters raised by the Auditor-General. Organisational performance was carried out in accordance with the Annual Performance Plan, with particular focus being placed on the strategic pillars as identified by Council.

Despite the challenges experienced during the first quarter of the year due to some of the Covid-19 being in place, the SAST has achieved 71% of its APP targets, which was 6% more than the 2021/22 annual organisational achievement. The SAST demonstrated improvement in the achievement of some of its revenue generation targets, despite a hostile trading environment, high vacancy rate and other risks associated with human resources.

Risk Management and Compliance

Risk Management is a standing item at management at Committee and Council meetings. The Audit and Risk Committee reports to Council on a quarterly basis. During the year under review, the Risk Register review was completed and approved in March 2022. Management uses the Risk Register to track progress on mitigation of key risks, identification of and implement controls to deal with business unit risks, and the detection and mitigation of emerging risks as identified on a regular basis and tabled at the meetings of the Risk Management Committee, which meets quarterly.

The Risk Register, which contains strategic and operational risks, is an evolving document, which places particular focus on the SAST's strategic and operational risks such as infrastructure project delivery, human resources and remuneration, artistic programming, fraud and corruption, business continuity, impact of implementation of the POPI Act, stakeholder engagement, marketing, intellectual property, and information communication and technology.

The SAST management places particular focus on risk ownership (responsibility and accountability), processes of identifying and reporting risks, education, and dissemination of information on risks, and develop measures to ensure that staff are educated about risk management and fraud prevention using technology.

Human Resources

The SAST continued to face a serious challenge of achieving the alignment of the strategic plan with the structure, the budget, and the new Business Model (Business Improvement Strategy). The HRRC identified the urgent need to strengthen human capital development by addressing key priority areas such as the high vacancy rate, performance management, high staff turnover, remuneration, job grading, training and development, and succession planning. These matters

were deliberated in detail during the Council workshop in December 2022. The matter of remuneration forms part of the Key Strategic Priorities for the 2023/24 financial year.

Infrastructure Management

Infrastructure delivery is one of the key strategic pillars of the SAST. It is therefore important that there is a direct correlation between the SAST's organisational performance and the implementation of capital works projects.

The SAST has made progress in respect of the Passenger Lifts, the Digital Screen, and the Facilities Management Contract, which were completed during the 2021/22 and the 2022/23 fiscal years. However, the implementation of the Facilities management Contract has been slow, thus negatively affecting expenditure. A great deal of time has been spent finalising the implementation plan and the identification of priority projects. The slow progress on this project has exposed the SAST's shortcomings in respect of infrastructure implementation and reporting.

Meanwhile, condition assessments on the roof leaks and the H-VAC (air-conditioning system) have shown that the SAST need to address these as a matter of urgency. In addition, the SAST sprinkler system and the stage machinery (stage lifts in the Opera and Drama theatres) require urgent attention. Other projects include the replacement of the parking system, installation of a new fire detection system, replacement of stage facilities, refurbishment of the Stage Door, the repair and recommissioning of the fountain, modernisation of dressing rooms and rehearsal studios, and the installation of new surveillance cameras. The above-mentioned projects are not only important for health and safety but also play a crucial role in supporting revenue generation and enhancing audience (patron) experience. The SAST is exploring a variety of options, including the review of its total facilities management portfolio and capacitation of its maintenance workshop as a way of addressing its infrastructure challenges.

The renting of SAST facilities remains an area of concern due to low rate of collection. The SAST continues to intensify efforts to maximise opportunities for revenue generation using its properties. This relates to both office and workshop rentals as well as theatre bookings. This is clearly outlined in the Strategic Plan and the Annual Performance Plan and is in line with the entity's revenue collection responsibilities as outlined in the Public Finance Management Act. It also forms part of the SAST's Business Plan, which seeks to provide a new strategic direction for the SAST.

Partnerships and Social Responsibility

The SAST has continued to explore new partnerships with universities and arts entities internationally, and this has broadened horizons and created new opportunities.

The SAST continued with its Community Arts Development programme through its Education, Youth and Children's Theatre department. This programme has seen the SAST changing lives of artists in Gauteng, North-West, Mpumalanga, Free State, Limpopo, and KwaZulu-Natal provinces through the SAST's provision of workshops and other skills development programmes.

Good governance, ethical conduct and social responsibility are key pillars of the SAST's operation. The SAST also continues to ensure that an ethical culture is embedded in its operations. The SAST takes ethics and ethical conduct seriously, hence the prioritisation of Council's imperatives to foster an ethical culture and align the entity's activities with the DSAC and the National Development Plan's Outcome 14 as it relates to the development of a capable, caring, and ethical state. It is also imperative for the theatre to be ethical when it conducts business with the arts community. The SAST has endeavoured to align its operations with the national imperatives which were outlined by the Minister of Sport, Arts and Culture in March 2022, particularly those

that relate to the need for entities to prioritise social inclusion, social cohesion, and prioritisation of people living with disabilities.

Besides continuing to entrench an ethical culture within the SAST, during the quarter under review the SAST managed donate some of its sound and lighting equipment as part of its asset disposal programme. Some of the community theatres that benefited are:

- Mabopane Arts Forum
- TX Theatre in Alexandra
- Thamaga Productions in Johannesburg
- Xclusive Spot Theatre in Polokwane
- Morero Destiny Theatre in Midrand
- Luthando Arts Academy in Sebokeng
- Reason Art Pro Theatre
- Breytenbach Theatre, Tshwane University of Technology, Pretoria
- Rustenburg Civic Centre

As stated previously, the SAST takes social responsibility seriously, including matters relating to procurement, development of suppliers, making donations of old lighting and sound equipment to smaller theatres and schools, providing discounts to tenants, making a special dispensation for a school for children with special needs situated at Kilnerton, and engaging in arts development through the Community Arts Development programme.

New/Proposed Activities

The SAST awaits finalisation of governance arrangements in respect of the Revised White Paper on Arts, Culture and Heritage, as well as the Feasibility Study of the Amalgamation of DSAC Entities. It is envisaged that during 2023/24 DSAC will appoint a service provider to implement the recommendations of the 2019 report on the proposed amalgamation of entities. Furthermore, the SAST anticipates that there will be significant changes to its business and operating models during the 2023/24 financial year after the finalisation of the DSAC's Theatre and Dance Policy. The policy, which is still at a draft and consultation stage, will have far-reaching implications for the operating models, funding, and continued existence of the current nationally-funded theatres.

Acknowledgements

A special word of gratitude goes to the personnel of the SAST for their dedication to the institution. The theatre would not have managed to survive and thrive without the support of its partners in the performing arts sector. While there has been some challenges and serious setbacks, it would be proper to acknowledge the achievements made through the dedication of the SAST staff. Without them the SAST would not have withstood the adversities caused Covid-19, resource constraints and unfavourable trading conditions.

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.

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

Lastly, I wish to acknowledge the members of Council for the role they played in supporting

executive management and providing leadership to set this organisation on an upward trajectory, which culminated in the attainment of a clean audit report for the first time in the history of the organisation. Individually and collectively, members of Council carried out their fiduciary responsibilities to strengthen the fundamental principles of good corporate governance.



Dr Sibongiseni Mthokozisi Mkhize
Chief Executive Officer
The South African State Theatre
31 July 2023



5. ARTISTIC DIRECTORS OVERVIEW



MR AUBREY SEKHABI
ARTISTIC DIRECTOR

Overview

I am pleased and excited to report on the artistic offering of the SAST in the year 2022/23. It was a challenging year, yet exciting. We were coming at the back of the Covid pandemic devastation. We were cautious in programming, our budgets were cut, the audiences diminished, and the storyteller left struggling and wondering where the next job is coming from. It was exciting in the sense that we prevailed as a theatre. We diversified our offering, our approach to programming became hybrid as we went live and online. We presented our stage productions at the Ster-Kinekor cinemas across the country, we delivered music and conversations on our digital platforms, we hosted some of the most prestigious authors in the country and most of all, we attained a clean audit.

Our 2022/23 artistic programme was anchored by 15 sub

programmes. These consisted of four festivals (Kucheza Afrika Festival, Youth eXpressions Festival, Vavasati International Festival and Mzansi Fela Festival), Incubator Programme, Mayibuye Community Outreach, Schools Setwork programme, the Main programme, five online programmes (Conversation with the Author, SAST Fringe, Onset, Onstage and theatre films), Independent Producers programme, and Partnerships. It was through these programmes that The South African State Theatre (The SAST) was able to present one hundred and thirty-six (136) Productions in the Opera Theatre, Drama Theatre, Arena Theatre, Malombo Theatre, Sibusiso Khwinana Theatre, and the Intimate theatre. This contribution created nine hundred and forty-one (941) short term employment opportunities for creators, performers, administrators, and technicians.

Festivals

We started the year with **Kucheza Afrika Festival (KAF)**. It was indeed a feast of dance featuring some of the best talent in the country and abroad. This was the third installment of KAF, and it was great to present it for a live audience after Covid 19 interruptions in 2020/2021. The festival was graced by Vincent Koko Sekoati Mantsoe who was celebrating his 30th anniversary in the dance world. David April conceptualized the presentation of *Barena, with Smangaliso Ngwenya* in celebration of Mantsoe's contribution to the arts.

The audiences were delighted by *Ketima*, created by the internationally acclaimed and multi award winning choreographer, director, and dancer Gregory Maqoma. *Ketima*, according to Maqoma, examines phases of development from crawling through toddling to the time when human thoughts, feelings and actions get hooked to the mainstream of life. It was fulfilling and befitting to present Luyanda Sidiya's trilogy of *Umnikelo* (Loosely translated as an offering and regarded as the act of willful submission towards a deity or a force transcending physical comprehension), *Siva* (a yearning for that which guides us to completeness, to oneness) and *Amawethu* (seeking to reclaim who we are as a people and correcting the narrative and reclaiming our culture, traditions, customs).

Kristy-Leigh's *Encryption* reflected on "what makes us, what informs our personalities, our politics, and our socially cohesive behavior" whilst Thami Tshabalala's *Isenyuso* "detailed the deliverance of unintuitive codes of living, crippling history and deprivation". *Digging in the night* by Helge Letonja is a collaborative work about digging "for buried worlds of longing

and intertwines them with impressions from the mine-dominated regions of South Africa" where migrants from across the borders and villages came to the big cities.

Dr Bailey Snyman's *Gasland* "is a poetic meditation on the displacement of people due to war, trafficking, and migration in the 21st century".

All these projects collided at the SAST setting a high standard for the main programme of KAF. KAF also presented young artists at different levels of their careers. *Kontroller* by Lucky Dance Theatre & Fishers of Man is one such programme that was presented under the young artists programme of KAF and went on to tour Greece, followed by a return season at the SAST.

The Youth Expressions Festival (YEF) is directed at empowering young people while remembering the essence of youth-month in South Africa. The festival is a celebration of the creative spirit seen in the youth of South Africa that remembers the past, while reflecting on the present and interrogating the future. It is on this platform that young creatives can showcase, make mistakes, entertain, enlighten, and delight audiences. This is also an opportunity to create and experiment with projects that can be considered for SAST Main programme. Thematically, in YEF22, some plays looked at Xenophobia (*Graveland*), Corruption (*Trash Gang*), Racism (*McGregor must Die*), and Depression (*Who's next?*). The SAST Choir was at its best and the Bheki Mkhwane Quartet narrated the history of South African Jazz through music. Although we did not harvest anything from YEF22 for the Main Programme, the productions presented made an important contribution that helped us grapple with the effects of Covid 19 and bring the festival back to life.

Vavasati International Festival (VIF) aims to profile female creatives during the month of August. The festival is inspired by the indomitable spirit of 20,000 women who marched to the Union Buildings in condemnation and defiance of the pass laws. Some of the highlights of the festival included *Ngu Mma o-ngibelethako*, *Aftermath* and *Akhaphela Queenlet*. The festival did not have the desired impact, since due to budget constraints, the festival was deferred from the second quarter to the fourth quarter of 2022/23.

The 15th instalment of **Mzansi Fela Festival 2022 (MFF22)** was scheduled to run from the 1st to the 18th of December. The festival is known for its strong musical content which produces unforgettable concerts. After such a restricted festival in the prior

year, our patrons were eagerly awaiting their favorite artists, which included; Thandiswa Mazwai, Zonke, Berita, Langa Mavuso, The Soil, Bongeziwe Mabandla and many more. Reminiscent of pre-Covid 19 audience attendance, the concerts did not disappoint, the audiences were entertained and reminded us of how the theatre used to be before the pandemic. The festival also featured Zakhele Mabena's *Lifted*, a musical play presented by people living with disabilities. The main cast included several blind men, who normally busk on the streets of Pretoria. The impact of the production necessitated further development of the work and a season at the SAST in 2023. MFF also presented *Kontroller*, which was presented in the young artists programme during KAF.

School Networks

For arts education and learning, audience development and arts appreciation; the presentation of dramatized prescribed works for learners is essential. The presentation simplifies what's in the book and brings what's on the pages to life. In the theatre, the learners can now experience the work live on stage, see it, interact with it; they laugh, they cry and they get connected to the work; hence a better understanding of the prescribed work. From a programming point of view, the networks are an integral part of our programme: they have a target audience, promote arts appreciation, learning and education, and they are an important tool of audience development. These programs are championed by the Education, Youth and Children's Theatre (EYCT) Department. For the year in review, we presented Athol Fugard's *My Children My Africa* and Junction Avenue's *Sophiatown*. The productions performed to full houses, attracting learners from Gauteng, Mpumalanga and Northwest Province. *Sophiatown* was reimaged with a live band, a slight deviation from the original classic where the music was a cappella. The production also launched new artists, designers, stage managers and assistant directors.

Incubator

The incubator programme launches young directors, producers, composers and visual artists into the mainstream. It gives creatives their professional debut. In the past we have seen some of our incubator projects and artists receive multiple awards for their artistic works. Recently, Pelegi's Boitumelo Marule returned with the award for Best Breakthrough Performance at the 2023 Naledi Theatre Awards. The Incubator programme is therefore an important platform for young artists who are ready to take on the world. Coupled with workshops and master classes presented by experts in the industry (David April and Renier Keyser as workshop facilitators and Tintswalo Millicent Mashele, Nomaza Nonqungu, Simphiwe Dana and Sello Maseko as Mentors), the Incubator allows artists to present what they feel best represents their talents. During the year under review, the incubator programme presented three stage productions and one visual arts exhibition. *SlagPlaas*, written and directed by Wilf Manne – narrating a brutal look at farm killings; Khaya Mokoape's *Mphenyashilo – The Bully* was an important lesson for young people; Nhlanhla Dube's tour de force rendition of *Isikhumbuzo - A Tribute to Busi Mhlonko* and Kganya Mogashoa's *Sheroes Rands*, which paid tribute to the 1956 Women's March to the Union Building in an exhibition of artistic works; attests to the importance of the programme. The programme is fully supported by the Department of Sport, Arts and Culture.

Mayibuye Community Outreach

Mayibuye Community Outreach (MCO) is the entry programme to the SAST. It is presented by the SAST in partnership with the Tshwane University of Technology Drama & Film Department. MCO focuses on Amateur community-based arts groups, through a two-year programme that features 15 groups from various townships. In the first year, groups are required to prepare and perform a South African published script, to help them understand existing works and the pool of writers the country has. It is in the second year where the group can present an original script. During the two years, the groups are allocated fieldworkers from the Tshwane University of Technology Drama & Film Department, who assists with the provision of dramaturgical support. The winning group is

afforded a season on the SAST main programme or on the main programme of YEF. Out of the 15 groups, Sibusiso Mangane's Maono received the award for Best Production and is scheduled to be on the SAST Main Programme in October 2023.

Partnerships

In collaboration with the Gauteng Department of Sport, Arts, Culture and Recreation the SAST Artistic team held community stakeholder engagements across Gauteng with several communities participating. In total, nine engagements were held in five different regions of Gauteng. Arts practitioners, both emerging and some well-known, attended the engagements and were introduced to the SAST and its programmes. This was also an opportunity for SAST to understand challenges faced by its immediate artistic community of Gauteng. The challenges of funding were raised as well as the alternative support programmes that could be provided in the form of educational programmes and access to the theatre spaces. For access to resources, The SAST responded swiftly with a partnership programme.

After the Covid 19 pandemic, the SAST had to re-evaluate its business model with the sole intention of increasing access. Over and above what the SAST creates, produces, commissions, and receives, this new avenue was created to allow producers who already have works but lack resources like theatre space, lights, sound, wardrobe, sets etc. to showcase their work. The creation of partnerships with producers ensured that projects like *Queen Nebo*, *The Journey of my African Sound*, *Comedy Society*, *Tumi Mogorosi Group: Black Music*, *IzangoMa*, *iPhupho L'ka Biko*, *Vinnie Mak* and several others received deserved attention, especially in Tshwane.

Independent Producers (The receiving end)

The receiving end of the theatre allows independent producers to rent space and conduct their business. In terms of access, this arm of the artistic programme epitomizes what showbiz should be like. The producers take risks and in most cases they succeed. These are producers who have confidence in their product. Among the companies that rent space is the Tshwane Youth Arts Festival which draws thousands of audiences and young arts aspirants to the theatre. Lebo Sekgobela's *Rebuilding Walls* brought back the energy that the music concerts requires whilst ER comedy helped us deal with the covid 19 hangover. The receiving arm of the theater gives us a variety of comedy, music, pantomime and ballet.

Main Programme

Our Main programme is commissioned, co-produced or produced by SAST. It is the culmination of all our programmes, plus new content and relevant revivals. We were cautious in our programming approach; hence the Main programme was dominated by tried and tested productions. The SAST brought back to its stages the multi award winning *Marikana The Musical*, directed by Aubrey Sekhlabi. It was ten years after 44 people were massacred in Marikana, which made it appropriate to restage the work. Importantly, the production is a constant reminder of a horrible time in our democracy, lest we forget. Coming at the back of six Naledi Theatre Awards in the previous year, *Shaka Zulu! The Gaping Wound*, directed by Mavuso Magabane returned to the stage for another exciting season which started at the Playhouse Company in Durban, KwaZulu-Natal and ended at the SAST. Sello Maseko and Mdu Nhlapho's *Askari*, nominated in two categories in the previous year's Naledi Theatre Awards, returned for another season with a more refined product which went on to thrill the audiences at the Market Theatre in Johannesburg. Both Sello Maseko and Mdu Nhlapho won the coveted National Institute for the Humanities and Social Sciences (NIHSS) award for *Askari* in the Best Creative Collection: Public Performance. We were pleased to premiere Braam Van der Vyver's *Wie Hyg So* and present a double bill of Tchaikovsky's *Serenade* and Mthuthuzeli November's *Ingoma* by Cape Town City Ballet.

Online programmes: **Conversations with the Author (CWTA); SAST Fringe, Onstage, Onset, Online Theatre and Dance**

Conversations with the author is a forum where authors are invited for a critical discussion on their latest literary offering. In this platform authors are extensively profiled and engage in meaningful conversation with the host Ms. Tebogo Difinti. Professor Zakes Mda discussed his new book *Wayfarers Hymns*. Kentse Badirwang took us on her personal journey as expressed in her book *Kathey's Arrow*, Kabelo Chabalala, a journalist, social activist, and author took us through his book titled *A Journey from Boyhood to Manhood*, The award-winning author and journalist Styles Lucas Ledwaba shared with us *A Desire To Return to The Ruins*, Nthikeng Mohlele indulged us with his offering of *The Discovery of Love*, Dr Sipiwo Mahala's *Can Themba: The Making and Breaking of an Intellectual Tsotsi - A biography*, reminded us of how it felt to be a black journalist and an intellectual during apartheid South Africa whilst Jerry Mofokeng wa Makhetha opened up about his personal and artistic journey in his literary debut work titled *I am a Man*. CWTA hosted many other notable authors who shared with us their stories, their journeys and we got to understand their approach to storytelling.

SAST Fringe is a musical programme that profiles amazing artists who are not mainstream but are socially and politically conscious, exceptionally talented and focused on their music. The concerts, although live, are designed for digital consumption because all the concerts are recorded on multi-cam and are sound engineered to the highest level and released on SAST digital platforms. Artists like Sibusile Xaba, Leomile, Umle, Marcus Harvey, Malcolm Jiyane, Tre-0 IzangoMa, iPhupho L'ka Biko and Vinnie Mak – have been on this project. SAST fringe is linked to **OnStage** where the creators of the music are engaged in deep conversations with the host Ms Keamogetswe Malefo. **OnSet** is not so different from OnStage. The only difference is that the OnSet conversations are conducted with playwrights, directors, choreographers, designers, actors, and dancers.

In partnership with **Ster-Kinekor (SK)**, The SAST was able to present stage productions in Ster-Kinekor cinemas across the country. In 2022/23 Aubrey Sekhabi's *Silent Voice*, Sello Maseko and Mdu Nhlapo's *Askari* and Bongani Linda's *Shaka Zulu! the Gaping Wound* premiered in SK cinema complexes in Newtown, Rosebank, Nouveau (Johannesburg), Musgrave (Durban), Sterland, Brooklyn Nouveau (Pretoria), Baywest (Gqeberha), Boardwalk (Port Elizabeth), and Tygervalley (Cape Town). The presentation of theatre in cinemas confirmed to us that theatre can be consumed digitally. The SAST was also rated in the Top 10 movie distributors by the National Film and Video Foundation (NFVF). As a result, SAST going forward have adopted a hybrid model which is both live theatre and online streaming. The online programmes will be released under SAST TV.

The SAST TV will be a platform on which all digitally recorded SAST productions will be published. The platform is due to go live in 2023/24.

Conclusion

SAST's artistic programme is diverse and dynamic. True to our Mission, we present artistic offerings of optimal quality. We continue to provide development opportunities to arts practitioners in order that they learn and perform with the aim of becoming commercially competitive. By providing access to performers and audiences, we are effectively developing audiences who will in turn support the economic objectives of the performing arts. I am delighted that theatre is back with live performances.

Supported by our Production Department, we have improved on our audio-visual equipment and have filmed all in-house productions, exhibitions, and festivals. To meet the demands of

producers, we continue to improve our lighting and sound equipment, we have also improved on our wardrobe, decor, and prop store.

Through our Front of House Department, we try and improve our customer service with every event and we endeavor to give our patrons a total entertainment experience.

Special thanks to The SAST Council, The Chief Executive Officer Dr Sibongiseni Mkhize, members of the executive, The SAST staff, the artists, members of the media and importantly the patrons that makes it all worthwhile.



Mr Aubrey Sekhabi
Artistic Director
The South African State Theatre
31 July 2023



5.1. 2022/23 Productions

Production
Kucheza Africa Festival
Segomotso Shuping Live
Tsogo- Online
Mr President- Online show
Origins- Vavasati
EASTER FEAST
Kucheza Africa Festival - ONLINE
ASKARI- Online show
Antioch Live DVD Recording
House of inspiration live DVD shoot
SAST Fringe
SEKWATLAPA
My Children My Africa
Dr HD Makhubele's Book Launch
Lekhoba- Kucheza Afrika Festival - Online
Theatre Educational Excursions
Captured Silence
Solidad- Kucheza Festival - Online
Leswika La Motheo
Absolute Dance 2022
Bathabile Skhosana 42nd Birthday praise and worship
BAPA - Online
Vast – Kucheza Afrika Festival - Online
The Singing Chameleon
Captured Silence - eMalaheni Civic Theatre
Sifu The Cage
Road To Amaphupho
"Moving Magic!!"- Hoerskool Waterkloof Dance Academy
Dashiki Dialogues with Percy Mabandu
SA Africa month dance festival
SAST Celebrating Africa celebration with Simphiwe Dana
Kgaube- Online
Mashata Comedy Festival
Date with destiny

Wie Hyg so?
The Singing Chameleon
The River South
Denver Graduation 2022
Malcolm Jiyane on Dashiki Dialogues with Percy Mabandu
Youth Expression
10 Years of Afrikan Roots
Youth In Heritage with- Mbuso Khoza
Nduduzo Makhathini on Dashiki Dialogues with Percy Mabandu
Afriking Comedy
XOVA
Hip Hop Revival
SAST FRINGE presents URBAN VILLAGE, SIBUSILE XABA, LEOMILE & UMLE
Tribes & 808s - POSTPONED
World South Africa Pageants
Rofhiwa Manyaga Awaited Live Recording
Bloke and His American Bantu
Behind Bars
MBJ productions Launch
Intimate Evening with Ntsika
Dashiki Dialogues- Sibusile Xaba
Yonela Mnana on Dashiki Dialogues with Percy Mabandu
Rain Of Art
Now or Never (Jozi) Samthing Soweto
SAST Fringe- Featuring IzangoMa, iPhupho L'ka Biko and Vinnie Mak
Ingress
Tumi Mogorosi in Dialogue with Percy Mabandu followed by a performance
Arabesque and Attitude
I Believe Night of Worship
Skrop'laap- Online
Kaleidoscope
Marikana the Musical
Paul K Gold disk celebrations
Stibo Drum Killers
Raising an Alter of Prayer
The Pandemic
Tshwane Youth Arts Festival

Red Bull Activations
Buhlebendalo
Human Being Poetry Production
The Iron
Interrogation Room
Miss and Mrs Township South Africa Grande Finale
The Upper Room Fest
Telkom Monate Vibes Season 5
The Bam Tour
SEGAETSHO FESTIVAL- Music, Poetry & Dance
Cape Town City Ballet (Serenade & Ingoma)
The Singing Chameleon
L'wei Netshivhale Live In Concert
Askari
Thabang Mavunga Live DVD recording
Queen Nebo-Ditshomo Tsa Africa
Comedy Society
The Journey of my African Sound
Tron grace presentation
Kgomo ke Kgomo ge e eme
Peter Pan
Go Explo Chapter 5 Live DVD Recording
Misscurvylicious SA
#ER Comedy what what
Kweku The Spider
Zion Afrika Live in Concert
Jonas Masofo- The Return
Shaka Zulu, The Gaping Wound
Christian Progressive college graduation ceremony
Vampire
Shwalane
Gospel Imbizo
Tshwane Fashion week- Mzansi Fela Festival
REBUILDING WALLS WITH LEBO SEKGOBELA
Sibongile ELC graduation
SEASONS
Word of Encouragement - Live Experience

Rethakgetse day care center
Siyazikhakhazisa Music Festival
Emmanuel Encounter 8
Pelegi
The Nutcracker
Seputla & Friends Acapella Concert
SIDEPOCKET: HAYO MATLHAPA MODIMO A LE TENG - Mzansi Fela Festival
The Reincarnation of the Ancient ones
Eviction - Mzansi Festival (MCO)
I phupho The Dream - Mzansi Festival (MCO)
KONTROLLER - Mzansi Fela Festival
Zonke- Mzansi Fela Festival
Phomolong - Mzansi Festival (MCO)
Pandora's Box - Mzansi Festival (MCO)
Tumi Mogorosi Group: Black Music (Mzansi Fela Festival)
KB Motsilanyane- Mzansi Fela Festival
Moya - Mzansi Festival (MCO)
Malope- Mzansi Festival (MCO)
Maono - Mzansi Festival (MCO)
Maono - Mzansi Festival (MCO)
Khoi Revolution the Musical- Mzansi Festival (MCO)
Woman Scorned - Mzansi Festival (MCO)
The Curse- Mzansi Festival (MCO)
Lost Diamonds Pdoto X Blaklez- Mzansi Fela Festival
Comedy Society- Mzansi Fela Festival
Isandlwana Walk Launch Mbuso Khoza- Mzansi Fela Festival
Dikgafela - Mzansi Festival (MCO)
Miss Akasia South Africa- Mzansi Fela Festival
SHWALANE - Mzansi Festival (MCO)
Pula Festival 23rd Year Celebrating
Phinda Mzala 2022- Mzansi Fela Festival (Langa Mavuso & The Soil)
Phinda Mzala 2022- Mzansi Fela Festival (Berifa and Bongeziwe Mabandla)
The Witch - Mzansi Festival (MCO)
Tenacious Bully- Mzansi Festival (MCO)
Emanzini - Mzansi Festival (MCO)
Lifted- "Let the blind sing"- Mzansi Fela Festival
Poetry and Music (Makhafula & Iphupho L'ka Biko)

SAST FRINGE- Mzansi Fela Festival
Thandiswa Mazwai - Mzansi Fela Festival
Gina Mabasa presents the 3rd floor experience
HTK Arts launch
Afrikan Roots- Unplugged Sessions
SlagPlaas – (Incubator)
Soul Music according to Mashata
The Aftermath (Vavasati)
Creative Arts Learners Educational Excursion(February week1)
ISandlawana Lecture - By Mbuso Khoza
Creative Arts Learners Educational Excursion (February week 2)
My Children My Africa
Mphenyashilo – The Bully (Incubator)
Marabastad Jazz Festival
African Gospel Singers
Sophiatown
Mphenyasilo – The Bully (Incubator)
Ngu Mma Ongibelethako
Dancers Presents "Dreamworks of Disney"
Creative Arts Learners Educational Excursion
ABAFAZI EXPLORATION OF 11 LANGUAGES NEW VERSION
Sjava Presents Isibuko Tour: The State Theatre
Sikhalel'u OR
Akhaphela Queentet (Vavasati)
Bam tour
Mpho Thosago live DVD Recording- God is Love
Christ Centered Church Episcopal
Marabastad The Musical
Bonafide Billi and The KwaNtu Rebels: Mayibuye iAfrica Concert
Clapham High School concert paying tribute to the legends of the past
Isikhumbuzo - A Tribute to Busi Mhlongo (Incubator)
SAFE
South African freelancing excellence





SAST EXECUTIVE



DR SIBONGISENI MTHOKOZISI MKHIZE
CHIEF EXECUTIVE OFFICER



MS SANTA VILJOEN
CHIEF FINANCIAL OFFICER



MR AUBREY SEKHABI
ARTISTIC DIRECTOR



MS KEOLEBOGILE MODISE
DIRECTOR OF CORPORATE SERVICES



SAST SENIOR MANAGEMENT



SHIRAZ AHMED
PERFORMANCE INFORMATION MANAGER



MILLICENT MOPAYI
HR MANAGER



LEBOGANG MPHAHLELE
FINANCE MANAGER



THABISO QWABE
SENIOR PRODUCER



MTHOBA GANTSHO
PROCUREMENT MANAGER



ERNEST TCHWENYANE
PRODUCTION MANAGER



MALCOLM OCTOBER
SENIOR MAINTENANCE MANAGER



MDUDUZI NHLAPO
ASSOCIATE ARTISTIC DIRECTOR

SAST MANAGEMENT



EUGENE HOYI
SALES MANAGER



ERICK NDALA
PR & MARKETING MANAGER



OMPHELE PHEELWANE
ICT MANAGER



ELLEN MASHIANE
PARKING MANAGER



KLAAS SEBOTHOMA
FRONT OF HOUSE MANAGER



DIAMOND MOKOAPE
EYCT MANAGER



CHARLES MANYONI
HEALTH AND SAFETY MANAGER

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

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

All information and amounts disclosed in the annual report are consistent with the the Annual Financial Statements audited by the Auditor-General of South Africa.

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 F) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully



Chief Executive Officer
Dr Sibongiseni Mthokozisi Mkhize
31 July 2023



Chairperson of Council
Prof. Fikile N. M. Mazibuko
31 July 2023



7. STRATEGIC OVERVIEW

7.1 Vision

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

7.2 Mission

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

7.3 Values

- **Transparency**

Provide access to information to promote society and employee trust in our programmes.

- **Accountability**

Exercise responsibility and be able to account for our actions and transactions.

- **Freedom of expression**

Encourage the constitutional right, and a pillar of democracy, to freedom of expression, in particular freedom to artistic creativity, in a responsible and unoffensive manner.

- **Honesty**

Interact and transact with a good moral character to ensure truthfulness and openness.

- **Integrity**

Practice consistency and uncompromising adherence to strong moral and ethical principles and values.

- **Excellence**

Strive to achieve and surpass all expectations in our service delivery.

8. LEGISLATIVE AND OTHER MANDATES

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

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

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

- freedom of press and other media;
- freedom to receive or impart information or ideas;
- freedom of artistic creativity ;and
- 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 Sport, Arts and Culture Mr. Pallo Jordan declared the Renaissance Theatre a Cultural Institution in accordance with the Cultural Institutions Act, 1998 (Act 119 of 1998).

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

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

In the White Paper on Arts and Culture and Heritage, the following Acts have been promulgated by Parliament to create institutions in furtherance of the Constitutional mandate of the Department of Sport, Arts and Culture. The primary legislative framework of the Department of Sport, Arts and Culture emanates from the Acts listed below:

- Cultural Institutions Act, 1998 (Act 119 of 1998);
- Culture Promotion Act, 1983 (Act 35 of 1983);
- National Heritage Council Act, 1999 (Act 11 of 1999);
- National Heritage Resources Act, 1999 (Act 25 of 1999);
- Heraldry Act, 1962 (Act 18 of 1962);
- Legal Deposit Act, 1997 (Act 54 of 1997);
- National Arts Council Act, 1997 (Act 56 of 1997);
- National Film and Video Foundation Act, 1997 (Act 73 of 1997);
- Pan South African Language Board Act, 1995 (Act 59 of 1995);

- National Library of South Africa Act, 1998 (Act 92 of 1998); and
- South African Library for the Blind Act, 1998 (Act 91 of 1998).
- South African Geographical Names Council Act, 1998 (Act 118 of 1998);
- National Archives and Record Service of South Africa Act, 1996 (Act 43 of 1996)

Policy mandate

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

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

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

NDP IMPLEMENTATION PLAN - PRIORITY 5:
SOCIAL COHESION AND SAFE COMMUNITY
NDP FIVE YEAR IMPLEMENTATION PLAN (2019-2024) OUTCOME
United, democratic, participatory, non-sexist, non-racial, equal society
DEPARTMENT OF SPORT, ARTS AND CULTURE OUTCOME
Social cohesion and nation building (Outcome 14)

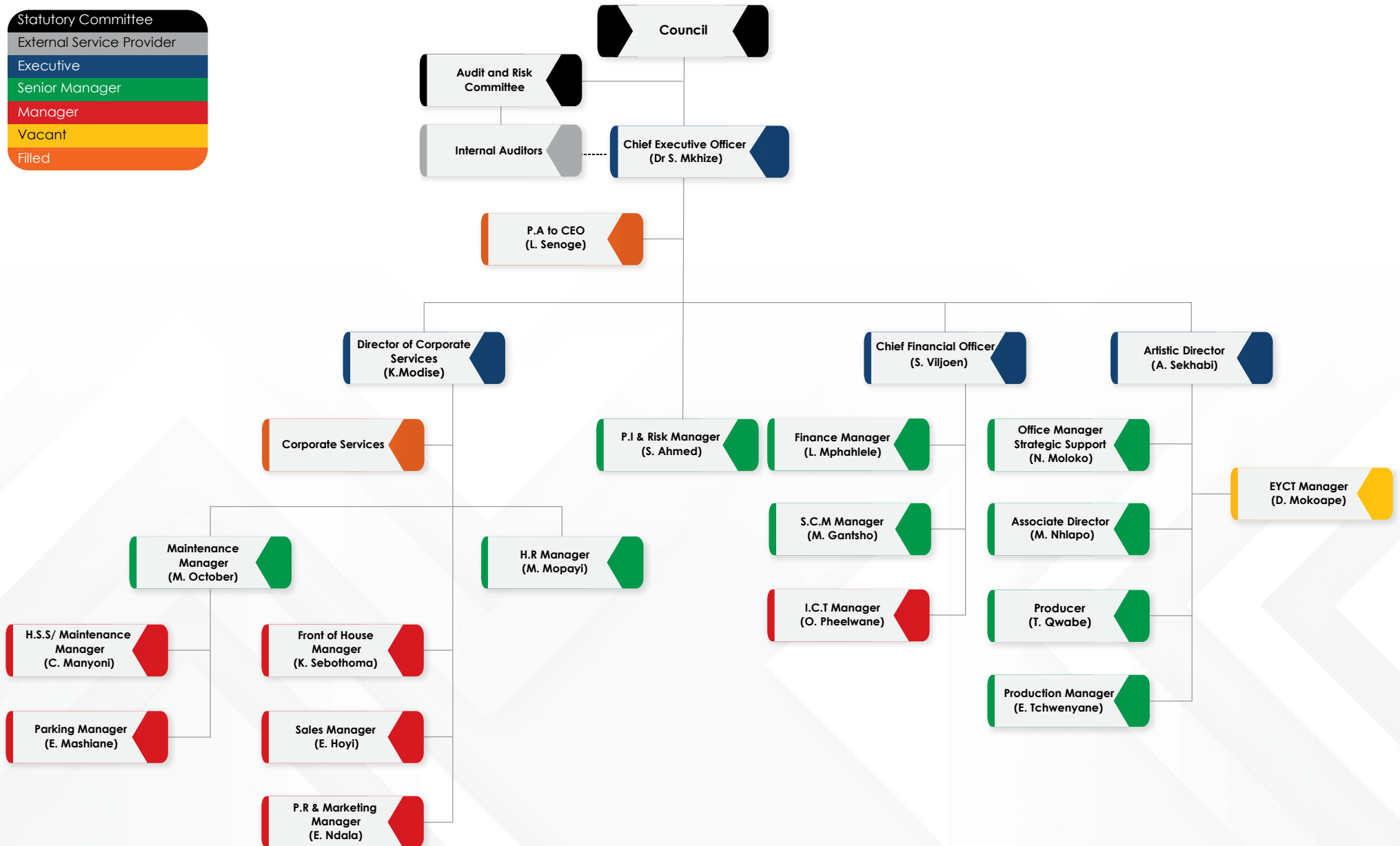
The SAST has accordingly aligned its mandate to the DSAC's drivers, outcomes and/or outputs to derive its mandate as follows:

DEPARTMENT OF SPORT, ARTS AND CULTURE OUTCOME
Social cohesion and nation building (Outcome 14)
THE SOUTH AFRICAN STATE THEATRE
Provide access to performance spaces in which the performing arts sector creates productions that are watched by diverse audiences.

IMPACT STATEMENT
Access to performance spaces provided to the performing arts sector to create and stage their artistic work that is watched by diverse audiences.

9. ORGANISATIONAL STRUCTURE

Statutory Committee
 External Service Provider
 Executive
 Senior Manager
 Manager
 Vacant
 Filled







PART B: PERFORMANCE INFORMATION

Magnificent Seven

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

The audit outcome of predetermined objectives for 2022/23 is reflected on page 78 to 79 of the A-GSA audit report.

2. SITUATIONAL ANALYSIS

The South African State Theatre's vision is linked to the Department of Sport, Arts and Culture's vision and mission, which stems from the Constitution, more specifically from Article 27 of the Universal Declaration of Human Rights: "everyone shall have the right to freely participate in the cultural life of the community (and) to enjoy the arts". The 2022/23 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 2022/23.

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

Outcome 1: In-house developed and externally sourced performing arts works presented.
Outcome Statement: Present In-house Performing Arts productions.

Outcome 2: Development opportunities provided.

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

Outcome 3: Revenue generated from commercial activities.

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

Outcome 4: Buildings and assets maintained and upgraded.

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

Outcome 5: Audience attendance improved.

Outcome Statement: Attract Audiences to watch the Performing Arts.

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

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

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

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

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

Programme 3: Public Engagement - Outcome 2.

The number of Outputs in the 2022/23 APP was 21

Outcome	Output
Outcome 1	Stage In-house Productions.
	Stage school set-work productions.
	Stage In-house Festivals.
	Short term job opportunities created in In-house Productions.
Outcome 2	Provide dramaturgy to in-house production's creative team members.
	Implement the Community Arts Dramaturgy Outreach Fieldwork programme.
	Provide internship positions.
Outcome 3	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces.
	Generate revenue from ticket sales of in-house productions and from Theatre rentals.
	Generate revenue from the Parking garage.
	Generate revenue from Front of House sales.
Outcome 4	Implement CAPEX projects that are approved and funded on the UAMP.
	Implement the Maintenance Programme.
Outcome 5	Implement the marketing strategy.
	Establish media partnerships to promote SAST and productions.
	Implement the audience development strategy.
	Increase audience attendance.
Outcome 6	Conduct surveys of patron satisfaction.
	Achieve an Unqualified Audit report.
	Comply with South African Laws and Regulations governing labour relations.
	Develop and implement a comprehensive Information and Communication Technology (ICT) Strategy, incorporating compliance and efficient service delivery of ICT services.

Performance during the 2022/23 year

The targets set-out and reported on in this annual performance report are based on the approved 2022/23 Annual Performance Plan (APP). The 2022/23 APP was compiled taking into consideration the prevailing Covid-19 related trading conditions that had been affecting the

country at that time.

Annual performance targets for the 2022/23 year were revised from the initial planned medium-term targets outlined along with the 2020 - 2025 Strategic Plan due to the outbreak of the Covid-19 pandemic and implementation of the related National Lockdown Regulations in March 2020. As such, some targets in the 2022/23 APP are lower than reported performance in the preceding years.

SAST achieved an overall performance of 71% for the 2022/23 financial year. Actual achieved when compared to the prior year performance of 65%, improved by 6%.

Number of programmes implemented increased from twenty in the prior year to twenty-one for 2022/23.

Fifteen of the planned twenty-one programme indicators were achieved in full. Six indicators were not achieved.

The 2022/23 APP outlined the following six strategic outcomes:

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

Outcome 2: Development opportunities provided.

Outcome 3: Revenue generated from commercial activities.

Outcome 4: Buildings and assets maintained and upgraded.

Outcome 5: Audience attendance improved.

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

Only one of the six outcomes was achieved in full for the year, namely; Outcome 2: Development opportunities provided. Outcome 4: Buildings and assets maintained and upgraded was not achieved as the overall performance recorded for the two indicators under this outcome was less than 50%. The remaining four outcomes which did not achieve targets, recorded fifty percent and more for the year.

Good performance was recorded for fifteen indicators that achieved targets for the year. These indicators included the following:

Property rental revenue recognised.

Ticket sales and theatre rental revenue recognised. Front of House sales revenue recognised.

Number of labour matters ruled against the SAST for non-compliance with applicable labour legislation.

Percentage availability of ICT network services reported.

Number of In-house Festivals staged.

Number of In-house Productions staged.

Number of short-term job opportunities created in In-house Productions,

Number of media partnerships established.

Approved audience development plan for each production of the annual artistic calendar.

Number of audience for events.

Number of patron satisfaction surveys conducted.

Number of Community Arts Groups participating in the programme,

Number of in-house production's creative team members provided with dramaturgy,

Number of interns appointed.

Indicators not achieved for the year includes the following:

Parking garage revenue recognised.

Number of approved and funded CAPEX projects completed.

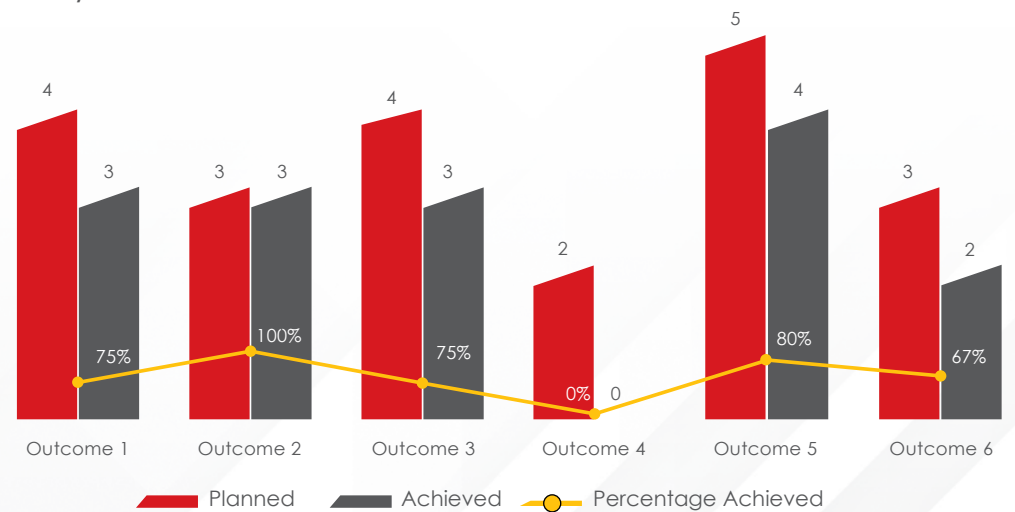
Number of Maintenance Programme activities completed.

Audit opinion

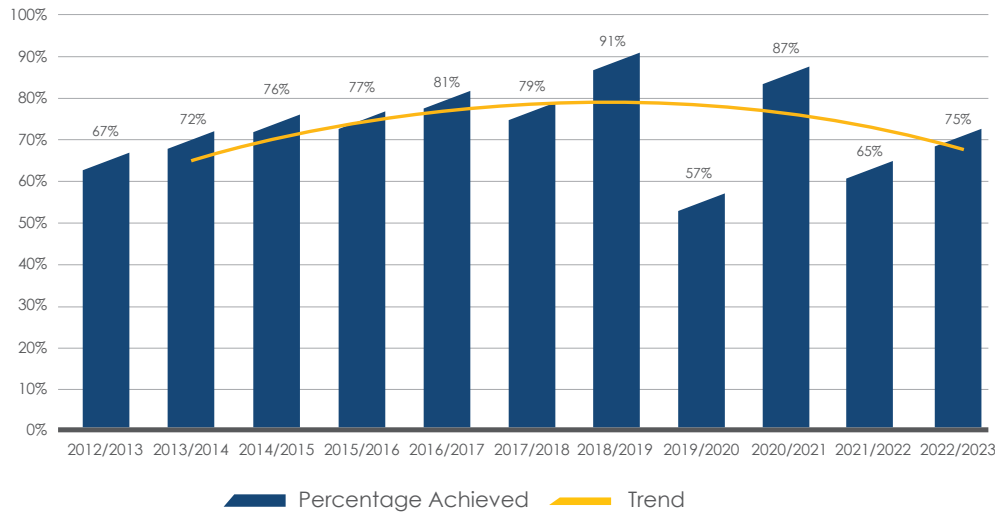
Number of School set-works staged

Approved marketing plans for each production of the annual artistic calendar.

2022/23 PLANNED AND ACHIEVED TARGETS



2012/13 - 2022/23 PERFORMANCE ACHIEVED



Performance	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022 /2023
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Number of Indicators	45	64	26	26	26	24	23	23	15	20	21
Percentage Achieved	67%	72%	76%	77%	81%	79%	91%	57%	87%	65%	71%

PROGRAMME PERFORMANCE

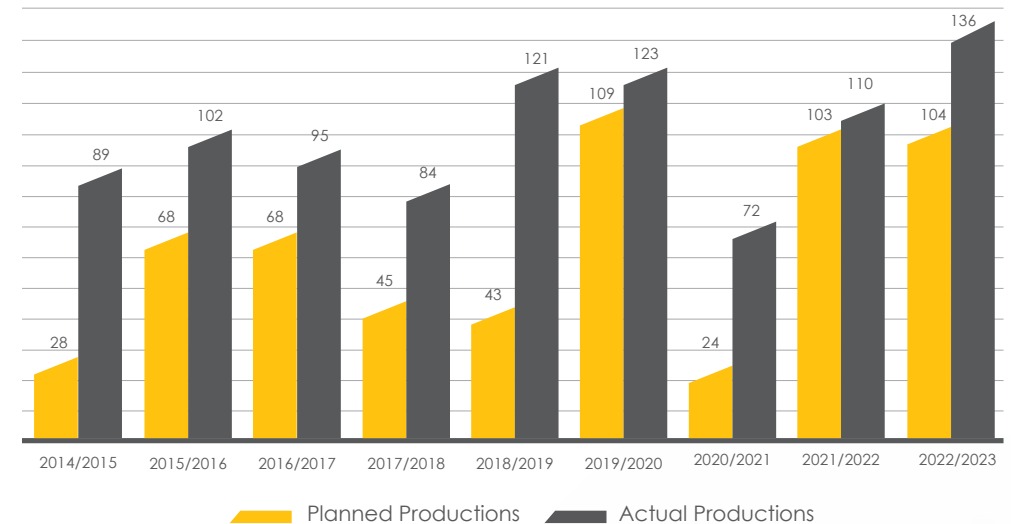
Outcome 1: In-house developed and externally sourced performing arts works presented.

Three of the four indicators were achieved and one was partially achieved. The indicators; Number of In-house Festivals staged, Number of In-house Productions staged and Number of short term job opportunities created in In-house Productions was achieved. Number of School set-works staged (achieved 3 compared to the target of 4) was partially achieved.

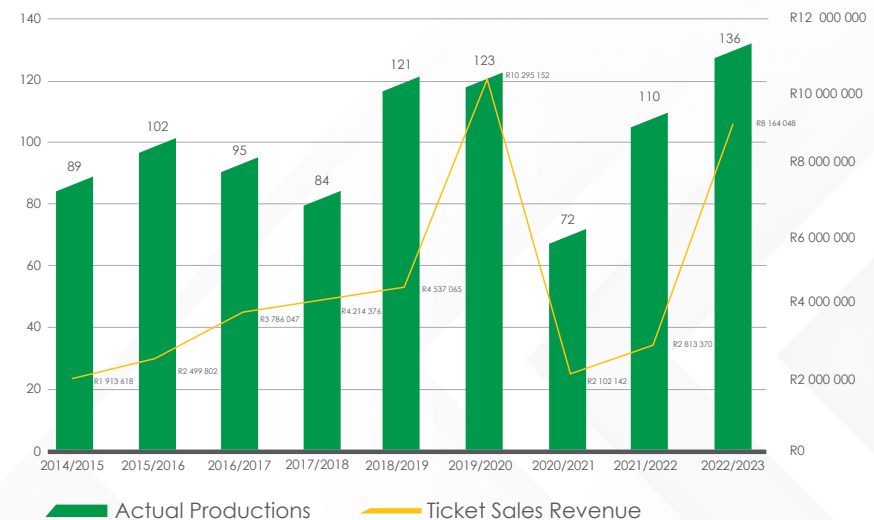
136 inhouse productions, compared to a target of 104, were presented during the year, as part of the hybrid theatre model with digitally recorded productions being published on the SAST YouTube channel. The well established four annual festivals, namely; Kucheza Afrika Festival, Youth Expressions Festival, Vavasati International Women's Festival and the Mzansi Fela Festival were all presented. Though, some of the productions in the Vavasati festival had to be postponed and took place later in the year.

In total 136 productions, school set-works and main programme combined, were presented compared to the combined target of 104.

2014/15 - 2022/23 PRODUCTIONS: ALL IN-HOUSE



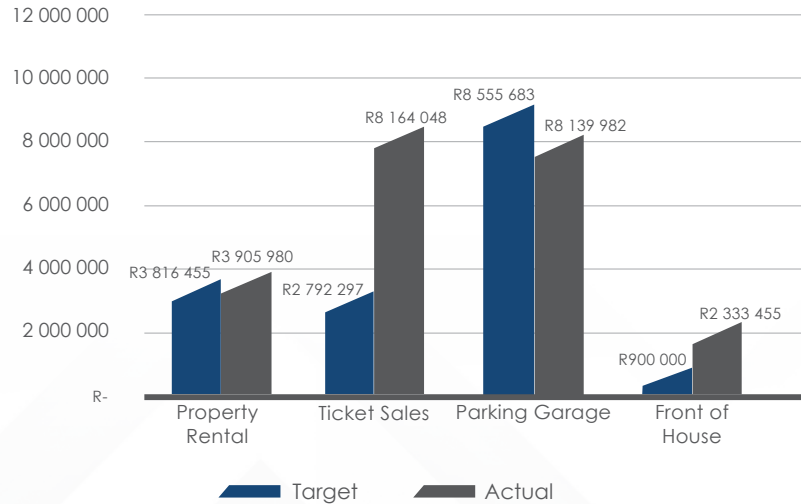
2014/15 - 2022/23 IN-HOUSE PRODUCTIONS REVENUE



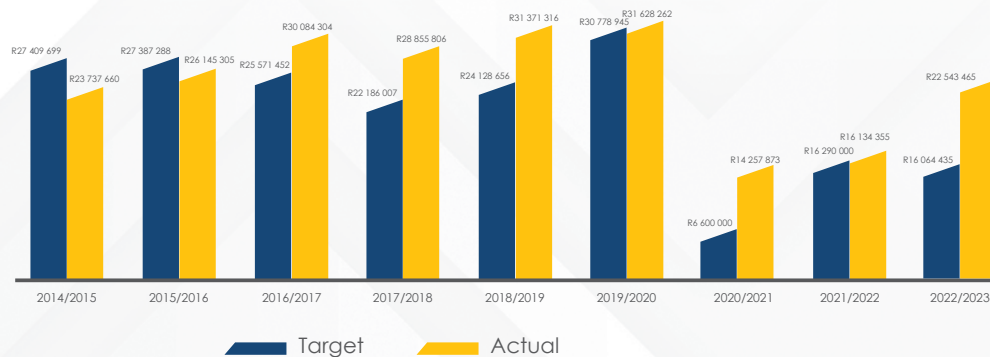
Outcome 2: Development opportunities provided.

The indicator, Number of interns appointed was achieved with six interns appointed during the year. The planned 15 community groups participated in the Community Arts Groups programme resulting in it being achieved. Number of in-house production's creative team members provided with dramaturgy achieved 23 compared to the target of 15 for the year.

2022/23 SELF-GENERATED REVENUE



2014/15 - 2021/22 SELF - GENERATED REVENUE

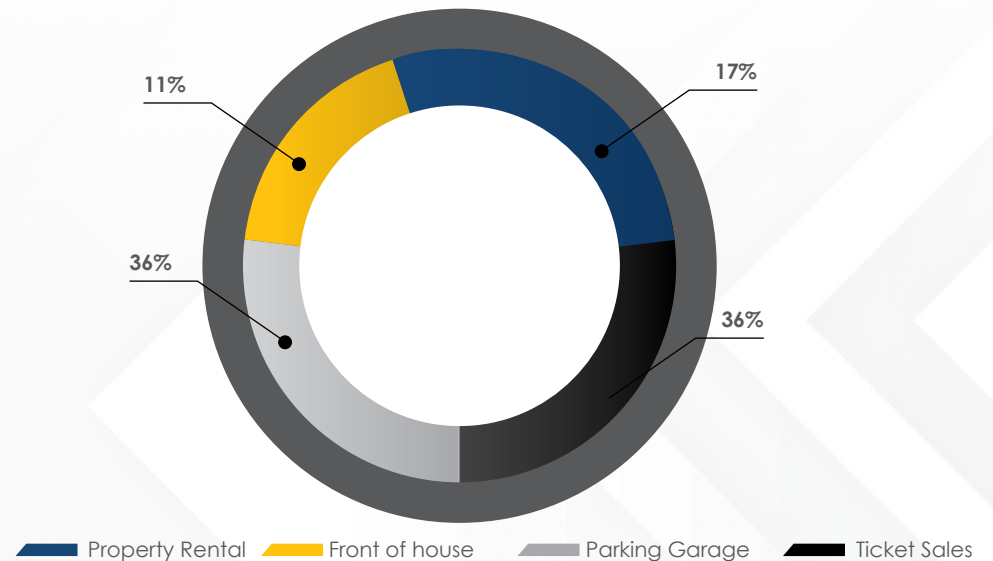


Outcome 3: Revenue generated from commercial activities.

The indicator Parking garage revenue recognised was partially achieved, though the revenue received was still significant at R8 139 982. The other three revenue indicators, namely; Property rental revenue recognised, Ticket sales and theatre rental revenue recognised, and Front of House sales revenue recognised all achieved target. In total R22 543 465 was recorded for self-generated revenue programmes, compared to the combined target of R16 064 435 . Based on the approved Annual Financial Statements as at 31 July 2023, the final reported revenue numbers for the year are as follows:

	2022/2023 Target	2022/2023 Actual
Self-Generated revenue	Target	Actual
Property Rental	R 3 816 455	R 3 905 980
Ticket Sales	R 2 792 297	R 8 164 048
Parking Garage	R 8 555 683	R 8 139 982
Front of House	R 900 000	R 2 333 455
	R 16 064 435	R 22 543 465

2022/23 REVENUE STREAMS



Outcome 4: Buildings and assets maintained and upgraded.

The indicator Number of approved and funded CAPEX projects completed was not achieved. Only the Digital LED Screen was installed during the financial year. Acquisition of vehicles was not funded. The Aircon replacement HVAC project Condition Assessment is yet to be finalised.

Under Outcome 4, Number of Maintenance Programme activities completed, was also not achieved. The HVAC system, which includes two maintenance areas, namely; Chillers and the Cooling Towers, maintenance could not be implemented as the system is not operational.



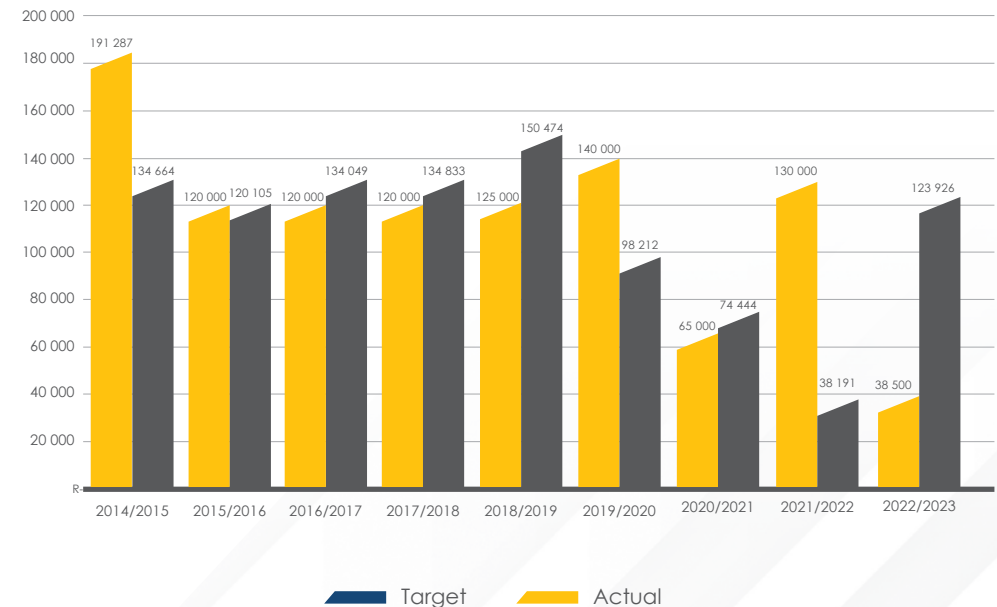
Outcome 5: Audience attendance improved.

Five programmes were implemented under outcome five, including the indicator Number of audience for events. Audience attendance for the year overachieved the target of 38,500 with 123,926. A rapid increase in the theatre audience attendance numbers was recorded post relaxation of the lockdown regulations which encouraged people to return to the theatre.

The indicator; A marketing plan prepared and approved for each production of the annual artistic calendar was not achieved. Administrative challenges experienced relating to availability of production information resulted in plans not being prepared as required.

The other three indicators were all achieved. These included; Number of media partnerships established, Approved audience development plan for each production of the annual artistic calendar, and Number of patron satisfaction surveys conducted.

2014/15 - 2022/23 AUDIENCE ATTENDANCE





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

The 2021/22 qualified audit outcomes caused the Audit opinion indicator reported during the 2022/23 year to be not achieved. The labour matters compliance indicator was achieved as there were no incidents of non-compliance in dealing with labour matters.

The new programme Develop and implement a comprehensive *Information and Communication Technology (ICT) Strategy, incorporating compliance and efficient service delivery of ICT services* did well for the first year of implementation achieving the indicator *Percentage availability of ICT network services reported* due to minimum disruptions to the availability of ICT network resources during the year.

The overall organisational performance presented in this annual report is accurate and has been confirmed in the Annual Performance Report that has been audited by the Auditor-General SA.

Actual revenue reported against the Revenue Targets is in accordance with the Annual Financial Statements (AFS), which may be subject to adjustment during the annual audit.

Overall performance for the year is based on quarterly achievement of targets, as outlined in the APP. **Assurance on the accuracy and completeness** of the quarterly performance is provided by the internal auditors, through periodic reviews.

Performance achieved in the 2022/23 year, together with the prior two years' performance forms the **new baseline for setting targets** going forward under the new normal trading conditions post-covid. At an operational level, where possible, stretch targets are imposed on implementation activities to increase performance as SAST repositions itself and its programmes to meet challenges presented under the new trading conditions.

Programme priorities outlined in the **SAST Reimagining Strategic Direction 2022/23 - 2024/25** are being implemented, with a view to improve performance in subsequent years. Key focus areas include leveraging the SAST Infrastructure, Assets and Artistic Product to drive self-generated revenue. Special attention is being placed on the revised marketing strategy to ensure that all SAST products and services are brought to market. At the same time, support for development of artists and their artistic products at a community level continues to ensure future generations of artists.

Detailed **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, and Over-Achieved as well as Interventions that will be put in place, where appropriate, are reflected for each indicator. In determining the overall performance for the year, the Actual Achieved number of indicators is compared to the planned number of indicators for the year to determine the percentage achieved. Indicators not achieving target are reported as not achieved.

3. PROGRESS TOWARDS ACHIEVEMENT OF PLANNED IMPACT AND OUTCOMES

The 2022/23 year is the third year in the five-year planning cycle 2020 to 2025. Programme outputs and targets are outlined in the APP for the 2022/23 year.

With due consideration for the pandemic, related lockdown regulations and ensuing effect of prior year budget cuts on both the operational budget and the capital projects budget, SAST achieved 71% of the predetermined targets. Progress was made during the year in terms of the planned impact and outcomes outlined in the 2020-2025 strategic plan. Implementation activities were developed during the year to adapt to changes in trading conditions.

Considering the above, SAST made progress towards achieving the planned impact and outcomes under very difficult trading conditions through adopting an agile operating model that adapted to changes in the market by using an approach of adaptive management to continuously assess progress and revise implementation activities appropriate to and practicable under the trading conditions. The end of the national lockdown regulations in the first quarter of 2022/23 signaled a return to normal trading conditions. Though, the trading environment continues to be impacted by several ongoing factors beyond the control of SAST. This includes the Russia-Ukraine war and its devastating impact on global food security and access to fuel supplies that has a direct negative impact on the South African trading environment.

4. PROGRAMME PERFORMANCE INFORMATION

Programme 1: Administration

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

The programme aims to achieve the following SAST goals:

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

Goal 4: Ensure long term sustainability of Buildings and Assets

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

Programme 2: Business Development

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

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme 3: Public Engagement

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

The programme aims to achieve the following SAST goals:

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

Summary of Performance by Strategic Outcome Oriented Goal

OUTCOME	NUMBER OF OUTPUTS	ACHIEVED	NOT ACHIEVED	OVERALL PERFORMANCE *
Outcome 1: In-house developed and externally sourced performing arts works presented.	4	3	1	75%
Outcome 2: Development opportunities provided.	3	3	0	100%
Outcome 3: Revenue generated from commercial activities.	4	3	1	75%
Outcome 4: Buildings and assets maintained and upgraded.	2	0	2	0%
Outcome 5: Audience attendance improved.	5	4	1	80%
Outcome 6: Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	3	2	1	67%
	21	15	6	
		71%	29%	

OUTCOME	NUMBER OF OUTPUTS	ACHIEVED	NOT ACHIEVED	OVERALL PERFORMANCE *
Outcome 1: In-house developed and externally sourced performing arts works presented.	4	2	2	50%
Outcome 2: Development opportunities provided.	3	1	2	33%
Outcome 3: Revenue generated from commercial activities.	4	3	1	75%
Outcome 4: Buildings and assets maintained and upgraded.	2	2	0	100%
Outcome 5: Audience attendance improved.	5	4	1	80%
Outcome 6: Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	2	1	1	50%
	20	13	7	
		65%	35%	

Classification of Performance Achievement

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

Response to the COVID-19 Pandemic

SAST responded early to the outbreak of Covid-19 in the country, in March 2020. Firstly, immediate steps were taken to implement social distancing measures as well as the requirements for wearing of face masks and regular sanitising. Secondly the core programme of staging productions was adapted to become a hybrid model of presenting productions online on the SAST YouTube Channel and when possible, according to the prevailing adjusted alert-level regulations, live in the theatre. Continuing to present productions during this time was an utmost priority for SAST as it was a mechanism to provide artists with job opportunities at a time when there was very little economic activity, especially in the performing arts sector. To further support independent artists, SAST provided significant theatre rental discounts to producers that wanted to bring their productions to SAST. SAST provided financial relief in the form of rental discounts to tenants occupying offices, warehouses and restaurant spaces in the SAST premises. As much as possible, SAST staff worked remotely from home to ensure the minimum number of people were in the building.

While the national lockdown regulations came to an end in the first quarter of 2022/23, the effects of the pandemic on South Africa continues to be felt. SAST thus has maintained the measures, as far as possible, to ensure continued support of the sector. This includes ongoing job creation, further development of the SAST TV Platform and financial support to independent artists in the form of theatre rental discounts.

Strategy to overcome areas of under performance

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

It is important to note that SAST uses the PDCA model, namely; Plan, Do, Check and Act. It is through this approach that ongoing review of performance allows for corrective measures to be implemented. Performance is measured on a monthly, quarterly and then annual basis to ensure achievement of predetermined targets. Improvement in underperforming areas is a top priority and the necessary actions are implemented as planned mitigation. Mitigation is determined through the SAST enterprise risk management framework which assigns responsibility to the relevant programme owner to ensure improvement.



That Night of Trance

5. PERFORMANCE INFORMATION BY PROGRAMME

5.1. Programme 1: Administration

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

The programme aims to achieve the following SAST outcomes:

Outcome 3: Revenue generated from commercial activities.

Outcome 4: Buildings and assets maintained and upgraded.

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

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23			
		(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target	Actual			
Revenue generated from commercial activities.	Rental revenue from the Immovable Property Portfolio									
	SPI2	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces.	Property rental revenue recognised.	R3 691 779	R4 384 628	R3 816 455	R3 905 980	R89 525	Additional revenue was recorded from the leasing of advertising spaces on the buildings together with invoicing defaulting tenants that remained in occupation of the spaces.	New tenants actively being sought, defaulting tenants handed over for debt collection and/or eviction.
	Revenue from In-house Productions' Ticket Sales and from Theatre Rentals									
	SPI4	Generate revenue from ticket sales of in-house productions and from Theatre rentals.	Ticket sales and theatre rental revenue recognised.	R2 102 142	R2 813 370	R2 792 297	R8 164 048	R5 371 751	A rapid increase in the theatre audience numbers was recorded post relaxation of the lockdown regulations, resulting in an increase in ticket sales and demand for theatre rentals.	The marketing strategy is to be implemented to ensure achievement of audience-related targets.

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23			
		(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target	Actual			
Revenue generated from commercial activities.	Parking Revenue									
	SP15	Generate revenue from the Parking garage.	Property rental revenue recognised.	R8 463 952	R8 101 979	R8 555 683	R8 139 982	-R415 702	Cancellation of a longterm contract resulted in a shortfall on targets.	Efforts to secure new long-term parkers underway.
	Front of House Revenue									
	SP16	Generate revenue from Front of House sales.	Front of House sales revenue recognised.	Indicator removed due to Covid-19	R834 378	R900 000	R2 333 455	R1 433 455	A rapid increase in the theatre audience numbers was recorded post relaxation of the lockdown regulations which contributed to a significant increase in front of house sales.	The marketing strategy is to be implemented to ensure achievement of audience-related targets.
Buildings and assets maintained and upgraded.	Capital Works Projects									
	SPB1	Implement CAPEX projects that are approved and funded on the UAMP.	Number of approved and funded CAPEX projects implemented.	1	4	3	1	-2	Only the Digital LED Screen was installed during the year. Acquisition of vehicles was not funded. The Aircon replacement HVAC project Condition Assessment is yet to be finalised.	To ensure that tender specifications are correctly compiled, that the project costs are determined and that adequate budget is available.
	Maintenance Programme in compliance with statutory regulations									
	SPB2	Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	7	7	7	5	-2	The HVAC system, which includes two maintenance areas, namely; Chillers and the Cooling Towers, maintenance could not be implemented as the system is not operational.	Major repairs/upgrade of the system to be implemented in 2023/24.
Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	Compliance with PFMA and Treasury Regulations									
	SPR1	Achieve an Unqualified Audit report.	Audit opinion received.	Unqualified Audit report (2019/20 Financial Year)	Qualified Audit report (2020/21 Financial Year) (Qualified audit report)	Unqualified Audit report (2021/22 Financial Year)	Qualified Audit report received (2021/22 Financial Year)	Audit report issued with qualification areas.	Basis for qualified audit opinion: Property, Plant and Equipment.	Finance department to ensure that assets are duly recorded and managed as well as the AFS which are to be complete and accurate.

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23			
		(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target	Actual			
Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	Compliance with all South African Labour Acts									
	SPR2	Comply with South African Laws and Regulations governing labour relations.	Number of labour matters ruled against the SAST for non-compliance with applicable labour legislation.	0 Incidents reported	0 Incidents reported	Maximum acceptable number of incidents: 0	0 Incidents reported	None	No matters ruled against SAST in the implementation of regulated HR processes.	To ensure that related legislation is duly applied.
	Compliance with the Corporate Governance of Information and Communication Technology Policy Framework									
	SPR5	Develop and implement a comprehensive Information and Communication Technology (ICT) Strategy, incorporating compliance and efficient service delivery of ICT services.	Percentage availability of ICT network services reported.	New Indicator		98%	99.95%	1.95%	High availability of the ICT system throughout the year with minimal downtime.	To ensure availability of appropriate system generated reports.



5.2. Programme 2: Business Development

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

The programme aims to achieve the following SAST outcomes:

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

Outcome 5: Audience attendance improved.

Programme 2: Business Development

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement		Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23				
			(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target	Actual			
In-house developed and externally sourced performing arts works presented.	SPA	Artistic Productions									
	SPA2	Stage In-house Festivals.	Number of In-house Festivals staged.	Indicator removed due to Covid-19	4	4	4	0	All four festivals planned for the year were staged.	Festivals to continue to be included in the annual line-up.	
	SPD4	Stage school set-work productions.	Number of School set-works staged.	Indicator removed due to Covid-19	2	4	3	-1	Budget restrictions during the year affected the programme resulting in one production not being staged.	Number of planned network productions to be reduced in accordance with the approved budget.	
	SPA1	Stage In-house Productions.	Number of In-house Productions staged.	72	108	100	133	33	Large number of partnership-based productions contributed to the overachievement.	Partnership productions to be formalised under a new programme from 2023/24.	
		Job creation									
	SPR3	Short term job opportunities created in Inhouse Productions.	Number of short term job opportunities created in In-house Productions.	428	926	600	941	341	Jobs created in the large number of partnership-based productions contributed to the overachievement.	Job opportunities to be provided within the approved budget.	

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place	
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23				
		(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target	Actual				
Audience attendance Improved	SPM	Marketing									
	SPM1	Implement the marketing strategy.	A marketing plan prepared and approved for each production of the annual artistic calendar.	Plans prepared	Plans prepared	Marketing plans prepared for each production of the annual artistic calendar.	Plans not prepared for all productions.	Small number of plans not prepared.	Administrative challenges experienced relating to availability of production information resulted in plans not being prepared as required.	Revision of the planning process between departments underway to address challenges.	
	SPM2	Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	4	9	4	4	0	Planned number of partnerships achieved	To establish partnerships within approved budget.	
	Audience Development										
	SPM3	Implement the audience development strategy.	An audience development plan prepared and approved for each production of the annual artistic calendar.	Plans prepared	Plans prepared	Audience development plans prepared for each production of the annual artistic calendar.	Plans developed and implemented	None	Plans duly prepared.	To ensure plans are duly implemented in order to achieve targets.	
	SPM4	Increase audience attendance and online streaming views.	Number of audience attending or streaming inhouse and rental productions and events.	74 444	38 191	38 500	123 926	85426	A rapid increase in the theatre audience attendance numbers was recorded post relaxation of the lockdown regulations which encouraged people to return to the theatre.	The marketing strategy is to be implemented to ensure achievement of audience targets.	
	Patron Satisfaction										
SPM5	Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	8	24	12	20	8	More surveys were conducted to maintain the momentum of audience engagement on the social media platforms.	Survey results must be circulated to all managers for consideration and to identify areas of improvement.		

5.3. Programme 3: Public Engagement

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

The programme aims to achieve the following SAST outcomes:

Goal 2: Development opportunities provided.

Programme 3: Public Engagement

Outcome	Code	Output	Output Indicator	Actual (Audited) Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviation	Interventions that will be put in place
			(Indicators must be read in conjunction with Technical Indicator Descriptions)	2020/2021	2021/2022	2022/2023	2022/23			
			(Key Output - SMART)	(Unit of Measure)	Actual	Actual	Target			
Development opportunities provided.	SPD	Development Programme								
	SPD1	Implement the Mayibuye Community Outreach programme.	Number of Community Arts Groups that participated in the programme.	Indicator removed due to Covid-19	12	15	15	0	15 groups participated in the programme as planned.	Programme to be implemented within approved budget.
	SPD3	Provide dramaturgy to in-house production's creative team members.	Number of in-house production's creative team members provided with dramaturgy.	42	29	15	23	8	Overachievement is due to the MCO productions that were provided with dramaturgy support.	Programme to continue focusing on emerging groups.
	Learning and Development									
SPR4	Provide internship positions.	Number of interns appointed.	Indicator removed due to Covid-19	6	6	6	0	Planned number of internship positions filled during the year.	Internship opportunities to be provided within approved budget.	

5.4. Linking Objectives with Budgets

Budget	2020/2021				2021/2022			
	BUDGET	ACTUAL	(OVER) / UNDER EXPENDITURE		BUDGET	ACTUAL	(OVER) / UNDER EXPENDITURE	
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Artistic	12 002	9 180	2 822	24%	10 292	11 046	(754)	-7%
Front of House	1 181	650	531	50%	1 051	1 542	(491)	-46%
Security and transport	5 600	5 212	388	7%	6 676	6 898	(222)	-3%
Parking	450	292	158	35%	401	362	39	10%
Stage Services	2 650	1 429	1 221	46%	1 265	1 437	(172)	14%
Marketing	1 350	1 716	(366)	-27%	1 126	1 623	(497)	44%
Human Resources	36 303	43 944	(7 641)	-21%	43 011	46 037	(3 026)	-7%
Development	2 800	3 554	(754)	-27%	2 075	3 623	(1 548)	-74%
Administration	11 429	8 606	2 823	25%	14 415	22 859	(8 444)	-59%
Maintenance	23 260	15 484	7 776	33%	11 078	14 645	(3 567)	32%
Total	97 026	90 069	6 957	7%	91 390	110 075	(18 682)	-20%

6. REVENUE COLLECTION

SOURCES OF REVENUE	2020/21			2021/22		
	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	82 747	82 052	(695)	64 252	79 444	15 192
Fundraising, marketing and other	13 400	16 209	2 809	15 339	20 278	4 939
Other income	879	924	45	1 023	2 881	1 858
Total Revenue	97 026	99 185	2 159	80 614	102 603	21 989

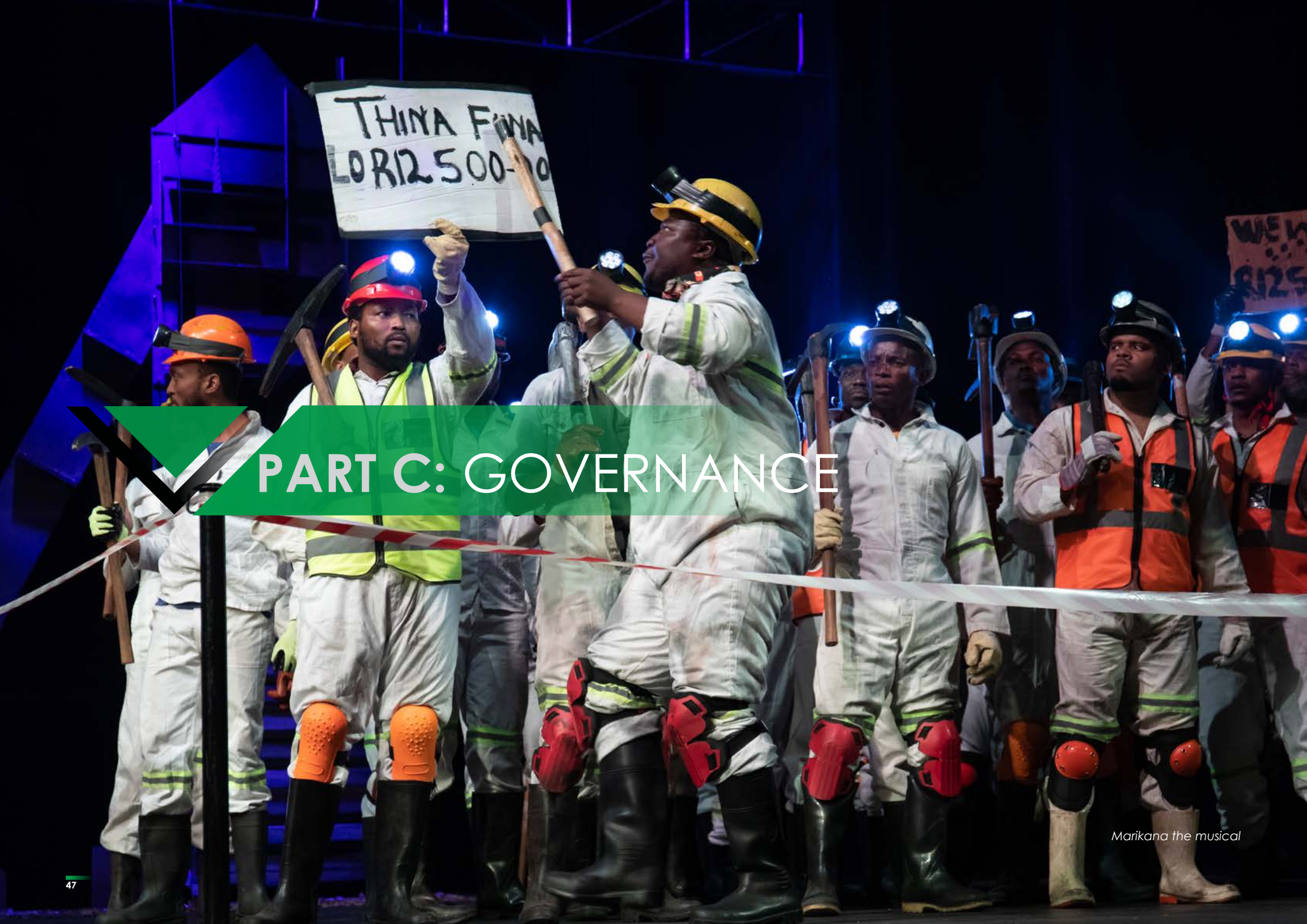
7. CAPITAL INVESTMENT

Funds for capital projects are ring-fenced and interest earned thereon is capitalised to the projects. A new allocation of R10 million was received during the financial year from DSAC, there were delays in securing contractors for most the projects hence an increase year on year.

Infrastructure projects	Project Name	2021/2022			2022/2023		
		Budget	Actual Expenditure	(Over) /Under Expenditure	Budget	Actual Expenditure	(Over) /Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
Project 1	Facilities and Management Contract	18 410 720	3 966 257	14 444 463	22 822 292	5 226 391	17 595 900
Project 2	Foyer and Ablutions	6 065 820	-	6 065 820	6 065 820	19 296	6 046 523
Project 3	Digital Screen	4 000 000	3 078 926	921 074	995 377	995 377	-
Project 4	Fire Detection System	368 617	-	368 617	368 615	-	368 615
Project 5	Security Scanner (Admin Foyer)	165 300	-	165 300	165 300	-	165 300
Project 6	Passenger Lifts	4 406 496	922 933	3 483 563	3 483 563	-	3 483 563
Project 7	Stage Lighting	7 562 739	3 299 200	4 263 539	4 263 539	-	4 263 539
Project 8	Stage Equipment	4 159 805	1 590 904	2 568 901	2 568 901	2 397 875	171 027
Project 9	Stage Facilities	2 326 364	-	2 326 364	2 326 364	-	2 326 364
Project 10	Asset Management				887 961	460 596	427 365
Project 10	Other				1 437 735	1 153 888	283 848
Project 11	Kilnerton Stores Fence and Repairs				2 000 000	-	2 000 000
	Interest	1 774 013	989 612	2 763 625	2 766 458	1 201 417	1 565 041
Total		49 239 874	13 847 832	37 371 266	50 181 925	11 454 840	38 697 115



Interogation Room



PART C: GOVERNANCE

Marikana the musical

1. INTRODUCTION

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

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

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

2. PORTFOLIO COMMITTEES

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

3. EXECUTIVE AUTHORITY

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

30 April 2022	4th Quarterly Report 2021/22
31 July 2022	Annual Financial Statements and Performance Information 2021/22
30 July 2022	1st Quarterly Report 2022/23
31 August 2022	Annual Report 2021/22
30 October 2022	2nd Quarterly Report 2022/23
31 January 2023	Annual Performance Plan 2023/24
30 January 2023	3rd Quarterly Report 2022/23

4. THE ACCOUNTING AUTHORITY (COUNCIL)

In terms of Section 5 of the CIA the affairs of SAST are under the control, management and direction of the Council, who was appointed by the Minister of Sport, Arts and Culture and acts as the Accounting Authority in terms of the PFMA. The duties, functions and responsibilities of the Council are set out in the CIA, PFMA and the Council Charter. The responsibilities outlined in the Council Charter have been duly discharged during the year, specifically in terms of:

- The adoption of strategic plans;
- Monitoring of operational performance and management;
- Determining policy and processes to ensure the integrity of the SAST's risk management and internal controls;
- Communication policy; and
- Council member's orientation and evaluation.

Council delegated specific responsibilities to a number of Committees which operate in terms of their own Committee Charters that are reviewed and approved by the Council. During the 2022/23 year, all committees Charters were reviewed extensively with a view to ensure that each committee correctly and adequately address the specific areas of responsibility assigned to it and to ensure that there is no overlap of these responsibilities between the committees.

The following Committees were operational during the 2022/2023 financial year;

Finance Committee (FINCOM):

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

Audit and Risk Committee (ARC):

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

Institutional Development Committee (IDC):

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

maintain and upgrade the unique Theatre facilities to support the SAST Artistic ambitions and the self-generating revenue objectives.

Human Resources and Remuneration Committee (HRRC):

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

Social and Ethics Committee (SEC)

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

Information and Communication Technology Strategic Committee (ICTSC)

The ICTSC is responsible for oversight of the IT operations. The Committee reports to ARC and ensures the oversight of the IT related control systems, risk management and the fulfilment of the information, communication and technology objectives.

Council's value creation process

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

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

Composition of the Council

The following are the Council members of SAST, appointed by the Minister of the Department of Sport, Arts and Culture, for the 2022/23 financial year:

For the period 01 April 2022 – 31 March 2023

Name	Term /Date appointed	Qualifications	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Prof. NM Mazibuko (Chairperson)	01/12/2017 – 30/11/2020 renewed with effect from 09/12/2020	BBA and Honours degrees in Social Work - University of Zululand. BA majoring with Political Science and Communications. – University of South Africa (UNISA) Master's Degree in social sciences - University of KwaZulu-Natal PhD in Social Policy & Organisational Studies - University of Illinois, Chicago.	Education, Youth development in higher education, Research, innovation and human development.	Female	African	6/6
Dr MJ Ndllovu (Deputy Chairperson)	01/12/2017 – 30/11/2020 renewed with effect from 09/12/2020	Master's Degree in Business Administration (MBA) - University of KwaZulu-Natal PhD in Business Administration - University of KwaZulu-Natal	Business Administration with emphasis on Human Resources Management	Female	African	6/6
Adv KP Thango	09/12/2020	B Proc: LLB, University of KwaZulu-Natal Project Management (Diploma) - Varsity College Matric with exemption, Mshiyane High School, KZN	Law	Male	African	6/6
HK Makgae	09/12/2020	University of Limpopo, Bachelor of Education, 1989-1991 University of Limpopo, Bachelor of Arts in pedagogy BA .1985-1988	Education, Theology	Female	African	6/6
S Maharaj	09/12/2020	CA (SA) : South African Institute of Chartered Accountants (1998) Hons BCompt Degree: University of South Africa (1994) BCom Degree : University of Natal (1992)	Finance	Male	African	5/6

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

There were 5 Council Meetings; 1 Planning Workshop and 1 Induction meeting
In addition to the above Ms Santa Viljoen (Chief Financial Officer), Mr. Aubrey Sekhabi (Artistic Director) and Ms Keolebgile Modise (Director of Corporate Services) attend the Council meetings by standing invitation.

Council Meetings

Council	31 May-22
Council	5 Aug-22
Council Workshop`	29 Nov-22
Council	30 Nov-22
Council (Special)	25 Dec-22
Council	2 Mar-23

Committees

The following is the composition of the Committees as appointed by SAST Council, as at 31 March 2023:

Audit and Risk Committee (ARC)

For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
V Ndlovu (Independent External Member)	01/06/2019	Finance	Female	African	10/10
B van Vollenhoven (Independent External Member)	01/06/2019	Finance	Male	White	10/10

T Rochussen (Independent External Member)	03/12/2020	Finance	Male	White	10/10
Z Nkosi (Independent External Member)	03/12/2020	Law and Finance	Female	African	9/10
S Maharaj (Council Member)	09/12/2020	Finance	Male	Indian	10/10
Dr MJ Ndlovu (Council Member)	08/02/2018	Business Administration with emphasis on Human Resources Management	Female	African	10/10
L Monama	01/07/2022	Finance	Male	African	7/10

ARC MEETINGS

ARC	12 May-22
ARC	26 May-22
ARC (Special)	30 May-22
ARC	28 Jul-22
ARC	2 August-22
ARC	24 August-22
ARC	10 Nov-22
ARC	11 Nov-22
ARC	31 Jan-23
ARC	28 Feb-23

Institutional Development Committee (IDC)

For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
UG Masokoane (Chairperson)	09/12/2020	Arts	Male	African	4/4
Dr L Nawa	09/12/2020	Arts and Creative Writing	Male	African	4/4
S Maharaj	09/12/2020	Finance	Male	Indian	4/4

IDC Meetings

IDC	6 May-22
IDC	22 July-22
IDC	17 Nov-22
IDC	16 Feb-23

Human Resources and Remuneration Committee (HRRC) For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Dr MJ Ndlovu (Chairperson)	08/02/2018	Business Administration with emphasis on Human Resources Management	Female	African	4/4
Dr L Nawa	09/12/2020	Arts and Creative Writing	Male	African	4/4
Adv KP Thango	09/12/2020	Law	Male	African	4/4

HRRC Meetings

HRRC	5 May-22
HRRC	21 Jul-22
HRRC	16 Nov-22
HRRC	15 Feb-23

Finance Committee (FinCom) For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
S Maharaj (Chairperson)	09/12/2020	Finance	Male	Indian	6/6
HK Makgae	09/12/2020	Education, and Theology	Female	African	6/6
Adv KP Thango	09/12/2020	Law	Male	African	4/6
Carol Mtshali	01/07/2022	Finance	Female	African	4/6

FINCOM Meetings

Finance Committee	28 Apr-22
Finance Committee (Special)	25 May-22
Finance Committee	25 27 Jul-22
Finance Committee	27 Oct-7Nov-22
Finance Committee (Special)	09 Dec-22
Finance Committee	27 25Jan-23

Social & Ethics Committee (SEC) For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
Adv KP Thango (Chairperson)	09/12/2020	Law	Male	African	4/4
UG Masokoane	09/12/2020	Arts	Male	African	4/4
HK Makgae	09/12/2020	Education, and Theology	Female	African	4/4

SEC Meeting

SEC	22 Nov-22
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SEC	22 Feb-23
SEC	11 May-22
SEC	1 Aug-22

Information and Communication Technology Strategic Committee (ICTSC) For the period 1 April 2022 – 31 March 2023

Name	Date appointed	Area of knowledge, skills and expertise	Gender	Race	No. of Meetings attended
A Latchu (Chairperson)	01/09/2021	IT	Male	Indian	4/4
V Nayagar	01/09/2021	Cyber Security Expert	Female	Indian	4/4

ICTSC Meeting

ICTSC	4 May-22
ICTSC	14 Jul-22
ICTSC	3 Nov-22
ICTSC	19 Jan-23

Remuneration of Council members

Refer to note 29 of the Annual Financial Statements for a detailed table of Council members' remuneration during the 2022/23 financial year.

5. RISK MANAGEMENT

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

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

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

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

Risk Management at SAST is an ongoing activity. Risk areas are prioritised and appropriate mitigation activities implemented to ensure continuous improvement of operational performance. Ultimately, Risk Management continues to be a developing yet significant area, in terms of which solutions and mechanisms are constantly suggested and revised by both the Council and the Audit and Risk Committee. Cybercrime has been identified as a key new risk area in which

appropriate mitigation strategies must be implemented. SAST has reviewed its ICT systems and appropriate improvements are being implemented. However, incessant attempts at breaching the servers firewall may ultimately succeed and as such appropriate Cybercrime mitigation is being implemented.

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

6. INTERNAL AUDIT AND RISK COMMITTEES

Refer to the detailed Audit and Risk Committee Report.

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

8. FRAUD AND CORRUPTION

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

Zero tolerance of fraud and corruption

Corruption in South Africa is perceived to be worsening. Perceived high levels of fraud and

corruption could jeopardise South Africa's standing among foreign investors and negatively affect business confidence. SAST has a zero-tolerance stance against fraud, corruption and irregular conduct.

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

- whistle-blowing framework which includes the National HOTLINE (0800 701 701)
- prevention of fraud and corruption policy
- delegation of authority
- ongoing fraud and awareness bulletins

9. MINIMISING CONFLICT

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

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

10. CODE OF CONDUCT

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

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

Promoting ethical conduct

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

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Environmental

With reference to the Occupational Health and Safety Act 85 of 1993, the statutory law administered by the Department of Employment and Labour requires SAST to monitor the impact of the SAST activities (products & services) and projects on the environment.

We plan to address energy efficiency and energy security more effectively in the new year both for the short and medium terms through interventions that maximize energy security.

Execution of energy projects is in progress through various interventions across the business units, with the objective of ensuring the resilience and efficiency of SAST Facilities, machinery and operations while contributing towards attaining the strategic targets. This includes:

- On-site solar energy generation that can reduce operating costs, and loadshedding vulnerability.
- Sensor technologies and LED lighting that can reduce energy consumption and costs.
- Increased resource efficiency can reduce operating costs and, especially through improved building energy consumption.
- A green star rating can enhance the SAST's reputation.
- Efficient water consumption can reduce operating costs, mitigate, and reduce possible shortages that could impact water-cooled infrastructure.

SAST has complied with the Energy Performance Certification (EPC) requirements. Certificate number EPC-SA 00430-2023 was issued to SAST with a category B rating of 35 kWh/(m².a).

Health and Public Safety

SAST has established, and monitors on an ongoing basis, - health and safety performance measures to ensure that it is maintained as a priority across all projects undertaken by The South African State Theatre.

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.

In an effort to achieve more efficient and effective outputs from our human capital; safety, health and wellbeing is considered holistically-. The intention is to proactively 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.
- the SAST OHS strategy - to reduce workplace injuries, 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.

OHS Compliance

In 2022/23 financial year SAST did not have material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations reported. The status of the compliance risks is provided to the risk committee, which reports back to the Board on a quarterly basis.

Portable Fire Fighting Equipment

The Emergency Service Department, Fire Brigade Service Division has issued a Certificate of Fitness (Permit no. S 2022-2023 /41) to SAST.

A three-year service provider contract for the maintenance of firefighting equipment was signed which provided for all firefighting equipment to be serviced during the year.

OHS Priorities

1. Service of Portable Fire Extinguishers and Fire Hoses at FH- Odendaal building and Kilnerton.
2. Inefficient and outdated CCTV and Access Control system (Replacement of CCTV and Access Control System)
3. Business Continuity Implementation
4. Regulatory and compliance (training of First Aid, Fire Marshalls, Evacuation Officers and Working at Heights). On-site qualified medical assistance not provided for.
5. Fire detection phase 2 compliance project

SECURITY

Security Service Provider

The following key interventions are implemented;

- Guard Patrols, Armed response and Alarm System at FH Odendaal building.
- Guard Patrols, Armed response and Alarm System
- Rotational day and night shifts with every shift having a level 3 First Aid security officer on duty.

Business continuity management

The State Theatre continues to strengthen its business resilience. We tested the response plans continuously during the social unrest, COVID-19 pandemic, power outages. Our response plans remain adequate and effective across key areas such as stakeholder management, critical resources, and technical resources such as back-up power (upgrade), alternative power solutions (solar system project), diesel, water and mobile generators. We remain committed to collaboration principles, maintaining communication services during adverse conditions and supporting local and national government should a crisis arise. SAST continued to ensure that its infrastructure, business processes and emergency management procedures have the flexibility required to safeguard the interests of our key stakeholders, reputation, and brand.

12. SOCIAL RESPONSIBILITY

MAYIBUYE COMMUNITY OUTREACH PROGRAMME

Background:

The South African State Theatres' Education Youth and Children's Theatre Department (EYCT) is dedicated to development programmes, specifically for Young Creatives in the Arts Industry and those seeking guidance and direction in the arts industry. The programmes include upskilling workshops, productions for children and those that aid school language curriculums plus platforms to showcase their talent in SAST festivals. The overall goal is to empower the youth through education, economic participation and mentorship to contribute to the growth of the national arts industry. The EYCT Department also creates partnerships and a network for the arts industry through these programmes.

1. Mayibuye Community Outreach Programme:

Mayibuye Community Outreach (MCO) programme is the South African State Theatre'S (SAST) Education Youth and Children's Theatre (EYCT) Department programme which seeks to creatively help amateur theatre groups based in our national communities. The MCO Programme aims to position the arts prominently – their rightful position – in cultural heritage development, moral re-generation and entertainment. Through this programme we intend to develop quality artistic works, as well as bridge the gap between developing and mainstream arts, business, academia and the community.

Programme Objectives:

Develop the Arts

- The sharing of information with the aim of assisting community art groups to stage productions that will; reflect on the status quo of their society; to question and examine societies norms and beliefs at the same time entertain and evoke interrogation from their audiences with the end goal being social cohesion amongst global communities.
- To highlight and improve the role of the arts in society.
- To place The South African State Theatre within the context of communities - in growing its relationship with various communities across the country.

Develop the Artists and Facilitators.

- Offer training, guidance and upskilling programmes to performers, writers, directors, producers, stage managers, technicians and young entrepreneurs in the arts and entertainment industry.

- Create an opportunity for the fieldworkers to gain experience in their fields of expertise.

Develop Audiences

- Expose the community groups to the Professional Theatre space, educate them about theatre and theatrical work and their history.
- Grow a network of theatre goers who support each other as they grow and collaborate.
- Working towards a sustainable growth of the arts for an industry that creates employments, entrepreneurship and contributes to the countries' economic growth.

2. Outreach Workshop and Upskilling Programmes: Annual initiative

EYCT presents the following Artistic workshops:

- Acting
- Choreography
- Directing
- Script writing
- Stage management

The workshops include Business & Arts Administration for the administration side of things.

The EYCT department presents workshops in two parts for creatives in different levels of experience respectively, the first part is for Community groups and individuals at entry level for that specific workshop focus. The second part is Master classes that lead into workshops targeting young and old people with training and/or experience in that specific field of focus as well as individuals who are still finding their feet (entry level) in the Arts industry.

3. Current Partners of SAST in these programmes:

- Mmabana Arts Culture and Sport Foundation – Mahikeng

4. Areas or communities Serviced by SAST EYCT Department 2022/2023:

- Greater Tshwane Metropolitan Area – Atteridgeville; Mabopane; Hammanskraal; Soshanguve; Mamelodi

During the 2022/23 financial year fifteen (15) groups participated in the MCO programme.

SCHOOL NETWORKS PROGRAMME 2022/2023

Description

Theatre productions staged to present literature books as read in high schools to support the national basic education system via theatre. The literature is adapted to theatre format where necessary without changing the story in any manner.

Function:

The objective is to support the literature language syllabus in the national school curriculum through artistic presentation of the studied setwork for learners in high school, focusing on grade 10 to grade 12.

Set work presented:

The following set-work productions were presented during the 2022/23 financial year.

English First Language:	My Children, My Afrika:
	Dates: 29 April 2022
	Dates: 01 March 2022
Indigenous Language, Sepedi:	Sophiatown
	Dates: 06 March 2023

13. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consisted of the members listed hereunder and met not less than four times per annum as per its approved terms of reference. During the current year 5 meetings were attended, and additional special meetings as follows:

Name of member	Number of meetings attended	Date appointed
V Ndlovu (Chairperson)	10	01/06/2019
Z Nkosi (Ms.)	9	03/12/2020
J Ndlovu (Dr.)	10	08/02/2018
L Monama (Mr.)	7	01/07/2022
T Rochussen (Mr.)	10	03/12/2020
S Maharaj (Mr.)	10	09/12/2020

In addition to the above members, persons attended the committee meetings by standing invitation included:

- Chief Executive Officer,
- Chief Financial Officer,
- Representatives from the Auditor-General South Africa (AGSA), and
- Representatives from the Internal Auditors.

Audit and Risk Committee responsibilities

The committee is excited to have been part of the history making with SAST receiving a clean audit (unqualified with no compliance matters) for the first time in its existence. The committee acknowledges the work of all assurance providers that enabled the organization to get this far. The Audit and Risk Committee reports that it had adopted appropriate formal terms of reference as its audit committee charter, had regulated its affairs in compliance with this charter and had discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls was designed to provide cost effective assurance that assets were safeguarded and that liabilities and working capital were effectively managed. In line with the PFMA and the King IV Report on Corporate Governance requirements,

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the AGSA, it is clear that control environment has been improving over the years. Accordingly, we report that the system of internal control over financial reporting for the period under review were adequate and effective.

Internal Audit

Internal Audit provided the Audit and Risk Committee and management with assurance that the internal controls were appropriate and effective. This was achieved through a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The Internal auditors included the following areas in the Annual Internal Audit Coverage Plan:

- Performance Information Review
- Financial Control Review
- Supply Chain Management Review
- Information Technology Review
- Annual Financial Statements Review

The Committee was satisfied that Internal Audit had discharged its functions objectively and with independence in compliance with its Charter.

Risk Management

The Committee was responsible for the oversight of the entity's risk management activities. Strategic and operational risk assessments were conducted for the year under review.

The Committee had reviewed the risk management process on a quarterly basis, had made recommendations for the improvements thereof and was satisfied with the progress made. A risk management strategy and plan for the entity had been recommended to ensure the extent to which risk management was embedded within the entity and the extent of effectiveness thereof. The Committee noted progress on the ICT risks while cybersecurity remained a concern.

In-Year Management and Monthly/Quarterly Report

The Committee had:

- Reviewed the quarterly financial management and performance reports submitted to the Department and National Treasury in terms of the PFMA and Treasury Regulations.
- Reviewed the policies and procedures to ensure compliance with applicable laws and regulations.

The Committee was satisfied with the quality of the in-year reports that were presented at the Committee meetings.

Evaluation of Annual Financial Statements

The Audit and Risk Committee had:

Reviewed and discussed the Annual Financial Statements to be included in the annual report, with the AGSA and the Accounting Authority;

- Reviewed the AGSA's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

Auditor-General South Africa (External Auditors)

The Committee had reviewed the entity's implementation plan for audit issues raised in the prior year and was satisfied that the matters had been adequately resolved.

The Committee was satisfied with the independence and objectivity of the Auditor-General South Africa. The Committee had met with External Auditors separately to ensure that there were no unresolved issues.

The Committee also approved the audit strategy and acknowledged the contents of the engagement letter presented by the External Auditors.

Conclusion

The Committee concurred with and accepted the Auditor-General South Africa's report on the Annual Financial Statements, reviewed significant adjustments resulting from the audit and was of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General South Africa.

Signed on behalf of the Audit and Risk Committee:



Ms Velile Ndlovu
Chairperson of the Audit Committee
The South African State Theatre
31 July 2023

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

The annual B-BBEE verification for the 2020/21 financial year was conducted during the 2021/22 financial year. SAST received a rating of non-compliant contributor, with an overall score of 49.55% for the four measured elements of Management Control, Skills Development, Enterprise and Supplier Development, and Socio-Economic Development. SAST is not measured against the element of Ownership, since it is a public entity.

The outcome represents a regression from the previous rating of 55.51% (Level 8 Contributor) for

the 2019/20 year. The main reason for the regression is the decrease in spending on training during the 2020/21 year. This was because of budget constraints. Procurement on B-BBEE compliant suppliers also reduced from 23,99% in 2019/20 to 22,46 in 2020/21. Though it is a small decrease, it does impact the overall rating.

The B-BBEE improvement plan was implemented during the 2022/23 year. The areas that have been identified for improvement include:

- Skills Development,
- Enterprise and Supplier Development Programme, and
- Socio Economic Development.

The 2022/23 budget provides a minimum of 1% spending on skills development. Providing cashflow allows, training will be implemented accordingly and will contribute to improving the B-BBEE score.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to SAST.
Developing and implementing a preferential procurement policy?	No	The SAST Supply Chain Management policy is being reviewed during the 2022/23 year.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to SAST.
Developing criteria for entering into partnerships with the private sector?	Yes	Any partnership concluded, is considered on its merits to further the SAST mandate and contribute to implementation of the SAST programmes.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable to SAST.





A Zulu dance performance on a stage. The scene is lit with blue light and has a smoky atmosphere. In the foreground, several dancers are in dynamic poses, some holding spears and shields. In the background, a line of dancers stands in a row, illuminated by spotlights. A yellow banner with a black border is overlaid on the left side of the image, containing the text 'PART D: HUMAN RESOURCE MANAGEMENT'.

PART D: HUMAN RESOURCE MANAGEMENT

Shaka Zulu 2022

1. INTRODUCTION

The SAST HR department hereby submits its overview and performance for the 2022/23 financial year. Included in the HR report is a summary of the HR service offerings and detailed oversight. The set priorities for the year includes but not limited to the implementation of the Succession planning programme and the development and implementation of the Harassment Code as effected from 18 March 2022. Learnership and Internship programmes are implemented in various fields of study. Services of an external service provider is procured for employee wellness program.

1.1 HR RISKS

RISK	MITIGATION	Deadlines	Status
Organizational structure and jobs not aligned to the organizational strategy.	Structural and job profiles reviewed and aligned to the organizational strategy.	June 2021	Completed
Skills not relevant to currently occupied jobs	Talent management has been completed with all jobs occupied by the best possible employee. Skills gap analysis will be conducted	June 2021 April 2022	Completed Completed
Lack of resources to fill critical positions.	Service providers are used to bridge the gap and are sourced as and when required where possible. Interns and Learners deployed to assist in low levels positions.	Ongoing	Implemented
High vacancy rate.	Critical jobs must be budgeted for as consultancy will be too costly if used frequently. Critical positions will be filled, and unnecessary positions removed from the structure.	Apr 2022	No budget
Loss of critical human resources due to salaries not related to the market, lack of benefits and job security.	Review 5-year fixed term contracts model. Conduct and implement job grading and Remuneration benchmark results, Review benefits to all employees.	Ongoing	5-year contracts reviewed. Grading and Remuneration benchmark results implementation in progress.
Productivity of employees impacted negatively due to working from home practice, and flexible hours.	Develop a Performance management Policy. Remote performance management system developed Train management on performance management	July 2021 August 2021	Completed Completed Completed
Poor leave management	Continuous communication and emphasis of leave management in line with Leave Policy.	Continuous	In progress
Absenteeism due to ill health	Review HIV and other severe chronic diseases policy. Emphasis on compliance Covid 19 regulations by strict control of number of employees at work and Compliance with health and safety regulation	May 2021 Continuous	Completed. Completed.

Possible Industrial Action	Put contingency plan process in place	On-going fill further notice	Negotiations concluded for the year 2022/23
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1.2 HR PLAN

The plan is a five-year plan (April 2021 – March 2026).

This document aids in attaining the departments strategic objectives in support of the strategic human resources management and development within the SAST. Some of the objectives are continuous, e.g., Individual Development plan (IDP,s) and Implementation of the skills development plan.

Strategic Pillar	Objective	Key Activities *	Output	Time frame	Responsible Person	Status
Manage Human Resources	To improve efficiency and effectiveness by attracting, selecting, recruiting, developing retaining and managing best talent	Attract, select and recruit best talent.	All vacant and budgeted positions advertised and filled	On-going	HRM	Ten appointments made for the financial year.
		Develop human resources	IDPs and Skills Development Plan developed.	Q2 Annually	HRM	Developed. Completed
			Implementation of SDP	Q3 Annually then On- going	HRM	Seventeen types of training completed.
		Manage Labour relations	Bargaining forum established	Q2 2021	HRM	Completed
			All cases 100% procedural fairness.	On-going	HRM	One case reported and conclude.
		Remunerate human resources competitively	Remuneration Benchmark completed	July 2021	DCS	Completed
			Remuneration benchmark results implemented	1 April 2023 – 30 March 2026	DCS	Differed to the next financial year due to budget unavailability.
			Equal pay for work of Equal value	1 April 2023 - 30 March 2026	DCS	To be implemented once financial resources are available.
		Manage performance	Performance Management policy developed and approved	Q2 2021	DCS	Completed
			Performance Management Policy implemented	Q3 t 2021 then On-going	HRM	Completed
Culture Management	Culture survey conducted	Q1 2022	HRM	Survey on Harassment and succession planning completed.		
	Culture Change Programme implemented	Q3 2022 then On-going	HRM	Action plan developed and implemented. In progress.		

	To comply with South African Labour laws	Develop and Review of HR Policies and procedures	Approved HR policies	On-going	HRM/DCS	Review of HR policies is on-going. Policies are reviewed and approved quarterly.
		Develop and Implement SAST 3 years EE Plan	EE Plan Developed	Q4 Annually	HRM	Development of the EE plan Completed. The Plan is reviewed and some goals for the current financial year moved to next financial year.
		Submit EE plan to the department of Labour	Department of labour acknowledgement letter	Q4 2022 then ongoing	HRM	The Employment Equity report is submitted to the Department of Labour on the 12th of January 2023. Completed .
		Display all labour law charts	Charts displayed	Display all labour law charts	Completed .	Completed .
Promote Culture of Excellence	Effectiveness and efficiency	Policy and procedures Inductions	Attendance register	On-going	HRM	On-going
		Ensure the development of SOP, s in all departments	SOP, s developed	Q2 2022 then On-going	HRM	SOP,s developed. Completed
		Identify key positions for succession planning	Develop a succession planning plan	01 January 2023 then on-going annually	HRM	The succession planning implemented. On-going.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel related expenditure

Personnel Cost by programme/activity/objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	139021	32399	23.31%	65	498
Business Development	4858	3154	64.92%	8	394
Public Engagement	3623	946	26.11%	2	473

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	6472	17.73%	4	1618
Senior Management	6906	18.92%	9	767
Professional qualified	4742	12.99%	7	677
Skilled	12806	35.09%	34	377
Semi-skilled	5573	15.27%	21	265
Unskilled	0	0.00%	0	0
TOTAL	36499	100.00%	75	3705

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	None	None	None
Senior Management	None	None	None
Professional qualified	None	None	None
Skilled	None	None	None
Semi-skilled	None	None	None
Unskilled	None	None	None
TOTAL	None	None	None

Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	32399	91	0.28%	32	3
Business Development	3154	0	0.00%	0	0
Public Engagement	946	0	0.00%	0	0

Employment Vacancies

Programme/activity/objective	2021/2022 No. of Employees	2022/2023 Approved Posts	2022//2023 No. of Employees	2022//2023 Vacancies	% of vacancies
PI Administrator	0	1	0	1	4%
Mechanical Assistant	0	1	0	1	4%
Audio Visual	0	1	0	1	4%
Sound Technician	0	2	0	2	8%

Sound Assistant	0	2	0	2	8%
Administrator Producer, DAD, Production	0	1	0	1	4%
Videographers	0	4	0	4	17%
Bookings and Events Coordinator	0	1	0	1	4%
Senior Technical Stage Manager	0	1	0	1	4%
Senior Lighting Designer	0	1	0	1	4%
Senior Sound Engineer	0	1	0	1	4%
Lighting Assistants	0	2	0	2	8%
Mechanists	0	2	0	2	8%
Décor Coordinator	0	1	0	1	4%
Laundry/Seamstress	0	1	0	1	4%
Wardrobe Mistress	0	1	0	1	4%
Technical Stage Assistants	0	4	0	4	17%
Education Youth and Children's Theatre Officer	0	1	0	1	4%
PA to Director of Corporate Services	0	1	0	1	4%
Sales Consultants	0	2	0	2	8%
Front of House Administrator	0	1	0	1	4%
Refrigeration/Aircon Technician	0	1	0	1	4%
Aircon Artisan	0	1	0	1	4%
Plumber Artisan	0	1	0	1	4%
Electric/Electronic Technician	0	1	0	1	4%
Electrician	0	1	0	1	4%
HR Officer	0	1	0	1	4%
ICT Administrator	0	0	0	1	4%
SNR HR Officer(IR)	1	1	0	1	4%
Audio Visual	1	1	0	1	4%
HR Assistant	1	1	0	1	4%

Due to financial constraints, vacancies could not be filled. However, when employees exit, positions are filled with the intent to keep the vacancy rate stable. Two Senior Management positions filled by internal staff.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	0	4
Senior Management	6	3	0	9
Professional qualified	7	1	1	7
Skilled	39	5	5	34
Semi-skilled	23	0	2	21
Unskilled	0	0	0	0
Total	78	10	8	75

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	6	8%
Dismissal	0	0%
Retirement	1	1.33%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	7	

Labour Relations: Misconduct and disciplinary action

Reason	Number
Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	0
Total	1

Employment Equity

The South African State Theatre (SAST) is explicit about its continued aspiration to be an inclusive and engaging employer as set out in the SAST strategic goals and plans. The Employment Equity plan recognizes that over time SAST recruitment and selection policies, procedures, and practices have become deliberate and elaborate in ensuring that there are no barriers that might be construed as discrimination. A key element is the Employment Equity representatives who sit on the selection committee. The role played by the Employment Equity representatives in the recruitment process has been a strategy believed to advance efforts to onboard employees from designated groups. It is worth noting that aligning policies and procedures with changes in the labour legislation is important from a risk management perspective.

EMPLOYMENT EQUITY PLAN ,YEAR TWO ROGRESS REPORT

TIMEFRAMES (e.g.)	OBJECTIVES	Progress Report
YEAR 2 01 April 2022 to 31st March 2023	To increase representativity of designated employees (woman and people living with disabilities) at senior levels and across the entity.	<ul style="list-style-type: none"> Partnering with organization dealing with recruitment of persons living with disabilities is on-going. The position of EYCT Manager was earmarked as an EE position. A female was appointed in that position. Strides are also made in the employment of females in elementary positions (Stage services) To date the department has five females appointed. HR vacant positions earmarked for PWDs.
	To develop intentional promotion and retention strategies for designated employees in key positions.	<ul style="list-style-type: none"> The succession planning policy approved. A female identified for promotion to Electrician position is in progress.
	To induct SAST Policies and Procedures to all employees, including the HIV/ Aids, Covid-19 and Code of Good Practice Harassment in the workplace, Promotion, and retention.	<ul style="list-style-type: none"> A meeting with the Union has been held to discuss Harassment Code and Succession Planning.

Barriers to affirmative action measures

CATEGORIES	BARRIERS	AFFIRMATIVE ACTION MEASURES	TIME FRAMES		STATUS REPORT
			START DATE	END DATE	
Advertising positions	Disability not included on selected job adverts.	Review, and include disability, in targeted. statements on job adverts. Approach organizations / recruitment agencies to assist in sourcing of persons living with disabilities.	01 /09/2021	31/03/2024	Partnerships forged with three recruitment agencies. The scope is broadened to accommodate other agency that can assist with the recruitment of persons living with disabilities. On-going
Job classification and grading	Staff placed in incorrect job levels	Implement job grading to rectify job levels	01/04/2023	31/03/2024	Differed to the next financial year due to unavailability of funds .
Work environment and facilities	SAST building not compliant for wheelchair access	Address building accessibility	01/04/2023	31/03/2024	The Audit is planned for the second quarter 2023-24.
Retention of designated groups	Low salaries that are not market related.	Implement the remuneration benchmark results.	01/04/2023	31/03/2024	Implementation is subject to fund availability. Implementation date moved to next financial year.
Budget allocation in support of employment equity goals	Limited budget	Reasonable budget must be allocated for human resources to address all EE goals	01/04/2023	31/03/2024	Ongoing

A man with glasses and a beard is standing on a stage, wrapped in a rainbow flag. He is holding a microphone and looking to the left. The stage is lit with blue light. A stool and a microphone stand are visible to his right.

PART E: PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

31 March 2023

ANNUAL REPORT DISCLOSURE

Reconciliation of irregular expenditure

	2022/2023	2021/2022
Opening balance	176 070 442	175 537 226
Add: Irregular expenditure confirmed	6 186 861	533 216
	182 257 303	176 070 442

Reconciling notes to the annual financial statement disclosure

	2022/2023	2021/2022
Irregular expenditure that was under assessment in 2021/2022 and confirmed in 2022/2023	5 114 770	-
Irregular expenditure for the current year	1 072 091	533 216
	6 186 861	533 216

Three cases under assessment for the 2021/2022 financial year has been confirmed and the necessary disciplinary action in accordance with the SAST disciplinary code has been initiated and is in process.

The irregular expenditure incurred in the current year is due to a multi year contract that was confirmed from the 2021/2022 financial year of R445 642. R40 000 was incurred, due to a show that took place before the purchase order was issued. R586 449 was incurred to non-compliance with procurement regulations.

Details of current and previous year irregular expenditure (under assessment, determination and investigation)

	2022/2023	2021/2022
Irregular expenditure under assessment	-	7 339 331
Irregular expenditure under determination	176 614 391	-
	176 614 391	7 339 331

A project was launched to investigate and prepare determination cases for all irregular expenditure incurred from 2010. The determination tests were completed on all cases before 2022/2023 and submitted to either National Treasury for condonement or to Council for removal.

1.2. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

	2022/2023	2021/2022
Opening balance	29 069 232	28 258 583
Add: Fruitless and wasteful expenditure confirmed	51 722	810 649
Less: Fruitless and wasteful expenditure incorrectly confirmed in the prior year	- 709 040	-
	28 411 914	29 069 232

Reconciling notes to the annual financial statement disclosure

	2022/2023	2021/2022
Fruitless and wasteful expenditure for the current year	51 722	101 609
	51 722	101 609

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination and investigation)

	2022/2023	2021/2022
Fruitless and wasteful expenditure under determination	2 382 636	-
Fruitless and wasteful expenditure under investigation	26 029 278	26 010 886
	28 411 914	26 010 886

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)

None

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	1 063	R57 405 711
Invoices paid within 30 days or agreed period	912	R46 592 583
Invoices paid after 30 days or agreed period	151	R10 813 128
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	R0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	R0

The reasons for late payment beyond 30 days was due to cash flow constraints.

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Evaluation of Heritage Art Collections, Antiques and Exhibits as at 31 March 2022	Association of Arts Pretoria	Deviation	POR016567	R18 690
Genie AWP 40s full service, repairs, and load test	SA Platforms	Deviation	POR016591	R21 788
Caseware working papers license renewal fee.	Adapt IT	Deviation	POR016598	R103 689
Annual Renewal License for Sage Evolution Pastel	Sage Pastel Evolution	Deviation	POR016619	R133 439
Boardpac support and maintenance for 15 SAST users	Vodacom Pty Ltd	Deviation	POR016642	R154 732
X-Ray Machine maintenance	Hissco (PTY)LTD	Deviation	POR016648	R63 800
Street pole advertising for Marikana The Musical from 01 August - 28 August 2022; Askari (15 September -15 October 2022); Shaka Zulu - The gaping wound from 01 - 27 November 2022	Adreach	Deviation	POR016693	R150 851
Drama theatre GrandMA 2 Lighting console service callout and repairs	DWR Distribution CC	Deviation	POR016694	R6 542
Service and repairs of DLX spot, Grand NPU, Lumen Radio RDM receiver, digico d rack	DWR Distribution CC	Deviation	POR016699	R34 674
Data recovery for Artistic crashed external drives for Incubator productions footage and images	Tecleo Data Recovery Lab	Deviation	POR016710	R28 807
Service and repairs ROBE 600 & Robin 300 wash lights, GranMA full size for outside venues for CWTA	DWR Distribution CC	Deviation	POR016737	R30 877
Service and repairs of Robin 600 wash lights, Longman LED parcan lights, Robin 300 LED wash lights	DWR Distribution CC	Deviation	POR016736	R28 117
Digico sd12 sound console service and repairs	DWR Distribution CC	Deviation	POR016761	R2 890
Urgent callout for a Plumber to fix a blocked pipe at Followspot	The Drain Surgeon	Deviation	POR016778	R2 722
Condition assessment of stages equipment, service and maintain the equipment and also provide training to selected staff for 6 months	Mocon system CC	Deviation	POR016780	R729 964
Supply and installation of 84 Channels of advanced Hot Power management for the Opera and Drama Theatres	DWR Distribution CC	Deviation	POR016809	R677 558
54 x 30 seconds recorded commercials on Power FM with messaging that promotes Mzansi Fela festival.	MSG Group Sales	Deviation	POR016825	R49 391

Placement of newspaper Ads for Seven shows between 24 Nov and 24 Dec 2022 on Pretoria News and digital platforms	Independent Newspapers Gauteng	Deviation	POR016831	R50 000
National Treasury SCM Instruction note 3 of 2021/22: Enhancing compliance, transparency and accountability in Supply Chain Management, par. 4 (Deviations from normal bidding processes) Sub-par. 4.1 stipulates that, if in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. Sub-par. 4.2 states that, procurement by other means includes: (a) Limited bidding, which means a bidding process reserved for a specific group or category of possible suppliers through procurement by: - -Sole source where there is no competition in the market and only one supplier can provide the goods or services	DWR Distribution CC	Deviation	POR016867	R10 046
State Theatre had in the past procured EV PXM speakers together with the Fender Twin Reverb guitar from Prosound (Pty) Ltd. The speakers broke and started malfunctioning after the Mzansi Fela festival last year. The speaker was taken to Prosound to assess the damage and also for the purposes of warranty and guarantee. The supplier had to strip the speakers to quote. Because the speakers had been stripped it would have been impractical to invite other service providers, Prosound had to fix the speakers.	Prosound (Pty) Ltd	Deviation	POR016878	R8 013
National Treasury SCM Instruction note 3 of 2021/22: Enhancing compliance, transparency and accountability in Supply Chain Management, par. 4 (Deviations from normal bidding processes) Sub-par. 4.1 stipulates that, if in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. Sub-par. 4.2 states that, procurement by other means includes: (a) Limited bidding, which means a bidding process reserved for a specific group or category of possible suppliers through procurement by: -	Stage Audio Works (Pty) Ltd	Deviation	POR016880	R10 811

<p>-Sole source where there is no competition in the market and only one supplier can provide the goods or services. Stage Audio Works are the authorised resellers of the equipment.</p>				
<p>SCM Guidelines for Accounting officers and accounting authorities, paragraph 5.10.5.2 states that single source selection may be appropriate only if it is present.</p> <ul style="list-style-type: none"> - a clear advantage over competition. - a task that represents a natural continuation of previous work carried by the firm; and - an assignment where only one firm is qualified or has exceptional worth for the assignment. <p>Association of Arts Pretoria were previously appointed to clean and restore State Theatre' s Heritage artwork. Their appointment to evaluate the same Artwork in a way represents the continuation of work previously carried out by the firm.</p>	Association of Arts Pretoria	Deviation	POR016902	R28 750
<p>National Treasury SCM Instruction note 3 of 2021/22: Enhancing compliance, transparency and accountability in Supply Chain Management, par. 4 (Deviations from normal bidding processes)</p> <p>Sub-par. 4.1 stipulates that, if in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/ AA.</p> <p>Sub-par. 4.2 states that, procurement by other means includes:</p> <p>(a) Limited bidding, which means a bidding process reserved for a specific group or category of possible suppliers through procurement by: -</p>	DWR Distribution CC	Deviation	POR016914	R1 796

<p>-Sole source where there is no competition in the market and only one supplier can provide the goods or services</p>				
<p>National Treasury SCM Instruction note 3 of 2021/22: Enhancing compliance, transparency and accountability in Supply Chain Management, par. 4 (Deviations from normal bidding processes) Sub-par. 4.1 stipulates that, if in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. Sub-par. 4.2 states that, procurement by other means includes: (a) Limited bidding, which means a bidding process reserved for a specific group or category of possible suppliers through procurement by: - -Sole source where there is no competition in the market and only one supplier can provide the goods or services. Electro Sonic SA (Pty) Ltd is the exclusive distributor of the Martin and Jem product lines, and confirmation is attached.</p>	<p>Electro Sonic SA (Pty) Ltd</p>	<p>Deviation</p>	<p>POR016919</p>	<p>R55 927</p>
<p>SCM Guidelines for Accounting officers and accounting authorities, paragraph 5.10.5.2 states that single source selection may be appropriate only if it is present. <input type="checkbox"/> a clear advantage over competition. <input type="checkbox"/> a task that represents a natural continuation of previous work carried out by the firm. The supplier was previously appointed through an RFQ process and issued SAST with an online meter reading. The continuation of using their licence provides them with clear advantage over other suppliers.</p>	<p>Lesira-Teq</p>	<p>Deviation</p>	<p>POR016872</p>	<p>R26 220</p>

<p>SCM Instruction note 03 of 2021/2022 on Enhancing compliance and transparency and accountability in Supply Chain Management: paragraph 4.1 states that if in a specific case it is impractical to invite competitive bids, the AO/AA may procure goods and services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by AA/AO. Para. 4.2 states that procurement by "other means" includes Limited Bidding, (b) written price quotation is within the determined by the National Treasury; (c) Procurement that occurs in emergency situations and urgent cases. The Aircons at the Opera Theatre are not fully functional and 18 Air evaporate cooler 6000 were hired and install at the theatre for 1 day. This was done to minimise the health risk that will be imposed by the lack of air circulation in a fully occupied theatre. The situation was an emergency and urgent.</p>	I Rent Africa	Deviation	POR016874	R24 020
<p>SCM Instruction note 03 of 2021/2022 on Enhancing compliance and transparency and accountability in Supply Chain Management: paragraph 4.1 states that if in a specific case it is impractical to invite competitive bids, the AO/AA may procure goods and services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by AA/AO. Para. 4.2 states that procurement by "other means" includes Limited Bidding, (b) written price quotation is within the determined by the National Treasury; (c) Procurement that occurs in emergency situations and urgent cases. The Aircons at the Opera Theatre are not fully functional and 18 Air evaporate cooler 6000 were hired and install at the theatre for 3 days. this was done to minimise the health risk that will be imposed by the lack of air circulation in a fully occupied theatre. The situation was an emergency and urgent.</p>	I Rent Africa	Deviation	POR016909	R50 820

SCM Guidelines for Accounting officers and accounting authorities, paragraph 5.10.5.2 states that single source selection may be appropriate only if it is present. - a clear advantage over competition. - a task that represents a natural continuation of previous work carried by the firm; and - an assignment where only one firm is qualified or has exceptional worth for the assignment. SAST currently uses Caseware to prepare AFS and are licenced by Adapt IT. Renewal of the license represents a natural continuation of previous work carried out by Adapt IT	Adapt IT	Deviation	POR016913	R122 934
My Children! My Africa! - production fees	National Childrens Theatre Trust	Deviation	POR016554	R196 410
Kucheza Festival-Pre Show annoument recordings	My Tech African Group Pty Ltd	Deviation	POR016564	R8 700
Kucheza Afrika Festival-Reimbursement for travelling from Sedibeng to Pretoria:Triology	Luthando Arts Academy	Deviation	POR016568	R24 000
Kucheza Afrika Festival-Gas lands dance production fee 50% production fee & 50% balance	Moving into Dance Mophatong Trust	Deviation	POR016569	R80 000
Kucheza Afrika Festival-Digging in the night dance production fees	Moving into Dance Mophatong Trust	Deviation	POR016570	R80 000
SAST FRINGE PRODUCTION FEE DEPOSIT	Agency For Solidarity Economy NPC trading as ASE	Deviation	POR016573	R30 000
Askari stereo master	STRG Pty Ltd	Deviation	POR016574	R22 300
Dark cell (On set)	STRG Pty Ltd	Deviation	POR016575	R13 800
SAST FRINGE AUDIO RECORDINGS	The Working Dog	Deviation	POR016577	R24 420
Captured in Silence - production fees for YEF	Shakiru Trading and Projects Pty Ltd	Deviation	POR016578	R75 000
Origins-Vavasati Int Festival - production fee	KZN Dance Productions NPC	Deviation	POR016579	R45 000
Multi Cam Shoot	Francesco Biagini	Deviation	POR016583	R27 500
SAST FRINGE RECORDINGS FEES	Agency For Solidarity Economy NPC trading as ASE	Deviation	POR016584	R30 000
Xova - production fee	Keeloz Global Entertainment	Deviation	POR016670	R100 000
Production FeeGraveland	Mdu Group Pty Ltd	Deviation	POR016671	R45 000

Who's next - production fees	Bright Productions Pty Ltd	Deviation	POR016672	R40 000
Bloke and His American Bantu - production fee partnership	Taproots Projects Pty Ltd	Deviation	POR016673	R60 000
Production Fee:YEF Opening and craft markets 16,19 and 26 June 2022	Lemgo Traders Pty Ltd	Deviation	POR016674	R50 000
Bheki Mkwane Quartet (26 June 2022) - production fees for YEF	PD Complex Trading and Projects Pty Ltd	Deviation	POR016677	R25 000
Askari-production fees	Mantimakhulu(PTY)LTD	Deviation	POR016678	R500 000
Shaka Zulu - productions fee Playhouse tour	THAMAGA PRODUCTIONS NPS	Deviation	POR016592	R570 552
Recording fees for Umnikelo-Kucheza	Francesco Biagini	Deviation	POR016593	R29 000
Recording fees for Ketima-Kucheza	Francesco Biagini	Deviation	POR016594	R29 000
Recordings fees for Siva-Kucheza	Francesco Biagini	Deviation	POR016595	R27 500
SAST FRINGE RECORDINGS FEES	The Working Dog	Deviation	POR016599	R13 667
SOUND ENGINEERING AND GRAPHICS FOR SAST FRINGE CONCERT FEES	Great Target Protection Pty (Ltd)	Deviation	POR016600	R17 000
Askari & Shaka Activations costs	Leshe Media House	Deviation	POR016602	R30 300
Sifu the cage, 2nd & final installment - production fees	The Market Theatre Foundation	Deviation	POR016605	R60 000
MAKE-UP ARTIST FEES FOR ONSET AND CONVERSATIONS WITH THE AUTHOR	Tasque Event Solutions	Deviation	POR016610	R4 750
MultiCam shoot & Deliveries - 24 April 2022	Francesco Biagini	Deviation	POR016616	R127 016
Recordings fees for AMAWETHU(09/04/2022)	Francesco Biagini	Deviation	POR016617	R29 000
MultiCam Shoot for internal (05/05/2022)	Francesco Biagini	Deviation	POR016618	R29 000
R42 230.00 TO BE PAID TO FRANCESCO BIAGINI FOR NGWEDI (2022/05/16) - RECORDINGS FEES	Francesco Biagini	Deviation	POR016621	R42 230
Isipaji Sika Simphiwe Dana - production fee partnership	Black Carrot Creative Solutions	Deviation	POR016627	R100 000
SAST FRINGE CONCERT (24 APRIL 2022) SOUND ENGINEERING AND GRAPHICS	Great Target Protection pty(ltd)	Deviation	POR016638	R17 000
My Children my Africa. - production fee for a week extension	National Childrens Theatre Trust	Deviation	POR016639	R52 194

Production fee - We are here	Ebang Productions Pty Ltd	Deviation	POR016661	R15 000
Fashion Exhibition Fee: Bending Gender	Oracle Dynasty	Deviation	POR016662	R10 500
Production fee - Death of my Womb production (YEF)	Thee Thespians Masterclass	Deviation	POR016663	R45 000
Production Fee: McGregor must Die	Uloyiko Theatre and Projects Pty Ltd	Deviation	POR016664	R45 000
Production Fee: The Adventures of the Trash Gang	Norina Enterprise	Deviation	POR016665	R40 000
Stage equipment hire-Recording of Wie Hyg So Production	Francesco Biagini	Deviation	POR016682	R44 000
Stage Equipment Hire-Recording of Wie Hyg So Production Onset Conversation & Delivery	Francesco Biagini	Deviation	POR016683	R35 779
SAST FRINGE-Production Fee	Agency For Solidarity Economy NPC trading as ASE	Deviation	POR016695	R60 000
Production fees - The Iron	The Movement Theatre Production	Deviation	POR016696	R200 000
Marikana The Musical-Re-Stage set & Lighting Design Services	YELLOW BUNNY PRODUCTIONS	Deviation	POR016706	R20 000
Marikana The Musical-Sound Design services	The Working Dog	Deviation	POR016715	R66 513
In- house production-Marikana Painting	YELLOW BUNNY PRODUCTIONS	Deviation	POR016732	R3 000
Provide dramaturg for The Iron Production	Diartskonageng	Deviation	POR016738	R15 000
Multicam Shoot for SAST fringe	Francesco Biagini	Deviation	POR016748	R74 600
RECORDING OF MARIKANA,	Francesco Biagini	Deviation	POR016753	R75 317
Production fees: Ingoma & Serenade-In House Production	CAPE TOWN CITY BALLET	Deviation	POR016752	R500 000
Production fees: Shaka Zulu-1st Installment	THAMAGA PRODUCTIONS NPS	Deviation	POR016773	R750 000
Props courier costs for Serenade and Ingoma production	CAPE TOWN CITY BALLET	Deviation	POR016775	R9 000
Inhouse production fees – Kontroller	Lucky Dance Theatre	Deviation	POR016799	R50 000
Fees for SAST Fringe	The Working Dog	Deviation	POR016802	R69 030
Onset Audio fees	SM Bhekiswayo Industries	Deviation	POR016805	R37 500
Fees for Mzansi Fela SAST Fringe	Agency for Solidarity Economy MPC trading as ASE	Deviation	POR016806	R30 000

Production fee – Mzansi Fela	Banda Banda Agency	Deviation	POR016816	R70 000
SAST Fringe Fees	The Working Dog	Deviation	POR016817	R29 900
Mzansi Fela Performance Fees	King Tha (Pty) Ltd	Deviation	POR016822	R253 000
Performance Fees – Mzansi Fela	Bay Be Blue Band Festival	Deviation	POR016823	R283 000
Mzansi Fela	Solmagine Systems (Pty) Ltd	Deviation	POR016830	R15 000
Final mix & mastering audio fees	The Working Dog	Deviation	POR016837	R37 720
Fees for Makhafula & Iphupho L'ka Biko	Solmagine Systems (Pty) Ltd	Deviation	POR016840	R26 000
Presentation fee: Pelegi	Mlamla Management Services (Pty) Ltd	Deviation	POR016842	R50 000
Payment for camera cards	Francesco Biagini	Deviation	POR016855	R8 990
Inhouse production fees	Koranges Art (Pty) Ltd	Deviation	POR016859	R45 000
Inhouse production fee 1st installment	Kura – Bahati Consulting Services	Deviation	POR016860	R150 000
Stage equipment SAST Fringe	The Working Dog	Deviation	POR16864	R10 572
Senior Audio Engineer SAST Fringe	The Working Dog	Deviation	POR016865	R29 258
Costumes	Guzuka Enterprise	Deviation	POR016866	R55 000
Mphenyashilo Production Fees	Degons Productions	Deviation	POR016868	R150 000
A tribute to Busi Mhlongo Fees	Amabhele Digital (Pty) Ltd	Deviation	POR016869	R200 000
Costume fees – coordinator; Costume purchases	Mantimakhulu (Pty) Ltd	Deviation	POR016875	R80 000
Production fee: My Children my Africa 1st Installment	National Childrens Theatre Trust	Deviation	POR016881	R392 668
Fees for multitrack final mix	SM Bhekiswayo Industries	Deviation	POR016885	R35 000
Sophiatown sound design and live mixing	STRG (Pty) Ltd	Deviation	POR016886	R14 000
Fees for a tribute to Busi Mhlongo 1st Installment	Black Carrot Creative Solutions	Deviation	POR016888	R60 000
Kucheza 2nd installment Demi Sapien	Willside Dance Company (Pty) Ltd	Deviation	POR016897	R10 000
Kucheza Afrika – My Tribe Installment	Janelle's Dance Academy	Deviation	POR016898	R50 000
Kucheza – MINA 1st Installment	Money Penny Entertainment	Deviation	POR016899	R20 000
Kucheza – Ringmeester 2nd Installment	Lefffoot Productions	Deviation	POR016907	R40 000
2nd Installment Kucheza Ultra	Darkroom Contemporary	Deviation	POR016908	R37 500

Expenses – Artistic Productions	Lululangs Arts Academy	Deviation	POR016917	R45 000
Inhouse Production	Undiscovered Canvas	Deviation	POR016920	R40 000
One installment to be paid by 30 March 2023	3ML Events Management CC	Deviation	POR016922	R25 000
Total				R9 761 054



A man in a grey tank top and orange pants is performing on stage with his arms raised. The background is dark with several framed pictures on the wall. A large, stylized white arrow points downwards from the top left, overlapping the text.

PART F: FINANCIAL INFORMATION

1. REPORT OF THE EXTERNAL AUDITOR

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

Report on the audit of the financial statements

Opinion

1. I have audited financial statements of the South African State Theatre set out on pages 83 to 127, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
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 2023 and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
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 31 to the financial statements, the corresponding figures for 31 March 2022 have been restated as a result of errors in the entity's financial statements at, and for the year ended, 31 March 2023.

Other matter

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

National Treasury Instruction No 4 of 2022-23: PFMA compliance and reporting framework

9. On 23 December 2022, the National Treasury issued Instruction No 4 of 2022-23, which came into effect on 3 January 2023, in terms of sections 76(1)(b), (e) and (f), 2(e) and (4)(a)

and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among other things, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the Annual Financial Statements. Only the current year and prior year figures are disclosed in note 35 to the financial statements of the public entity. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the Annual Financial Statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the public entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

10. 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.
11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

12. 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.
13. 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 annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following material performance indicators related to programme 2: Business

development, presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of in-house productions staged
 - Number of in-house festivals staged
 - Number of school set-works staged
 - Number of short-term job opportunities created in in-house productions
 - Number of persons in the audience attending or streaming in-house and rental productions and events
16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides users with useful and reliable information and insights on the public entity's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets are linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only.
19. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the

public entity's compliance with legislation.

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

Other reports

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

Investigations

32. The entity engaged the services of accounting and forensic investigative experts, FC Financial Accountants and Gobodo Forensic and Investigative Accountants, to investigate a fraud incident which was discovered in 2019. The forensic investigation was completed and handed over to the Directorate for Priority Crimes Investigation (Hawks) for further investigation and prosecution. The investigation concluded as per the final report provided by management on 25 November 2021.
33. A deposit was made into the bank account of the entity on 31 March 2023 and was flagged for review. The transaction relates to a theatre rental and an attempt to funnel illicit funds through the entity. Upon investigation, the transaction was deemed fraudulent and was referred to the Directorate for Priority Crimes Investigation for criminal investigation. The funds are being held in the entity's bank account until the conclusion of the investigation.

Auditor - General

Pretoria
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the South African State Theatre to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2. Annual Financial Statements

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the parliament:

Index	Page
Council's Responsibilities and Approval	82
Report of the Auditor General	78
Statement of Financial Position	83
Statement of Financial Performance	84
Statement of Changes in Net Assets	85
Cash Flow Statement	85
Statement of Comparison of Budget and Actual Amounts	86
Accounting Policies	88
Notes to the Annual Financial Statements	101

Abbreviations used:

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
CEO	Chief Executive Officer
Council	The South African State Theatre Council
DSAC	Department of Sport, Arts and Culture
GRAP	Generally Recognised Accounting Practise
HR	Human Resources Department
iGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
NT	National Treasury
PFMA	Public Finance Management Act (Act 1 of 1999)
SAST	South African State Theatre
SCM	Supply Chain Management
TR	Treasury Regulations



The Journey of my African Sound

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Council's Responsibilities and Approval

The Council members are required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

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

The Annual Financial Statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

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

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or fraud.

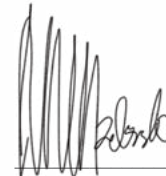
The members have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Sport, Arts and Culture for continued funding of operations. The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

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

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 78 to 80.

The Annual Financial Statements set out on page 83 to 127, which have been prepared on the going concern basis, were approved by the Council members on 31 July 2023 and were signed on its behalf by:



Professor Fikile N.M. Mazibuko
Chairperson of Council



Dr. Sibongiseni Mthokozisi Mkhize
Chief Executive Officer

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	9	213 487	209 428
Receivables from exchange transactions	10	3 459 998	3 451 481
Cash and cash equivalents	11	30 547 381	29 933 212
		34 220 866	33 594 121
Non-Current Assets			
Investment property	3	25 000 000	28 000 000
Property, plant and equipment	4	34 732 514	36 520 360
Intangible assets	5	1 185 032	733 445
Heritage assets	6	43 215 500	38 948 500
		104 133 046	104 202 305
Total Assets		138 353 912	137 796 426
Liabilities			
Current Liabilities			
Finance lease obligation	12	219 891	117 579
Payables from exchange transactions	7	12 826 217	10 688 452
Employee benefit obligation	8	492 761	477 000
Unspent conditional grants and receipts	13	38 697 087	37 371 265
Provisions	14	116 302	-
		52 352 258	48 654 296
Non-Current Liabilities			
Finance lease obligation	12	512 903	125 104
Employee benefit obligation	8	2 111 975	2 439 000
		2 624 878	2 564 104
Total Liabilities		54 977 136	51 218 400
Net Assets		83 376 776	86 578 026
Reserves			
Revaluation reserve		26 294 179	22 057 179
Accumulated surplus		57 082 597	64 520 847
Total Net Assets		83 376 776	86 578 026



We Are Still Marching

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*			
Revenue						
Revenue from exchange transactions						
Sale of goods		2 332 385	832 975	Disposal of assets		(187 641) (60 074)
Rendering of services		5 417 876	1 911 314	Fair value adjustments	25	(3 000 000) 3 500 000
Rental of facilities and equipment		14 860 280	13 841 540	Actuarial gains/(losses)	8	72 702 (153 000)
Sundry income		323 657	458 119	Impairment of assets		(59 068) -
Interest received - investment		224 750	90 448	Fraud recovery/(loss)	27	- 957 841
Total revenue from exchange transactions		23 158 948	17 134 396	Finance cost		(88 621) (34 756)
						(3 262 628) 4 210 011
Revenue from non-exchange transactions				(Deficit) surplus for the year		(7 438 251) 10 074 298
Transfer revenue						
Government grants & subsidies	17	79 444 230	82 052 044			
Revenue in kind	18	40 723 853	28 841 255			
Total revenue from non-exchange transactions		120 168 083	110 893 299			
Total revenue	15	143 327 031	128 027 695			
Expenditure						
Bad debts written off	10	3 503 430	7 754 918			
Cost of sale of goods/Inventory		1 521 528	429 660			
Depreciation and amortisation	4&5	6 424 640	6 105 836			
Employee related costs	19	45 818 084	37 736 423			
General Expenses	21	33 390 721	31 922 490			
Movement in provision for doubtful debts (Impairment provision)	10	(2 278 435)	(5 849 012)			
Operating lease	18	40 723 853	28 841 255			
Production costs	20	14 623 553	12 143 171			
Rental of stage equipment	16	272 780	983 784			
Repairs and maintenance		3 502 500	2 094 883			
Total expenditure		147 502 654	122 163 408			
Operating (deficit) surplus		(4 175 623)	5 864 287			

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	18 575 979	112 942 285	131 518 264
Adjustments			
Prior period error adjusting retained earnings (note 31)	-	(58 495 735)	(58 495 735)
Balance at 01 April 2021 as restated*	18 575 979	54 446 550	73 022 529
Changes in net assets			
Artwork revaluation surplus	3 481 200	-	3 481 200
Net income recognised directly in net assets	3 481 200	-	3 481 200
Surplus for the year as previously reported	-	2 837 829	2 837 829
Total recognised income and expenses for the 12 months	3 481 200	2 837 829	6 319 029
Prior period error adjusted to statement of financial performance (note 31)	-	7 236 468	7 236 468
Total changes	3 481 200	10 074 297	13 555 497
Restated* Balance at 01 April 2022	22 057 179	64 520 848	86 578 027
Changes in net assets			
Artwork revaluation surplus	4 237 000	-	4 237 000
Net income recognised directly in net assets	4 237 000	-	4 237 000
Deficit for the year	-	(7 438 251)	(7 438 251)
Total recognised income and expenses for the year	4 237 000	(7 438 251)	(3 201 251)
Total changes	4 237 000	(7 438 251)	(3 201 251)
Balance at 31 March 2023	26 294 179	57 082 597	83 376 776

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		21 816 988	14 658 028
Grants		80 770 052	80 188 712
Interest income		224 750	90 448
		<u>102 811 790</u>	<u>94 937 188</u>
Payments			
Employee costs		(45 668 882)	(37 926 814)
Suppliers		(51 565 138)	(48 441 481)
Finance costs		(88 621)	(34 756)
		<u>(97 322 641)</u>	<u>(86 403 051)</u>
Net cash flows from operating activities	22	5 489 149	8 534 137
Cash flows from investing activities			
Movement in property, plant and equipment	4	(4 805 374)	(9 446 294)
Purchase of other intangible assets	5	(529 717)	(651 816)
Purchase of heritage assets	6	(30 000)	-
Net cash flows from investing activities		(5 365 091)	(10 098 110)
Cash flows from financing activities			
Finance lease (payments) / additions		490 111	213 298
Net increase/ (decrease) in cash and cash equivalents		614 169	(1 350 675)
Cash and cash equivalents at the beginning of the year		29 933 212	31 283 887
Cash and cash equivalents at the end of the year	11	30 547 381	29 933 212

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis Figures in Rand	Approved Budget for the year	Adjustments	Final Budget for the year	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	900 000	828 890	1 728 890	2 332 385	603 495	REF1
Rendering of services	1 920 000	1 847 518	3 767 518	5 417 876	1 650 358	REF2
Rental of facilities and equipment	13 419 026	1 279 099	14 698 125	14 860 280	162 155	REF3
Sundry income	-	-	-	323 657	323 657	REF4
Interest received - investment	122 987	64 081	187 068	224 750	37 682	REF5
Total revenue from exchange transactions	16 362 013	4 019 588	20 381 601	23 158 948	2 777 347	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	64 252 000	-	64 252 000	79 444 230	15 192 230	REF6
Revenue in kind	-	-	-	40 723 853	40 723 853	Note 18
Total revenue from non-exchange transactions	64 252 000	-	64 252 000	120 168 083	55 916 083	
Total revenue	80 614 013	4 019 588	84 633 601	143 327 031	58 693 430	
Expenditure						
Personnel	(38 993 203)	(4 029 924)	(43 023 127)	(45 818 084)	(2 794 957)	REF7
Production Costs	(11 849 831)	-	(11 849 831)	(14 623 553)	(2 773 722)	REF8
Depreciation and amortisation	-	-	-	(6 424 640)	(6 424 640)	REF9
Rental of stage equipment	(240 000)	(1 024 732)	(1 264 732)	(272 780)	991 952	REF10
Debt Impairment	-	-	-	2 278 435	2 278 435	REF11
Bad debts written off	-	-	-	(3 503 430)	(3 503 430)	REF12
Cost of sale of goods/Inventory	(466 387)	(585 118)	(1 051 505)	(1 521 528)	(470 023)	REF13
General Expenses	(26 115 758)	582 875	(25 532 883)	(33 390 721)	(7 857 838)	REF14
Capital Assets	(754 900)	754 900	-	-	-	REF15
Repairs & Maintenance	(2 193 934)	282 411	(1 911 523)	(3 502 500)	(1 590 977)	REF16

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Operating lease	-	-	-	(40 723 853)	(40 723 853)	Note 18
Total expenditure	(80 614 013)	(4 019 588)	(84 633 601)	(147 502 654)	(62 869 053)	
Operating deficit	-	-	-	(4 175 623)	(4 175 623)	
Disposal of assets	-	-	-	(187 641)	(187 641)	REF17
Fair value adjustments	-	-	-	(3 000 000)	(3 000 000)	REF18
Actuarial gains/(losses)	-	-	-	72 702	72 702	REF19
Impairment of assets	-	-	-	(59 068)	(59 068)	REF20
Finance cost	-	-	-	(88 621)	(88 621)	REF21
	-	-	-	(3 262 628)	(3 262 628)	
Deficit	-	-	-	(7 438 251)	(7 438 251)	
Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(7 438 251)	(7 438 251)	

Explanations for variances

REF1 - Due to the removal of all Covid-19 restrictions, the attendance of shows increased, resulting in more Front of House sales.

REF2 - Due to the removal of all Covid-19 restrictions, the attendance of shows increased, resulting in an increase in ticket sales.

REF3 - Due to the removal of all Covid-19 restrictions, the rental of theatres increased.

REF4 - This is ad hoc income that is not budgeted for, which includes bad debt recovered, etc.

REF5 - Interest received was more due to increase in cash in the CAPEX bank account and increase in the prime interest rate.

REF6 - More spending on CAPEX (specifically the Facilities Management contract), resulted in an increase in the revenue recognised.

REF7 - The rise is attributed to an upsurge in productions, leading to the recruitment of additional temporary personnel throughout the year.

REF8 - The escalation in production costs can be attributed to the higher attendance at shows resulting in additional productions into the artistic programme.

REF9 - Depreciation and amortisation have not been budgeted for as the actual costs of procurement during the year have been budgeted for and not the write off over the period of the lifespan of the asset procured.

REF10 - The adjustment to the budget was unjustifiably optimistic, and the actual rental of stages is in line with the original budgeted amount.

REF11 - Debt impairment was not budgeted for, as we do expect to recover all debts owed to the South African State Theatre. Each debtor was individually assessed at year end, and the amount included was deemed to be considered for impairment due to long outstanding amounts.

REF12 - Bad debts written off was approved after the budget process by the Council. We do not budget for bad debts written off as we do expect to recover all debts owed to the South African State Theatre. These debtors however were assessed during the year, and approved for write off.

REF13 - Increase in the cost of sales of Front of House products sold was due to the removal of all Covid-19 restrictions, resulting in an increase in revenue and the relating expenses.

REF14 - The increase in general expenses was due to a general increase in revenue due to the removal of all Covid-19 restrictions, and due to the revenue increase, the relating expenditure increased.

REF15 - Capital assets have a direct link to the CAPEX spending during the year. The total expenditure funded by the capital assets projects was R10 253 424.

REF16 - An increase in repairs and maintenance is due to the Facilities Management contract, which forms part of the CAPEX projects.

REF17 - The South African State Theatre doesn't budget for a loss on disposal of assets. There was however a clean up process, where all assets not used, were either sold, scrapped or donated.

REF18 - The fair value adjustment on the investment property is not being budgeted for.

REF19 - The actuarial gains/losses on the Employee benefit obligation are not budgeted for.

REF20 - Impairment of assets is not budgeted for.

REF21 - The South African State Theatre doesn't budget for interest cost. The interest that is accounted for here is a combination of finance lease interest on photocopiers and a motor vehicle, and interest that was charged on the City of Tshwane bill, which is under investigation and interest charged by SARS on a difference between the IRP501 reconciliation and EMP201 returns, which is also under investigation. The City of Tshwane interest and SARS interest are included under Fruitless and wasteful Expenditure, Note 35.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

General - The adjustments made from the approved budget to the final budget were due to the restrictions of Covid-19 that were lifted, employees returning to work and the public attending live shows. Most of the remaining adjustments were due to reallocations within the budget.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation 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:

Trade 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 an individual basis, where each receivable's payment history and steps taken to recover the amounts are taken into consideration.

Impairment testing

The recoverable amounts 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 of expected future cash flows for each group of assets are prepared. Expected future cash flows used to determine the value in use of intangible assets are inherently uncertain and could materially change over time.

Provisions for employee costs

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

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.

Effective interest rate

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

Debt Impairment

On trade receivables, an impairment loss is recognised in surplus and 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.

Cash generating and Non-cash generating assets

The entity does have both cash generating and non-cash generating assets, where cash-generating assets would be all assets used to generate all sources of revenue. Non-cash generating assets would include assets that service in the administrative building to support the supporting functions of the entity.

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

Fair value

Initial measurement

Investment property is recognised as an asset when, it is probable that the future economic

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

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

Subsequent measurement

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

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

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

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset

acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Leasehold Improvements	Straight-line	10 - 25 Years
Motor vehicles	Straight-line	5 - 7 Years
Office equipment	Straight-line	5 - 7 Years
IT equipment	Straight-line	5 - 7 Years
Plant and Equipment	Straight-line	5 - 10 Years

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Wardrobe	Straight-line	5 - 7 Years
Leased equipment	Straight-line	3 - 5 Years

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.

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are

- attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in 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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

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 a heritage asset as an 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 measured at cost.

Where a heritage 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, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the

definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

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

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

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

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

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- 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 South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

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

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

A financial asset is:

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

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

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

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

- equity instruments or similar forms of unissued 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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- 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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

- term profit-taking;
- o non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- o financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

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

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:

- o 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, 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 entity's incremental borrowing rate.

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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

term on a straight-line basis.

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

1.10 Inventories

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

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

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

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

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

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

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

1.11 Employee benefits

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

When an employee has rendered 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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

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

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

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 present value of the defined benefit obligation at the reporting date

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

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

Any adjustments arising from the limit above is recognised in surplus or deficit.

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

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

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

Termination benefits

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

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

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

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

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

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential

- will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an 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. Contingencies are disclosed in note 27.

1.13 Commitments

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

1.14 Revenue from exchange transactions

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

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

from owners.

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

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

Measurement

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated

reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

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

1.15 Revenue from non-exchange transactions

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

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

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

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

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Services in-kind

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

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

1.16 Comparative figures

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

1.17 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in

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

2022 PFMA Compliance and Reporting Framework, Annexure A: National Treasury Instruction No. 4 of 2022/23 states:

3.16 For determining whether fruitless and wasteful expenditure has been incurred, the following must be present -

- (a) expenditure must be made in vain; and
- (b) would have been avoided had reasonable care been exercised.

3.17 Fruitless and wasteful expenditure when incurred and confirmed is recorded in the Annual Financial Statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with one financial year comparative analysis.

3.18 Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- (a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year.
- (b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- (c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

3.19 Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded.

1.18 Irregular expenditure

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

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

2022 PFMA Compliance and Reporting Framework, Annexure A: National Treasury Instruction No. 4 of 2022/23 states: 3.8 For determining whether irregular expenditure occurred, the following must be present:

- (a) expenditure incurred in contravention of, or not in accordance with legislation; and
- (b) expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position (where expenditure is not reflected in the statement of financial performance). The earlier of any invoice or payment will trigger irregular expenditure for these transactions.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

3.9 Irregular expenditure when incurred and confirmed is recorded in the Annual Financial Statements disclosure. This relates to irregular expenditure incurred in the current financial year, with one financial year comparative analysis.

3.10 Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- (a) irregular expenditure incurred and confirmed in the previous financial year;
- (b) irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- (c) irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- (d) irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

3.11 Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure must be recorded.

1.19 Budget information

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

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 has been included in the Statement of comparison of budget and actual amounts.

1.20 Related parties

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

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

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

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

Significant influence is the power to participate in the financial and operating policy decisions

of an entity, but is not control over those policies.

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

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

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

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

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

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

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

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

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

1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

1.22 Grants and receipts

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



The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Investment property

	2023			2022		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	25,000,000	-	25 000 000	28 000 000	-	28 000 000
Reconciliation of investment property - 2023				Opening balance	Fair value adjustments	Total
Investment property				28 000 000	(3 000 000)	25,000,000
Reconciliation of investment property - 2022				Opening balance	Fair value adjustments	Total
Investment property				24 500 000	3 500 000	28 000 000

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Pledged as security

No investment property is pledged as security for liabilities

The detail of the property is Erf 169, Weavind Park, Pretoria, situated at 27 Frans Odendaal Street, Weavind Park, Pretoria with a size of 4.5259 ha. The property is used to generate rental income for the SAST and is held at fair value.

The investment property is valued by an independent property valuer annually. SA Valuations valued the investment property on 31 March 2022 and 31 March 2023 using the Income Capitalisation method. The capitalisation rate used was 12,5 % (2022: 12,5%).

4. Property, plant and equipment

	2023			2022		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold Improvements	39 459 498	(17 813 305)	21 646 193	38 464 121	(15 234 350)	23 229 771
Motor vehicles	260 650	(241 186)	19 464	260 650	(234 698)	25 952
Office equipment	1 608 585	(1 379 298)	229 287	2 261 636	(1 827 794)	433 842
IT equipment	2 753 223	(1 770 680)	982 543	2 536 720	(1 570 548)	966 172
Plant and Equipment	41 225 017	(30 176 645)	11 048 372	40 724 483	(29 236 860)	11 487 623
Wardrobe	-	-	-	931 300	(890 420)	40 880
Leased equipment	977 359	(170 704)	806 655	485 644	(149 524)	336 120
Total	86 284 332	(51 551 818)	34 732 514	85 664 554	(49 144 194)	36 520 360

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Impairment	Depreciation	Total
Leasehold Improvements	23 229 771	995 377	-	-	-	(2 578 955)	21 646 193
Motor vehicles	25 952	-	-	-	-	(6 488)	19 464
Office equipment	433 842	14 880	(94 103)	-	(671)	(124 661)	229 287
IT equipment	966 172	332 730	(5 401)	55 909	(34 382)	(332 485)	982 543

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Wardrobe	40 880	-	(31 512)	-	-	(9 368)	-
Plant and Equipment	11 487 623	2 982 868	(206 364)	-	(24 014)	(3 191 741)	11 048 37
Leased equipment	336 120	629 256	-	(55 909)		(102 812)	806 655
	36 520 360	4 955 111	(337 380)	-	(59 067)	(6 346 510)	34 732 514

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold Improvements	21 105 747	4 323 582	-	(2 199 558)	23 229 771
Motor vehicles	35 066	-	-	(9 114)	25 952
Office equipment	576 630	48 731	-	(191 519)	433 842
IT equipment	896 626	333 948	-	(264 402)	966 172
Wardrobe	51 101	-	-	(10 221)	40 880
Plant and Equipment	8 878 577	5 905 670	-	(3 296 624)	11 487 623
Leased equipment	95 615	348 102	(4 938)	(102 659)	336 120
	31 639 362	10 960 033	(4 938)	(6 074 097)	36 520 360

Refer to Note 31 for the adjustments made to Property, plant and equipment as part of the prior year error.

Pledged as security

No property, plant and equipment are pledged as security for liabilities 2023 (2022 Rnil) and all assets are non-current assets.

Additional Information

The leasehold improvements relate to capital expenditure incurred on the FH Odendaal Building, 320 Pretorius Street, Pretoria, 0002, owned by the Department of Public Works, Gauteng Department of Infrastructure Development.

Assets subject to finance lease (Net carrying amount)

Leased equipment

806 655

336 120

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Reconciliation of Work-in-Progress 2023

	Included within Leasehold Improvements	Total
Opening balance	3 929 155	3 929 155
Transferred to completed items	(3 129 884)	(3 129 884)
	799 271	799 271

Reconciliation of Work-in-Progress 2022

	Included within Leasehold Improvements	Total
Opening balance	6 797 723	6 797 723
Additions	3 929 155	3 929 155
Transferred to completed items	(6 797 723)	(6 797 723)
	3 929 155	3 929 155

5. Intangible assets

	2023			2022		
	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 527 293	(342 261)	1 185 032	997 576	(264 131)	733 445

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	733 445	529 717	(78 130)	1 185 032

Reconciliation of intangible assets - 2022

	Opening Balance	Additions	Amortisation	Total
Computer software	113 368	651 816	(31 739)	733 445

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

6. Heritage assets

	2023			2022		
	Cost /Valuation	Accumulated impairment losses	Carrying value	Cost /Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	43 215 500	-	43 215 500	38 948 500	-	38 948 500

Reconciliation of heritage assets 2023

	Opening balance	Addition	Revaluation increase/ (decrease)	Total
Art Collections, antiquities and exhibits	38 948 500	30 000	4 237 000	43 215 500

Reconciliation of heritage assets 2022

	Opening balance	Revaluation increase/ (decrease)	Total
Art Collections, antiquities and exhibits	35 467 300	3 481 200	38 948 500

Revaluations

Art collections

The effective date of the revaluation was 2023/03/31. Revaluations were performed by an independent valuer, Mr Pieter W van Heerden, from Association of Arts Pretoria. The value was determined directly by reference to the observable prices in an active market.

Figures in Rand

7. Payables from exchange transactions

	2023	2022
Trade payables	8 527 853	6 568 243
Accruals	38 872	-
Accrued leave pay	1 514 775	1 357 646
Deposits received	916 575	870 280
Employee cost related payables	1 163 768	1 093 174
Other payables	33 561	34 904
Payments received in advanced - contract in process	318 660	247 594
Unidentified deposits	312 153	516 611
	12 826 217	10 688 452

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Included in Unidentified deposits is R150 000 which was deposited in the SAST's bank account, and have been identified as a possible fraudulent transaction. A case was opened with the HAWKS.

8. Employee benefit obligations

Defined benefit plan

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

Post retirement medical aid plan

A valuation was performed by Independent Actuaries and Consultants (Pty) Ltd for the medical aid fund based on 11 (2022: 12) retired pensioners previously employed by the South African 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 spouses's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). 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. It is also assumed that 100 % of all active members on medical aid will remain on medical aid once they retire and all active members will remain on the same medical aid option at retirement. 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 1 (2022: 1) retired pensioner previously employed by the South African State Theatre. The expected value of the retired member's and ex-gratia subsidy is projected by allowing for future inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). Mortality are also allowed. Further it is assumed that the current policy for awarding ex-gratia subsidies remains unchanged in the future.

The ex-gratia liability of the SAST was unfunded, i.e., no dedicated assets have been set aside to meet this liability. No valuation was done on any assets.

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

Post-retirement medical aid plan liability

Opening Accrued Liability	(2 839 000)	(2 925 000)
Interest Cost	(225 914)	(202 000)
Benefits Paid	445 582	502 000
Actuarial gain/(losses)	89 135	(214 000)
	(2 530 197)	(2 839 000)
Non-current liabilities	(2 111 975)	(2 439 000)

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
Current liabilities	(492 761)	(477 000)
	(2 604 736)	(2 916 000)
The fair value of plan assets includes:		
Ex-gratia Pension Benefit Liability		
Opening Accrued Liability	(77 000)	(152 000)
Interest Cost		
Interest Cost	(4 722)	(8 000)
Benefits Paid	23 616	22 000
Actuarial gain/(losses)	(16 433)	61 000
	(74 539)	(77 000)
Net expense recognised in the statement of financial performance		
Current service cost	230 636	210 000
Actuarial (gains) losses	(72 702)	153 000
	157 934	363 000
Calculation of actuarial gains and losses		
Actuarial (gains)/losses	(72 702)	153 000
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used - Post Employment Medical Aid	9.69 %	8.62 %
Consumer Price Inflation - Ex gratia pensioners	8.34 %	7.22 %
Healthcare Cost Inflation - Post Employment Medical Aid	6.41 %	7.03 %
Pension Inflation	4.65 %	4.93 %
Medical Aid Contribution Inflation	5.41 %	6.03 %
Net Discount Rate - Ex gratia Pensioners	3.53 %	2.19 %
Net Discount Rate - Post Employment Medical Aid	3.08 %	1.49 %
The basis used to determine the overall expected rate of return on assets is as follow:		

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Ex gratia Pensioners

Financial Valuation Assumptions

The assumptions used are based on statistics and market data as at 31 March 2023.

a) Discount rate assumptions

The discount rate should be set with reference to the yields of government bonds. The nominal and real-zero bond yield curves was used as at 31 March 2023 to determine the discount rate and inflation rate. To determine the discount rate to use, the implied duration obtained was used, which is approximately 3,5 years, to match it with a point on the yield curve. The source is the Johannesburg Stock Exchange through INET BFA IReSS data services.

b) Future inflation assumption

The general inflation assumption is used to estimate the base rate for determining the rate at which the future pension subsidies will increase. The market's pricing of inflation was estimated by comparing the yields on nominal bonds to the yields on real bonds on the zero-yield curve for bonds. The implied inflation assumption is therefore 4.65% per annum for future inflation.

c) Future ex-gratia subsidy inflation assumption

The ex-gratia inflation was assumed to be equal to the general inflation. The implied ex-gratia inflation assumption is therefore 4.65% per annum

d) Net discount rate

- Even though the actual values used for the discount rate and the expected increase in ex-gratia subsidy inflation are important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate for subsidy inflation is assumed to be 3.53% per annum (derived from a discount rate of 8.34% and the expected ex-gratia subsidy inflation rate of 4.65%).

Post Employment Medical Aid

Financial Valuation Assumptions

The assumptions used are based on statistics and market data as at 31 March 2023.

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

a) Discount rate assumption

The discount rate should be set with reference to the yields of government bonds. The nominal and real-zero bond yield curves was used as at 31 March 2023 to determine the discount rate and inflation rate. To determine the discount rate to use, the implied duration obtained was used, which is approximately 6 years, to match it with a point on the yield curve. The source is the Johannesburg Stock Exchange through INET BFA IReSS data services.

GRAP 25 defines the determination of the Discount rate assumption to be used as the rate that can "be determined by reference to market yields at the Statement of Financial Position date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the Statement of Financial Position date on government bonds should be used. The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

b) Future inflation assumption

The general inflation assumption is used to estimate the base rate for determining the rate at which the future healthcare subsidies will increase. The market's pricing of inflation was estimated by comparing the yields on nominal bonds to the yields on real bonds on the zero-yield curve for bonds. The implied inflation assumption is therefore 5.41% per annum for future inflation.

c) Future health care subsidy inflation assumption

The health care inflation was assumed to exceed general inflation by 1.0% per annum. The implied health care inflation assumption is therefore 6.41% per annum. The 2023 contributions were used, with the next contribution increase to occur with effect from 1 January 2024.

d) Net discount rate

Even though the actual values used for the discount rate and the expected increase in health care subsidy inflation are important the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate.

The net discount rate for subsidy inflation is assumed to be 3.08% per annum (derived from a discount rate of 9.69% and the expected health-care subsidy inflation rate of 6.41%).

e) Demographic valuation assumptions

Post-retirement

mortality

The post-retirement mortality assumption was based on the PA(90) mortality tables.

Marital status & family profile

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

f) Sensitivity analysis

The results of the valuation are dependent on the underlying assumptions made. The assumptions present the best-estimate view of future experience. The actual cost of the post-retirement health care contribution subsidy benefits will however be dependent on the actual experience.

In order to illustrate the sensitivity of the results to changes in certain key variables, the liabilities were recalculated by using the following assumptions:

- 1% increase and 1% decrease in the discount rate
- 1% increase and 1% decrease in the Health Care Inflation rate
- 1 year down and 1 year up in the Mortality Age rating
- Where the discount rate was decreased with 1%, the liability increased with R105 805, and where the discount rate was increased with 1%, the liability decreased with R97 805.
Where the Health Care Inflation rate decreased with 1%, the liability decreased by R101 620, and where the Health Care Inflation increased with 1%, the liability increased by R108 146.
Where the mortality age rating was rated down 1 year, the liability increased with R147 361, and when the mortality age rating was rated up 1 year, the liability decreased with R142 164.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
9. Inventories		
Stationery	69 940	78 286
Front of House Liquor, refreshments and consumables	143 547	131 142
	213 487	209 428
10. Receivables from exchange transactions		
Trade debtors	629 840	457 368
Deposits	1 622 442	1 622 442
Operating lease receivables	-	70 559
Other receivables	375 910	52 197
Prepaid expenses	183 424	845 936
Webtickets	648 382	402 979
	3 459 998	3 451 481
Ageing of Trade Debtors		
0 - 30 days	764 189	1 052 580
30 - 60 days	70 810	133 828
60 - 90 days	113 121	53 503
90 - 120 days	63 437	91 018
120 days and longer	1 628 340	3 414 931
Less: Provision for doubtful debts (Impairment provision)	(2 010 057)	(4 288 492)
	629 840	457 368
Financial asset receivables included in receivables from exchange transactions above	-	-
Total receivables from exchange transactions	3 459 998	3 451 481
Fair value of trade and other receivables		

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, Rnil (2022: Rnil) were past due but not impaired.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	4 288 492	10 137 504
Debt Impairment	(2 278 435)	(5 849 012)
	2 010 057	4 288 492

Bad debts written off

For the past financial years, the SAST has struggled to collect long outstanding debtor balances from its tenants and other debtors. The following steps were taken in the process to resolve the matter:

- Meetings were held with the respective debtors to understand the cause of non-payment.
- Settlement agreements were suggested and agreed on to spread the debt over time i.e., extend the repayment period.
- Some debts were handed over.
- -Some tenants agreed to vacate the leased spaces.

The above interventions did not yield positive results regarding old debts. A detailed analysis of each debtor was done, the reason for non-payment, the actions taken and the steps that will be taken going forward. Based on this analysis, bad debts were identified that is deemed not recoverable.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	80 773	47 200
Bank balances	680 155	7 037 520
Short-term deposits	29 786 453	22 848 492
	30 547 381	29 933 212

12. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

	310 152	132 218
	674 003	130 419
	984 155	262 637
	(251 361)	(19 953)
	732 794	242 684

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Present value of minimum lease payments due		
• within one year	219 891	117 580
• in second to fifth year inclusive	512 903	125 104
	505,372	32,722
Non-current liabilities	512 903	125 104
Current liabilities	219 891	117 579
	732 794	242 683
<p>It is entity policy to lease certain motor vehicles and equipment under finance leases.</p> <p>No contingent rent was payable.</p> <p>The average lease term was 3 years for the photocopy machines and the average effective borrowing rate was 8% (2022: 8%).</p> <p>The average lease term was 5 years for the motor vehicle and the average effective borrowing rate was 15% (2022: 15%).</p> <p>The book value of the leased assets are R806 655 (2022: R336 120).</p> <p>The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.</p>		
<p>13. Unspent conditional grants and receipts</p> <p>Unspent conditional grants and receipts comprises of:</p> <p>Unspent conditional grants and receipts</p>		
Deferred grant income - capital portion	37 132 045	34 607 640
Deferred grant income - interest portion	1 565 042	2 763 625
	38 697 087	37 371 265
<p>Movement during the year</p>		
Balance at the beginning of the year	37 371 265	37 729 006
Additions during the year (CAPEX transfer and interest approved to be used for CAPEX)	11 579 246	10 994 888
Income recognition during the year	(10 253 424)	(11 352 629)
	38 697 087	37 371 265

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

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

In the previous financial years, CAPEX funds was used to fund operational expenditure of SAST. This was disclosed to the Department of Sport, Arts and Culture during the 2022/2023 financial year. Repayment terms have been agreed with the Department of Sport, Arts and Culture, and the SAST are keeping to its commitment. The amount owed to the CAPEX fund is R8 911 421 as at 31 March 2023.

14. Provisions

Reconciliation of provisions - 2023

	Opening balance	Addition	Total
Insurance	-	116 302	116 302

Provision for the period 1 January 2023 until 31 March 2023 was raised for insurance, as the entity has not received the invoice as yet.

15. Revenue

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

Sale of goods	2 332 385	832 975
Rendering of services	5 417 876	1 911 314
Rental of facilities and equipment	14 860 280	13 841 540
Sundry income	323 657	458 119
Interest received - investment	224 750	90 448
	23 158 948	17 134 396

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

Transfer revenue

Government grants & subsidies	79 444 230	82 052 044
Revenue in kind	40 723 853	28 841 255
	120 168 083	110 893 299
Total revenue	143 327 031	128 027 695

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

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

Revenue in kind and Operating lease

Revenue in kind and relating operating lease charge of R40 723 853 (2022: R28 841 255) is due to a lease agreement that is in place between Department of Public Works and Department of Sport, Arts and Culture for the building that the SAST occupies. The user charge are provided by the Department of Sport, Arts and Culture annually to the SAST and it was approved by National Treasury.

16. Lease rentals on operating lease

Lease rentals on operating lease - Other

Contractual amounts

272 780

983 784

17. Government grants & subsidies

Operating grants

Department of Sport, Arts and Culture - Operational Grant

67 752 000

68 247 000

CATHSSETA Grant

88 806

52 415

Department of Sport, Arts and Culture - Incubator Grant

1 350 000

2 400 000

69 190 806

70 699 415

Capital grants

Department of Sport, Arts and Culture - Capital Grant utilised

10 253 424

11 352 629

79 444 230

82 052 044

18. Revenue in kind

Revenue in kind

40 732 853

28 841 255

Revenue in kind and Operating lease

Revenue in kind and relating operating lease charge of R40 723 853 (2022: R28 841 255) is due to a lease agreement that is in place between the Department of Public Works and the Department of Sport, Arts and Culture for the building that the SAST occupies. The user charge is provided by the Department of Sport, Arts and Culture annually to the SAST and it was approved by National Treasury and it is disclosed under expenses as Operating lease.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
19. Employee related costs		
Basic	48 876 987	35 897 053
Bonus	19 269	20 819
Defined contribution plans	230 636	210 000
Leave pay provision charge	157 128	123 609
Medical aid - company contributions	1 315 858	1 287 134
WCA	218 206	197 808
	45 818 084	37 736 423
20. Production costs		
Production costs	14 623 553	12 143 171
Production costs relate to the core business of the entity, staging of theatre. Revenue from the theatre ticket sales was R5.4m (2022: R1.9m) representing a cost recover of 36% (2022: 16%).		
21. General expenses		
Advertising	1 062 531	1 583 570
Auditors remuneration	2 266 584	2 384 986
Bank charges	261 084	173 891
Cleaning	3 500 110	3 304 440
Computer expenses	272 578	394 244
Consulting and professional fees	5 235 801	3 571 500
Consumables	1 344	3 251
Entertainment	39 177	47 741
Fleet management	64 932	63 244
IT expenses	636 581	773 052
Insurance	549,891	549 891
Other expenses	519 366	533,723
Placement fees	45 881	66,594
Postage and courier	4 200	-

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Printing and stationery	65 255	46,047
Protective clothing	43 835	40,282
Royalties and license fees	426 654	80,724
Secretarial fees	499 598	518,353
Security	7 017 849	5,304,982
Software expenses	1 301 987	1 024 400
Staff welfare	369 864	550,011
Subscriptions and membership fees	34 967	28,930
Telephone and fax	345 310	395,747
Training	91 014	189,419
Travel - local	485 313	279,024
Utilities	8 405 782	10 014 444
	33 390 721	31 922 490
22. Cash generated from operations		
(Deficit) surplus	(7 438 251)	10 074 298
Adjustments for:		
Depreciation and amortisation	6 424 640	6 105 836
Loss on sale of assets and liabilities	187 641	60 074
Impairment of assets	59 068	-
Fair value adjustments	3 000 000	3 500 000
Debt impairment	(2 278 435)	(5,849,012)
Bad debts written off (refer to note 10)	3 503 430	7 754 918
Movements in provisions	116 302	-
Actuarial gains / losses	(72 702)	153 000
Inventory losses or write-downs	-	(314 000)
Straightlining of lease expense	-	308 652

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Leave accrual in income statement	387 764	123 609
Deferred contribution plan cost	(238 562)	210 000
Changes in working capital:		
Inventories	(4 059)	29 699
Receivables from exchange transactions	(1 233 512)	(3 652 413)
Payables from exchange transactions	1 750 003	(1 107 192)
Unspent conditional grants and receipts	1 325 822	(1 863 332)
	5 489 149	8 534 137
23. Operating lease commitment - entity as a lessor		
The entity leases parking to tenants on fixed term contracts with annual escalations. No contingent rent is receivable. The future minimum lease payments under non-cancelable operating lease agreements are as follows:		
The South African Reserve Bank has cancelled its parking lease, and the last payment was on 30 June 2022.		
State Theatre Building		
Due no later than one year	-	1 028 884
24. Taxation		
<ul style="list-style-type: none"> The entity has been approved that the receipts by and accruals to the SAST are exempt from Income Tax in terms of the provisions of section 10(1)(cA)(i) of the Income Tax Act; and Donations by or to the SAST are exempt from donations tax in terms of section 56(1)(h) of the Income Tax Act. 		
25. Fair value adjustments		
Investment property (Fair value model)	(3 000 000)	3 500 000
26. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
<ul style="list-style-type: none"> Property, plant and equipment 	9 818 687	4,226,716
Authorised operational expenditure		
Already contracted for but not provided for		

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
• Operational Expenditure	10 135 653	21,173,748
Total operational commitments		
Already contracted for but not provided for	10 135 653	21,173,748
Total commitments		
Total commitments		
Authorised capital expenditure	9 818 687	4 226 716
Authorised operational expenditure	10 135 653	21,173,748
	19 954 340	25,400,464

The committed capital expenditure relates to property, plant and equipment and will be financed by existing cash resources received from DSAC through the CAPEX grant.

27. Contingencies

Contingent liability

Financial year 2021/2022

Labour Matter

An ex-employee took a bribe from a producer. He was charged, found guilty and dismissed in January 2018. He referred the matter to the CCMA. Arbitration award declared the dismissal fair (4 November 2018). He then referred the matter to the Labour Court. Documents were served at South African State Theatre (SAST) on 4 August 2020. SAST filed documents at the Labour Court on 21 October 2020. SAST has not receive any notice of opposition filed from the ex-employee. The matter is still ongoing.

Financial year 2022/2023

The matter is considered closed, as no additional action has been made by the ex-employee.

Contingent assets

Fraud Matter

Financial year 2021/2022

In the prior year, the entity uncovered fraud of more than R24 million, perpetrated over the past five years. One of the perpetrators was dismissed and the other resigned. A forensic investigation was completed and handed over to the relevant authority i.e. THE HAWKS for further investigation and prosecution. There are 10 individuals and 4 companies that have been identified. Judgement have been obtained against all the 14 parties. The sequestration and liquidation applications of the 14 parties are underway. Final liquidation orders for 8 of the 14 parties have been obtained. The other parties we could not obtain proper service of the documents and had to proceed with the application for substituted service. The South African State Theatre have received R957 841 from funds recovered from 2 of the 14 parties. The next step of the sequestration and liquidation process is to hold an insolvency inquiry in order to identify the trail of the money and collect whatever is recoverable, including through the sale of movable and immovable assets.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Financial year 2022/2023

All of the liquidation and sequestration applications were successful. Final liquidation orders for 8 of the 14 parties have been obtained. It is the lawyers instructions to proceed with the insolvency enquiries on one company and two individuals. The trustee and liquidator appointments have been made by the Master. The amount recoverable is not quantifiable at this stage.

Operations Matter

Financial year 2021/2022

A previous tenant, Mosiane Consulting (Black Restaurant), has vacated the premises without settling the rental account. The parties have reached a settlement on the outstanding rental amount. The parties are in the process of concluding a settlement agreement.

Financial year 2022/2023

A settlement agreement was entered into between the parties on 31 May 2022. In terms of the settlement agreement the outstanding balance was to be paid off in 70 equal monthly installments of R5 000. We have only received one payment of R5 000 to date. Due to Mosiane Consulting (Black Restaurant) not honouring the settlement agreement, the full outstanding amount is payable to SAST. The outstanding debt is R750 193 less the R5 000 that was paid as the first installment, resulting in a contingent asset due to SAST of R745 193.

Surrender of surpluses

The entity annually declares all surpluses or deficits to the relevant Treasury from the period 1 April to 31 March of each year, using its audited Annual Financial Statements as the basis for calculation of surpluses or deficits.

The entity submits requests to the relevant Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate. Unless exempted by the National Treasury, the entity invests surplus funds with the Corporation for Public Deposits.

The entity surrenders for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year –

- (a) which were not approved for retention by the relevant Treasury in terms of section 53(3) of the PFMA; or
- (b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

Based on the preliminary calculations made by the SAST, there is no surplus to surrender.

28. Related parties

Relationships

Controlling Department

Member of Key management

Entities under the control of the Department of Sport, Arts and Culture

Department of Sports, Arts and Culture

Dr. S Mkhize (Chief Executive Officer)

Mr. A. Sekhabi (Artistic Director)

Ms. K Modise (Director of Corporate Service)

Ms. S Viljoen (Chief Financial Officer)

All other entities under the Department of Sport, Arts and Culture are considered related parties

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Related party transactions

Department of Sport, Arts and Culture

Operation Grant	67 752 000	68,247,000
Capital grant (received)	10 377 829	10,005,620
Incubator grant	1 350 000	1,350,000

- -

Trade and other payables

Department of Sport, Arts and Culture	677 957	677 957
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Compensation to members and other key management excluding salaries (refer to note 29 Key Management Compensation)

Mr. A. Sekhabi (Royalties)	37 421	200 000
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29. Key Management Compensation

Executive

2023

	Basic Salary	Provident Fund	Allowances	Total
Dr. S. Mkhize (Chief Executive Officer)	1 824 482	312 630	50 400	2 187 512
Mr. A. Sekhabi (Artistic Director)	1 178 934	204 639	114 000	1 497 573
Ms. K. Modise (Director of Corporate Services)	1 167 609	82 689	60 400	1 310 698
Ms. S Viljoen (Chief Financial Officer appointed from 1 November 2022)	585 074	-	50 000	635 074
S Viljoen (Interim Chief Financial Officer appointed through Sifuna Consulting CC from 1 April 2022 until 31 October 2022)	841 426	-	-	841 426
	5 597 525	599 958	274 800	6 472 283

2022

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023			2022
	Basic Salary	Provident Fund	Allowances	Total
Dr. S. Mkhize (Chief Executive Officer)	1 811 438	229,259	50 400	2 161 334
Mr. S. Mathye (Chief Financial Officer, Resigned 31 January 2022)	1 122 932	113 873	17 336	1 254 141
Mr. A. Sekhabi (Artistic Director)	1 303 254	181 699	114 000	1 598 953
Ms. K. Modise (Director of Corporate Services, Appointed on 1 December 2020)	1 132 929	79 321	50 400	1 262 650
	5 370 553	674 389	232 136	6 277 078

Non-executive

2023

	Members' fees	Total
Professor Fikile N.M Mazibuko (Chairperson)	110 815	110 815
Dr. MJ Ndlovu (Deputy Chairperson)	110 064	110 064
Ms. V Ndlovu (Independent Audit and Risk Committee Member)	168 888	168 888
Mr. S Maharaj	137 445	137 445
Ms. HK Makgae	59 637	59 637
Mr. G Masokoane	45 037	45 037
Dr. LL Nawa	36 075	36 075
Mrs. GZ Nkosi	37 983	37 983
Mr. TJ Rochussen	51 781	51 781
Adv. KP Thango	83 880	83 880
Mr. A Latchu	71 817	71 817
Ms. NJ Mlambo (Appointed July 2019, reappointed June 2022)	15 169	15 169
Ms. V Nayagar	22 233	22 233
Ms. SC Mtshali (Appointed 8 August 2022)	23 544	23 544
Mr. SL Monama (Appointed 1 July 2022)	38 201	38 201
	1 012 569	1 012 569

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

2022

	Members' fees	Total
Professor Fikile N.M Mazibuko (Chairperson)	63,803	63,803
Dr. M.J. Ndlovu (Deputy Chairperson)	69,386	69,386
Ms V. Ndlovu (Independent Audit and Risk Committee Member)	105,798	105,798
Mr. S Maharaj	126,387	126,387
Ms. HK. Makgae	70,304	70,304
Mr. G. Masokoane	41,365	41,365
Dr LL Nawa	52,733	52,733
Mr. GZ. Nkosi	36,648	36,648
Mr. TJ Rochussen	45,810	45,810
Advocate KP. Thango	72,192	72,192
Mr. A Latchu (Appointed September 2021)	28,990	28,990
Miss. NJ. Mlambo (Appointed September 2021)	14,615	14,615
Miss. V. Nayagar (Appointed September 2021)	10,152	10,152
Mr. BG Vollenhoven (Appointed June 2019, resigned in February 2022)	32,067	32,067
	770,250	770,250

30. Change in estimate

Property, plant and equipment

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

The assessment of useful lives was conducted on all asset classes.

Computer Equipment

The useful life of Computer equipment was originally estimated to be between 5-7 years. In the 2022 financial year, management have revised their estimate by an additional 3 years. In the 2023 year, management have revised their estimate by an additional 2 years. The effect of the revision has decreased the depreciation charge for the current year by R712.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Office Equipment

The useful life of Office equipment was originally estimated to be 5-7 years. In the 2022 financial year, management have revised their estimate by an additional 3 years. In the 2023 year, management have revised their estimate by an additional 2 years. The effect of the revision has decreased the depreciation charge for the current year by R45 034.

Plant and Equipment

The useful life of Plant and equipment was originally estimated to be 5-10 years. In the 2022 financial year, management have revised their estimate by an additional 3 years. In the 2023 year, management have revised their estimate by an additional 2 years. The effect of the revision has decreased the depreciation charge for the current year by R866 354.

Intangible assets

The useful life of Intangible assets was originally estimated to be 2 - 10 years. In the 2023 year, management have revised their estimate by an additional year. The effect of the revision has decreased the amortisation charge for the current year by R19 630.

31. Prior period errors

During the current financial year, the entity reviewed prior period transactions. The review resulted in a number of adjustments relating to 2021/2022 financial year which affected a number of general ledger accounts. The prior period was adjusted retrospectively.

Property, plant and equipment and Intangible assets

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

Office Equipment decrease in carrying value of R654 345

IT equipment increase in carrying value of R25 368

Plant and equipment increase in carrying value of R2 534 374

Lease Equipment decrease in carrying value of R433 250

Work in Progress decrease of R14 373

Intangible assets increase in carrying value of R220 418

Leasehold Improvements (Previously Land and Buildings)

We have included the land and property where the SAST is operating in our financial statements since 2011. After reviewing the relevant standards, IGRAP18, Recognition and Derecognition of land, GRAP 17, Property, Plant and Equipment, GRAP 13 Leases and GRAP 1 Presentation of Financial Statements, we came to the conclusion that the land and property should not be included in the Statement of Financial Position and the relating depreciation charge on the buildings in the Statement of Financial Performance. This resulted in Property, plant and equipment of R5 002 920 for the land and R51 505 944 for the Building. The improvements that were capitalised over the years on the building are now being classified as Leasehold Improvements.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Finance lease liability

During the review of the finance lease liability, we identified that the finance lease calculation contained errors, which were subsequently corrected. The impact on the current liability is a decrease of R208 101, a decrease in the non-current liability of R54 587 and a decrease in Finance cost of R729 028.

Expenditure, Revenue, Receivables and Payables

Transactions were identified that was either incorrectly classified, should not have been recognised as a payable or receivable and various corrections were made. The effect of the numerous transactions was an increase in general expenses of R946 909, a decrease in repairs and maintenance of R7 863, and increase in rendering of services of R15 848, and increase in rental of facilities and equipment of R65 640, a decrease in Payables from exchange transactions of R90 047 and an increase in Receivables from Exchange transactions of R151 099.

Unspent conditional grants and receipts

A review of the prior year repairs and maintenance expenditure was done, and expenditure that qualify to be included and reimbursed under the Facilities Management Contract, has been identified, which resulted in a decrease in the unspent conditional grant of R3 264 489 and an increase in the Government grant (CAPEX) of R1 758 896.

Leave provision

The leave provision for temporary employees has not been included in the prior year leave provision. The adjustment is included under Payables from Exchange Transactions. This resulted in an increase in employee cost of R196 917 and an increase in Payables from Exchange Transactions of R196 917.

Property rates and revenue in kind

The property rates that is paid by Department of Public Works was previously included in the financial statements as Revenue in kind and the relating expense. With the removal of the building from SAST's financial statements, the property rates are the obligation of Department of Public Works and no provision for Revenue in kind and the relating property rates expense should be made. The impact is a decrease in revenue in kind of R7 924 663.

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

Statement of financial position

Decrease in Property, plant and equipment and intangible assets	-	(54 830 673)
Decrease in Finance Lease Obligation	-	262 688
Increase in Payables from Exchange Transactions	-	(106 870)
Increase in Receivables from Exchange Transactions	-	151 099
Decrease in Unspent conditional grants and receipts	-	3 264 489
Decrease in Retained Earnings	-	58 495 735)
	-	<u>7 236 468</u>

Statement of financial performance

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
Decrease in Depreciation and amortisation	-	(3 155 854)
Decrease in Employee Cost	-	(196 917)
Decrease in Finance Cost	-	(729 028)
Increase in General Expenses	-	946 909
Decrease in Profit / Loss on disposal of assets	-	(2 253 431)
Decrease in Revenue in kind	-	7 924 663
Decrease in Repairs and Maintenance	-	(7 863)
Increase in Rendering of services	-	(15 848)
Increase in Rental of facilities and equipment	-	(65 540)
Decrease in property rates	-	(7 924 663)
Increase in Government Grants & Subsidies	-	(1 758 896)
	-	(7 236 468)
Cash flow statement		
Cash flow from operating activities		
Decrease in receipts	-	(1 573 806)
Increase in payments	-	(82 969)
	-	(1 656 775)
Cash flow from financing activities		
Decrease in Finance lease (payments) / additions	-	(259 352)
Cash flow from investing activities		
Decrease in purchases of property, plant and equipment	-	1 916 127

The following disclosure note was incorrectly disclosed in the prior year:

Related parties (Note 26)

Department of Sport, Arts and Culture should have been included as a creditor under Trade and other payables with an amount of R677 957.

32. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The South African State Theatre

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Credit risk

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

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

Financial instrument

Cash and cash equivalents	30 547 381	29 933 212
Receivables from exchange transactions	3 459 998	3 451 481

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. All financial instruments attract interest at rates linked directly to the prime bank overdraft rate.

Assets

Cash and cash equivalents	30 547 381	29 933 212
Receivables from exchange transactions	3 459 998	3 451 481
	33,233,595	33,297,513

Liabilities

Payables from exchange transactions	12 826 217	10 688 452
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31. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

34. Events after the reporting date

There was no adjusting events after the reporting date.

There is one non-adjusting event after the reporting date. The ex-gratia pension liability was calculated based on one retired pensioner previously employed by the SAST. This individual passed away on 10 May 2023.

33. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	6 186 861	533 216
Fruitless and wasteful expenditure	51 722	101 609
Closing balance	6 238 583	634 825

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure**Non-compliance with TR16A3.2 and TR16A6.3(a)&(b). Non adherence when evaluating bidders on compulsory requirements**

The investigation and determination tests were done according to the framework. The matter has been handed over to the Human Resource Department and disciplinary steps are underway.

Bidders agreed to extension of the validity period after the period has lapsed

The investigation and determination tests on both cases were done according to the framework. The matter has been handed over to the Human Resource Department and disciplinary steps are underway.





Shaka Zulu

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Sport, Arts and Culture
REPUBLIC OF SOUTH AFRICA