THE SOUTH AFRICAN STATE THEATRE

State Theatre - An Agency of the Department of Sport, Arts and Culture

To:	**Mr. Shane Maja** **Chief Executive Officer**
From:	**Mr. Ernest Tchwenyane** **Senior Production Manager**
Date:	**02 May 2026**
Subject:	**Request for Approval to Deviate from the Normal Competitive Bidding Process for the Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK) and the Associated Production Agreements**

According to the National Treasury PFMA SCM Instruction No. 03 of 2021/2022, paragraph 4:
4.1 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.
4.2 In this Instruction, procurement by "other means" includes –
(a) limited bidding
(b) written price quotations not within the threshold determined by National Treasury Instruction or prescribed in the institution's SCM Policy; and
(c) procurement that occurs in emergency situations and urgent cases.
The National Treasury PFMA SCM Instruction No. 03 of 2021/2022 provides the following definitions.
Limited bidding
Limited bidding means a bidding process reserved for a specific group or category of possible suppliers through procurement by –

(a) Sole source where there is no competition in the market and only one supplier is able to provide the goods or services.
(b) Single source where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal.
(c) Multiple sources where a thorough analysis of the market indicates that there is limited competition and only a few prospective bidders are requested to make a proposal

Urgent case
An urgent case means cases where early delivery is critical and the invitation of competitive bids is either impossible or impractical, not due to improper planning.

Emergency
An emergency means a serious and unexpected situation that poses an immediate risk to health, life, property or the environment which calls for urgent action and there is insufficient time to follow a competitive bidding process.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

Reason for deviation

Reason for deviation	**Mark with a X**
Limited bidding	
Sole source where there is no competition in the market and only one supplier can provide the goods or services. (Production Agreements)	**X**
Single source where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal. (FAK Agreement)	**X**
Multiple sources where a thorough analysis of the market indicates that there is limited competition and only a few prospective bidders are requested to make a proposal	
Written price quotations within the threshold determined by National Treasury Instruction;	
Procurement that occurs in emergency situations and urgent cases.	
Emergency	
Urgent case	

1. PURPOSE

The purpose of this memorandum is to request approval for a deviation from the normal competitive bidding process in respect of the following two distinct procurement components:

- Single-source procurement: the Collaboration and Marketing Services Agreement concluded between the South African State Theatre (SAST) and Die Federasie van Afrikaanse Kultuurvereniginge (FAK), following consideration of the specialised nature of the Afrikaans theatre market, SAST's historical experience in reaching this audience segment, the comparative market assessment undertaken, and FAK's established market position, specialised audience reach, industry networks, production facilitation capability and strategic media partnerships; and
- Sole-source procurement: the associated Production Agreements for the specific productions identified and facilitated under the FAK partnership, where the relevant artistic works and associated intellectual property, copyright and performance rights are exclusively owned, controlled or represented by the respective producers or rights holders and, accordingly, the same productions cannot be procured from alternative suppliers.

The memorandum further records the basis upon which FAK was identified as the preferred strategic partner, including the market analysis and pre-selection considerations supporting its single-source selection, the alternatives considered against SAST's identified requirements, the historical commercial risks experienced by SAST in presenting Afrikaans productions without specialised market access, the value derived from FAK's established audience and media networks, and the measures implemented to ensure that the proposed procurement remains economical, efficient, effective and aligned with value-for-money principles.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

2. BACKGROUND

The South African State Theatre (SAST) will enter into a three-year Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK) for the sourcing, facilitation and marketing of Afrikaans theatre productions at the South African State Theatre.

The collaboration forms part of SAST's objective to diversify its artistic programme, expand audience development, improve theatre utilisation and strengthen own revenue generation through increased access to audience segments that have historically been difficult for SAST to penetrate through its conventional marketing channels.

SAST has an established internal Marketing Department responsible for promoting the organisation's broader artistic programme. However, SAST's previous experience with major Afrikaans productions demonstrated the financial risk associated with significant production expenditure where the intended audience market is not reached effectively.

During the 2023/24 financial year, SAST presented *Lisa se Klavier*, which generated ticket revenue of R261,470 against production costs of R1,149,520, resulting in a loss of R888,050. SAST subsequently presented *Juig: The Koortjies Musical*, which generated ticket revenue of R126,625 against production costs of R1,043,561, resulting in a loss of R916,936.
Collectively, the two productions generated ticket revenue of R388,095 against combined production costs of R2,193,081, resulting in a total loss of R1,804,986.

These results informed management's decision to adopt a more targeted approach to the sourcing and promotion of future Afrikaans productions and to seek a strategic partner capable of supplementing SAST's internal capability with specialised access to the Afrikaans theatre market.

FAK was identified for this purpose based on its established presence within the Afrikaans cultural and performing arts sector, its audience and industry networks, and its existing relationships with relevant media and production stakeholders.
In terms of the Collaboration and Marketing Services Agreement:

- FAK is responsible for identifying, sourcing, facilitating and marketing suitable Afrikaans productions for presentation at SAST;
- FAK acts as a facilitator and marketing partner and does not contract with production companies on behalf of SAST;
- SAST remains responsible for negotiating and concluding Production Agreements directly with the respective producers or production companies; and
- each proposed production remains subject to SAST's applicable artistic, technical, financial, procurement and delegated-authority processes before any contractual commitment is made.

The Collaboration and Marketing Services Agreement has a total contract value of R1,028,000, inclusive of VAT.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

3. STRATEGIC BENEFITS OF THE COLLABORATION

The Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK) is intended to provide SAST with strategic benefits that extend beyond conventional marketing services and the presentation of individual productions.

The collaboration is designed to complement SAST's existing internal capabilities by providing specialised access to the Afrikaans cultural and performing arts market. The principal strategic benefits include:

- **Expanded audience development and market reach:** access to established Afrikaans cultural networks, supporters and theatre-going audiences that can assist SAST in broadening its audience base.
- **Specialised market knowledge:** insight into Afrikaans audience preferences, communication channels, production trends and market behaviour that can assist SAST in aligning production selection and marketing activities more closely with the intended audience.
- **Access to established industry networks:** relationships with Afrikaans producers, artists, performers, production companies and cultural organisations that support the identification and facilitation of suitable productions.
- **Targeted media and communication access:** use of established relationships with relevant Afrikaans media platforms and communication channels to support production-specific exposure, promotional activity and audience engagement.
- **Improved production selection and market alignment:** the ability to consider market knowledge and demonstrated audience appeal when evaluating potential productions, thereby strengthening the relationship between programming decisions and audience demand.
- **Programme diversification:** increased representation of Afrikaans theatre within SAST's artistic programme, contributing to a broader and more diverse offering across drama, comedy, music, storytelling and family entertainment.
- **Improved theatre utilisation and revenue opportunities:** greater audience reach and more targeted promotion may contribute to improved attendance, venue utilisation, ticket sales and associated own-revenue opportunities.
- **Development of SAST's own Afrikaans audience base:** the collaboration provides SAST with an opportunity to build longer-term relationships with Afrikaans theatre audiences and encourage repeat attendance beyond the individual productions covered by the Agreement.

The strategic value of the collaboration therefore lies in the combination of specialised market access, audience development, industry relationships, production facilitation and targeted communication support, while SAST retains responsibility for its own artistic, marketing, financial and governance functions.

4. PRODUCTIONS COVERED BY THIS REQUEST

The productions listed below were identified and facilitated through the FAK collaboration for consideration as part of SAST's 2026/27 artistic programme.

The programme comprises eight Afrikaans productions across drama, comedy, music and storytelling, with a combined total of fifteen performances and a total Production Agreement value of R1,350,000, inclusive of VAT.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

Date	Production	Producer	No. of Shows	Production Cost
October 2026	Het van Verlangekraal	Lefra Productions	2	R155,000
21 – 27 September 2026	As die Tuig Skawe	PALI Productions	6	R350,000
16 – 17 October 2026	Afri-Duet	Afri-Duet	1	R250,000
November 2026	Reünie (Reunion)	Frank Opperman	2	R70,000
5 – 8 November 2026	SOM	Franco Prinsloo Productions (Pty) Ltd	1	R120,000
13 February 2027	Klopjag 25	Klopjag	1	R155,000
6 March 2027	VH1 Storieverteller	Spoegwolf	1	R130,000
11 – 14 March 2027	Kruis van Liefde	Franco Prinsloo Productions (Pty) Ltd	1	R120,000

Total Number of Productions: 8
Total Number of Performances: 15
Total Production Agreement Value: R1,350,000 (Inclusive of VAT)

The individual Production Agreements must be distinguished from the single-source appointment of FAK. Once SAST has selected a specific artistic production for inclusion in its programme, the identical production can only be presented with the authority of the relevant producer or rights holder controlling the applicable intellectual property, copyright and/or performance rights.

Accordingly, the procurement of each specifically identified production is motivated on a sole-source basis, subject to confirmation of the relevant ownership, control or authority to grant the applicable rights.
The Production Agreements will be concluded directly between SAST and the respective producers or production companies. FAK will not contract on behalf of SAST and will not assume SAST's contractual authority in relation to the individual productions.

Each Production Agreement will remain subject to SAST's applicable artistic, technical, financial, procurement, legal and delegated-authority processes before any contractual commitment is made.

The following table provides a brief description of each production:

Production	Description
Het van Verlangekraal	A popular contemporary Afrikaans comedy produced by Lefra Productions. Lefra has an established reputation for producing commercial Afrikaans theatre and the production is intended to appeal to a broad Afrikaans theatre audience through accessible humor and professional production value.

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admin@statetheatre.co.za
www.statetheatre.co.za
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As die Tuig Skawe	An acclaimed Afrikaans stage production presented by PALI Productions. The production combines strong storytelling with themes that resonate with Afrikaans audiences and has demonstrated significant commercial appeal through successful theatre performances.
Afri-Duet	A premium Afrikaans musical production featuring accomplished performers celebrating Afrikaans music and culture. The production attracts audiences seeking high-quality live music performances and contributes to programme diversification within SAST's annual theatre offering.
Reünie (Reunion)	A critically acclaimed one-man theatre production starring award-winning actor Frank Opperman, based on a script by renowned author Dana Snyman. The production has received widespread recognition on the South African festival circuit and showcases high-quality Afrikaans theatre.
SOM	A contemporary Afrikaans theatre production by Franco Prinsloo Productions, recognised for producing innovative, high-quality productions within the Afrikaans performing arts sector. The production contributes to SAST's objective of presenting diverse theatrical works that appeal to modern audiences.
Klopjag 25	A special anniversary production celebrating 25 years of the well-known Afrikaans folk-rock band Klopjag. The group has built a loyal national following through more than two decades of performances at major arts festivals and music events, making the production attractive to an established audience base
VH1 Storieverteller	A unique storytelling and live music performance by members of the acclaimed Afrikaans alternative rock band Spoegwolf. The production combines music and narrative, appealing to younger audiences while strengthening SAST's audience diversification strategy.
Kruis van Liefde	A large-scale Afrikaans stage production by Franco Prinsloo Productions. The production forms part of SAST's strategy to present established Afrikaans theatrical works that have proven audience appeal and contribute to increased theatre utilisation.

5. MARKET RESEARCH AND SINGLE-SOURCE ASSESSMENT - FAK

In accordance with the requirements applicable to single-source procurement, SAST considered the nature of the relevant market, the capabilities available internally and externally, and the specific institutional requirement to be addressed before identifying Die Federasie van Afrikaanse Kultuurvereniginge (FAK) as the preferred service provider for the Collaboration and Marketing Services Agreement.

The assessment was not limited to determining whether general marketing service providers exist in the market. SAST recognises that numerous advertising, public relations, digital marketing and media service providers can provide conventional marketing services.

The requirement identified by SAST is broader and more specialised. SAST required a strategic partner capable of providing, in an integrated manner:

- specialised knowledge of the Afrikaans cultural and performing arts market;
- access to an established and engaged Afrikaans audience

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

- established communication and cultural networks;
- relationships with Afrikaans producers, artists, performers and production companies;
- the ability to identify and facilitate suitable productions;
- access to established Afrikaans media and communication platforms;
- targeted audience development and production-specific marketing; and
- the ability to complement SAST's internal Marketing Department rather than duplicate its existing functions.

5.1 Consideration of SAST's Internal Marketing Capability
SAST's internal Marketing Department was considered as part of the assessment.
The Department remains responsible for SAST's institutional marketing and the promotion of its broader artistic programme and has the capability to undertake general marketing activities across digital, print, social media and other communication channels.

However, the specific requirement relates to specialised penetration of the Afrikaans theatre market through established audience, cultural, industry and media networks. The proposed collaboration is therefore intended to supplement SAST's existing capability rather than outsource or replace the functions of the internal Marketing Department.

5.2 Consideration of Prospective Market Alternatives
In considering the market, SAST assessed the types of organisations and service providers that could potentially contribute towards elements of the identified requirement.

For purposes of the comparative assessment, the prospective alternatives were considered against the principal components of SAST's identified requirement, namely specialised Afrikaans market knowledge, established audience and cultural networks, relationships within the Afrikaans production sector, production identification and facilitation capability, targeted audience-development capability, established media access, and the ability to provide these capabilities as an integrated service.

The assessment considered the following prospective alternatives:

Prospective provider / Category	**Relevant Capability**	**Limitation relative to SAST's integrated requirement**
SAST Internal Marketing Department	Institutional and production marketing across SAST's existing platforms and audiences.	Does not currently provide the same specialised external Afrikaans cultural, audience, producer and media networks required for the intervention.
Conventional marketing, advertising and PR agencies	Campaign development, media buying, digital marketing, public relations and advertising.	Capable of providing conventional marketing services, but these services do not necessarily include established Afrikaans cultural networks, production-sourcing relationships and direct access

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

		to an existing theatre-going audience.
Direct Afrikaans media platforms	Strong access to established Afrikaans audiences through radio, digital, editorial and social-media channels.	Provide significant media exposure but generally do not combine production sourcing, industry relationships, cultural-sector access and audience development within one arrangement.
Afrikaans theatre and cultural-development organisations	Knowledge of the Afrikaans arts sector, relationships with festivals, artists, producers and cultural stakeholders.	May provide strong cultural or theatre-development capability, but the assessment did not demonstrate the same combination of audience networks, production facilitation and established media partnerships required by SAST.
Individual producers and production companies	Direct access to specific productions, artists and production-related audiences.	Their focus is generally production-specific and does not provide SAST with an independent, programme-wide audience-development and media strategy across multiple productions.
FAK	Afrikaans cultural-sector knowledge, audience and supporter networks, producer and artist relationships, production facilitation, targeted marketing and established media relationships.	Provides the broadest demonstrated alignment with the combined institutional requirement identified by SAST.

The assessment therefore did not proceed on the basis that the alternative providers considered have no relevant capability. Several prospective provider categories demonstrate significant strengths in individual components of the requirement.

The distinguishing consideration was whether the provider could deliver the required combination of specialised market access, audience networks, production-industry relationships, production facilitation and media access as an integrated service.

5.3 Assessment of FAK Against the Identified Requirements

FAK was assessed against the requirements identified by SAST and demonstrated strong alignment across the principal assessment criteria.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
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The following factors were considered:

- FAK is an established organisation operating within the Afrikaans cultural sector;
- it has established networks of supporters, cultural organisations and audiences with an existing interest in Afrikaans cultural activities;
- it maintains relationships with Afrikaans producers, artists, performers and production companies
- it is positioned to assist in identifying and facilitating productions suitable for the intended target market;
- it has access to established communication channels directed towards Afrikaans audiences;
- it has existing strategic relationships with Afrikaans media platforms, including Groot FM and Maroela Media; and
- its offering combines production facilitation, audience development, cultural-sector access and targeted media exposure within a single strategic arrangement.

5.4 Evidence of Media Access and Audience Reach

The value of FAK's established media and communication relationships has subsequently been demonstrated through media exposure associated with the announcement and implementation of the collaboration.

The media analysis provided to SAST records Advertising Value Equivalent (AVE) of approximately R729,066 arising from measured media coverage associated with the announcement of the collaboration. This amount excludes certain media exposure for which no AVE was assigned and should therefore be regarded as an indicator of measured exposure rather than the total value of all publicity generated.

FAK has further confirmed access to production-specific media opportunities through its established long-term relationships with Groot FM / Die GROOT Ontbyt and Maroela Media.

Based on the information provided:

- the proposed Groot FM airtime associated with the productions has an indicative media value of approximately R250,000 to R280,000 per production
- applying the lower indicative value of R250,000 across eight productions results in potential media exposure of approximately R2,000,000
- six interviews on *Die GROOT Ontbyt* are planned during the programme period, with a referenced commercial value of approximately R53,057 per interview, although these interviews are intended to be obtained as content opportunities rather than separately purchased airtime
- Maroela Media's contribution is estimated at approximately R150,000 per production, equivalent to approximately R1,200,000 across eight productions
- the Maroela Media arrangement includes a minimum of 100,000 digital advertising impressions per month during the applicable campaign period, Gauteng-specific targeting, direct links to ticket sales, social-media promotion and editorial support.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

On this basis, the indicative media value associated with the production campaigns through Groot FM and Maroela Media is approximately R3,200,000, excluding the additional value of the *Die GROOT Ontbyt* interviews and other unquantified exposure.

When considered together with the approximately R729,066 in measured media value already generated through coverage of the collaboration announcement, the available information demonstrates the material value associated with FAK's established media relationships.

These values are used as indicators of the scale of media exposure accessible through the collaboration and are not presented as guaranteed cash savings, revenue or independently audited financial benefits.

5.5 Basis for the Single-Source Selection

The comparative assessment demonstrates that various prospective providers or provider categories can deliver individual elements of SAST's requirement.

However, the assessment did not identify another prospective provider that demonstrated, to the same extent, the integrated combination of:

- specialised Afrikaans cultural and performing arts market knowledge;
- established audience and cultural networks;
- production-industry relationships;
- production identification and facilitation capability;
- targeted audience development; and
- existing media partnerships capable of supporting the promotion of multiple productions.

FAK was therefore identified as the preferred provider based on the overall alignment of its demonstrated capabilities with the specific requirement identified by SAST.

The appointment is consequently motivated as a single-source procurement and not a sole-source procurement. SAST does not assert that FAK is the only organisation capable of providing Afrikaans marketing, cultural or production-related services. The selection is based on the comparative assessment of the market and FAK's demonstrated ability to provide the required integrated service offering.

5.6 Value-for-Money Consideration

The value-for-money assessment of the FAK Agreement should be considered in relation to the overall integrated service offering and not solely against the cost of conventional marketing services.
The Collaboration and Marketing Services Agreement has a total value of R1,028,000 inclusive of VAT.
In assessing the reasonableness of this expenditure, consideration was given to:

- production sourcing and facilitation;
- specialised Afrikaans market knowledge;
- access to established audience and cultural networks;
- targeted audience development;
- access to established media relationships and communication platforms;
- production-specific promotional opportunities;

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

- the potential avoidance of procuring multiple separate interventions to obtain comparable services; and
- the commercial risk that the intervention is intended to mitigate.

The indicative media value available through FAK's established relationships, together with the measured media exposure already generated, provides additional support for the value proposition associated with the collaboration.

The media-value information does not, on its own, determine the reasonableness of the contract price. It nevertheless provides measurable evidence of benefits that form part of the overall service offering and should therefore be considered together with the non-media components of the collaboration.
Based on the comparative market assessment, the demonstrated capabilities of FAK and the value associated with the integrated service offering, management considers the selection of FAK to represent a reasonable basis for single-source procurement, subject to the continued application of SAST's applicable governance, financial management, procurement and contract-management requirements.

6. MOTIVATION FOR THE DEVIATION
The requested deviation comprises two distinct procurement components which must be considered separately in accordance with the applicable limited-bidding provisions:

1. **Single-source procurement** in respect of the Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK); and
2. **Sole-source procurement** in respect of the individual Production Agreements for the specifically identified artistic productions.

The basis for each procurement methodology is set out below.

6.1 Single-Source Procurement – FAK Collaboration and Marketing Services Agreement
The appointment of FAK is motivated on a single-source basis following the market research and comparative assessment set out in Section 5.

The assessment demonstrated that the requirement extends beyond conventional marketing services and requires an integrated combination of specialised Afrikaans market knowledge, audience access, cultural and industry networks, production facilitation capability and targeted media access.
FAK was identified as the preferred provider because its demonstrated capabilities align most closely with this integrated requirement.

The appointment is not motivated on the basis that FAK is the only organisation capable of providing Afrikaans marketing or cultural services. Rather, FAK was selected through the comparative assessment of the relevant market and the extent to which prospective alternatives were able to meet SAST's combined operational and strategic requirements.

The FAK Collaboration and Marketing Services Agreement is therefore motivated as a single-source procurement.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

6.2 Sole-Source Procurement – Individual Production Agreements

The procurement basis for the individual Production Agreements is fundamentally different from the basis applicable to FAK.

Each Production Agreement relates to a specifically identified artistic work that SAST intends to present as part of its artistic programme.

Once SAST has selected and approved a particular production, the identical artistic work cannot reasonably be procured through an open competitive bidding process. The production and its associated intellectual property, copyright and performance rights are exclusively owned, controlled or represented by the relevant producer or rights holder.

An alternative supplier cannot provide SAST with the same production, including the same artistic work, script, cast or performers, creative concept, production identity and associated performance rights.
The eight Production Agreements covered by this request therefore relate to unique artistic works for which the respective producers or rights holders are the only parties able to provide or authorise the presentation of those specific productions.

The sole-source motivation is consequently based on the following:

- each production constitutes a specifically identified and unique artistic work
- the applicable copyright, intellectual property and/or performance rights are controlled by the respective producer or rights holder
- the identical production cannot be substituted by another supplier without changing the artistic work being procured
- inviting competitive bids for the same production would therefore not create meaningful competition because alternative bidders would not possess the necessary rights to provide the identical artistic work; and
- the relevant producer or rights holder is consequently the sole source from which SAST can procure the right to present that production.

The Production Agreements are therefore motivated as sole-source procurements on the basis that the respective producer or contracting party owns, controls or is authorised in respect of the relevant production and associated rights.

6.3 Continued Application of Value-for-Money Principles

The use of single-source or sole-source procurement does not remove SAST's responsibility to obtain value for money.

In respect of the FAK Agreement, SAST must assess whether the overall contract value is reasonable having regard to the integrated services provided, the specialised market access obtained, the audience and media networks available through the partnership, the production facilitation services and the commercial risk the intervention is intended to mitigate.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

In respect of the Production Agreements, the fact that a producer is the sole source of a particular artistic work does not automatically establish that the proposed price is reasonable. SAST will therefore remain responsible for negotiating the commercial terms of each Production Agreement and assessing affordability and financial viability before entering any contractual commitment.
Each proposed production will remain subject to:

- artistic assessment and approval;
- preparation and review of a production budget;
- affordability and financial viability assessment;
- confirmation of available budget;
- negotiation of commercial terms with the relevant producer;
- procurement and delegated authority approvals; and
- conclusion of a formal Production Agreement directly between SAST and the respective producer or production company.

6.4 Overall Basis for the Deviation

The proposed deviation is therefore based on two distinct limited-bidding circumstances:

- **FAK – Single Source:** FAK was identified as the preferred provider following a comparative market assessment against SAST's integrated requirement; and
- **Production Agreements – Sole Source:** the individual productions constitute specifically identified artistic works for which the relevant rights are controlled by the respective producers or rights holders.

The requested deviation accordingly arises from the specialised nature of the procurement requirements and not from administrative convenience.

Subject to the continued application of SAST's governance, financial management, procurement and contract-management controls, the proposed procurement is considered consistent with the principles of economy, efficiency, effectiveness and value for money.

7. GOVERNANCE

Approval of this deviation will not exempt the Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK), or any associated Production Agreement, from SAST's established governance, financial management, procurement and contract-management requirements.
The requested deviation relates solely to the procurement methodology, namely:

- the single-source procurement of the Collaboration and Marketing Services Agreement with FAK; and
- the sole-source procurement of the individual Production Agreements for the specifically identified artistic works.

The deviation does not waive or diminish any of SAST's internal approval processes, delegated authorities, financial controls or accountability requirements.

7.1 Governance of the FAK Collaboration and Marketing Services Agreement

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

The Collaboration and Marketing Services Agreement must contain clearly defined services, deliverables, responsibilities, performance requirements and reporting obligations against which FAK's performance can be monitored.

SAST will remain responsible for overseeing implementation of the Agreement and ensuring that the services delivered by FAK complement, rather than unnecessarily duplicate, the functions performed by SAST's internal Marketing Department.

7.2 Governance of the Individual Production Agreements

Each production facilitated under the FAK Collaboration and Marketing Services Agreement will remain subject to SAST's established governance processes before the conclusion of a Production Agreement.
These processes will include:

- Artistic assessment and approval to ensure alignment with SAST's artistic vision, mandate and programme objectives;
- Technical feasibility assessment to confirm that the production can be accommodated within SAST's venues, equipment and operational capabilities;
- Financial viability assessment, including projected ticket sales, anticipated audience attendance, production costs, affordability and anticipated financial performance;
- Confirmation of budget availability prior to any contractual commitment;
- Procurement and SCM review in accordance with the SAST Supply Chain Management Policy and applicable National Treasury requirements;
- Confirmation and documentary verification of the applicable intellectual property, copyright and/or performance rights, including confirmation that the relevant producer or contracting party owns, controls or is duly authorised to grant the applicable rights;
- Commercial negotiation with the relevant producer to ensure that the sole-source nature of the procurement does not remove SAST's responsibility to negotiate reasonable commercial terms and obtain value for money;
- Approval by the relevant delegated authority in accordance with SAST's Delegation of Authority Framework;
- Conclusion of an individual Production Agreement directly between SAST and the respective producer or production company, incorporating the applicable legal, financial, artistic, technical and operational terms; and
- Ongoing contract management and performance monitoring throughout implementation.

7.3 Performance Monitoring and Accountability

Given that the FAK collaboration has been introduced partly in response to the significant commercial losses historically experienced by SAST on major Afrikaans productions, the performance of the partnership should be monitored against measurable outcomes.
Monitoring should include, where applicable:

- ticket sales and ticket revenue per production;
- audience attendance and theatre occupancy;
- marketing reach and audience engagement;
- marketing activities undertaken by FAK;

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

- media interviews, promotional opportunities and exposure obtained through FAK's networks and partnerships;
- growth in SAST's Afrikaans audience database and repeat attendance;
- actual production costs against approved budgets;
- actual financial performance against pre-production projections; and
- overall performance of the Afrikaans programme against the strategic objectives of the collaboration.

This information should enable SAST to assess whether the partnership is achieving its intended objectives and whether the specialised market intervention is improving SAST's penetration of the Afrikaans theatre market.

Where actual performance differs materially from approved financial projections, management should assess the reasons for the variance and implement appropriate corrective measures before committing to further productions under the collaboration.

7.4 Continued Compliance and Oversight

The Collaboration and Marketing Services Agreement provides the strategic framework for the sourcing, facilitation and specialised marketing of Afrikaans productions. It does not constitute automatic approval for any production identified during the period of the Agreement.

Each individual production will remain subject to its own artistic, technical, financial, procurement, contractual and delegated-authority approval processes before SAST assumes any financial commitment.

All expenditure incurred under the FAK Agreement and the associated Production Agreements will remain subject to compliance with the Public Finance Management Act (PFMA), applicable National Treasury Instructions and Regulations, SAST's Supply Chain Management Policy, Delegation of Authority Framework and all other applicable governance requirements.

The governance arrangements are therefore intended to ensure that the use of limited bidding does not diminish transparency, accountability, financial oversight or value-for-money considerations.

8. FINANCIAL IMPLICATIONS

The financial implications associated with this request comprise two distinct contractual components, namely the Collaboration and Marketing Services Agreement with Die Federasie van Afrikaanse Kultuurvereniginge (FAK) and the individual Production Agreements concluded directly with the respective producers or production companies.

The contractual values are summarised below:

Description	Contract Value
Collaboration and Marketing Services Agreement (FAK)	R1,028,000
Eight (8) Production Agreements	R1,350,000
TOTAL VALUE OF CONTRACTS	**R2,378,000**

The Collaboration and Marketing Services Agreement is distinct from the individual Production Agreements. The R1,028,000 payable in terms of the FAK Agreement relates to the strategic sourcing, facilitation, specialised audience development and marketing of Afrikaans productions, while the R1,350,000 relating to the Production Agreements represents the cost of acquiring and presenting the eight specifically identified artistic productions.

8.1 Financial Rationale for the FAK Collaboration

The financial assessment of the FAK Agreement should not be considered solely as an additional marketing cost. The expenditure represents a strategic intervention intended to address an identified commercial risk arising from SAST's historical experience in presenting major Afrikaans productions without sufficient penetration of the intended audience market.

As detailed elsewhere in this memorandum, SAST previously incurred significant losses on *Lisa se Klavier* and *Juig: The Koortjies Musical*. These results informed management's decision to adopt a more targeted approach to the sourcing, audience development and marketing of future Afrikaans productions.

The FAK collaboration is intended to mitigate this risk through specialised market access, established audience and cultural networks, production-industry relationships and targeted access to Afrikaans media and communication platforms.

The financial rationale is further supported by the measurable and indicative media-value evidence detailed in Section 5, which demonstrates that the collaboration provides access to media exposure and promotional opportunities that form part of the broader value obtained through FAK's existing relationships and networks.

This media-value information is not treated as guaranteed revenue, cash savings or an independently audited financial benefit. It is considered as one component of the overall value proposition, together with production facilitation, audience development, market intelligence and the commercial risk that the collaboration is intended to mitigate.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

Accordingly, the reasonableness of the R1,028,000 contract value should be assessed against the integrated nature of the services and benefits provided through the collaboration, rather than against the cost of conventional marketing services in isolation.

8.2 Financial Management of Individual Productions
The conclusion of the FAK Collaboration and Marketing Services Agreement does not create an automatic financial commitment by SAST to proceed with every production identified or facilitated through the partnership.

Each Production Agreement will remain subject to an individual financial viability and affordability assessment before any contractual commitment is made.
The assessment will include, where applicable:

- the proposed production cost;
- projected ticket sales and ticket revenue;
- anticipated audience attendance and venue occupancy;
- proposed ticket pricing;
- the number of performances;
- other directly attributable production expenditure;
- anticipated marketing support and audience reach;
- affordability within the approved budget;
- the financial break-even point and associated commercial risk; and
- the overall strategic and financial justification for presenting the production.

No Production Agreement will be concluded unless sufficient budget provision has been confirmed, and the production has been approved in accordance with SAST's Delegation of Authority Framework and applicable governance processes.

8.3 Revenue Generation and Commercial Risk Management
The collaboration is intended to contribute towards improved own revenue generation through increased audience attendance, ticket sales and theatre utilisation.

However, SAST recognises that neither FAK nor any marketing intervention can guarantee the commercial success of an artistic production. Financial performance will therefore continue to be actively monitored throughout the implementation of the programme.

Actual ticket sales, audience attendance, production expenditure and financial performance will be monitored against the projections approved for each production. This will enable management to identify material variances and, where necessary, implement corrective measures before committing to subsequent productions.

The financial performance of the productions facilitated under the FAK partnership will also provide SAST with objective information against which to assess the effectiveness and value for money of the collaboration over its contractual period.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

8.4 Overall Financial Consideration

The total contractual value covered by this deviation amounts to R2,378,000 (inclusive of VAT), comprising R1,028,000 for the FAK Collaboration and Marketing Services Agreement and R1,350,000 for the eight individual Production Agreements.

The expenditure must be considered against SAST's strategic objectives of audience development, programme diversification, increased theatre utilisation and improved own revenue generation, as well as the need to mitigate the significant commercial risk demonstrated by SAST's historical experience with major Afrikaans productions.
The proposed expenditure is therefore considered financially justifiable, subject to:

- confirmation of approved budget availability;
- negotiation of reasonable commercial terms with the respective production companies;
- continued monitoring of actual financial performance against approved projections; and
- compliance with SAST's financial management, procurement and delegated authority requirements.

The proposed collaboration accordingly represents a structured commercial risk-management intervention aimed at improving SAST's ability to reach the intended Afrikaans audience, while maintaining appropriate financial oversight and value-for-money considerations.

9. RISK ASSESSMENT

The proposed deviation gives rise to procurement, financial, operational and commercial risks which require appropriate management and mitigating controls.

The risks associated with the single-source appointment of FAK differ from those associated with the sole-source procurement of the individual Production Agreements. These risks have therefore been considered separately, together with the broader financial and governance risks arising from implementation of the collaboration.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

The principal risks and mitigating measures are summarised below:

Risk	Mitigating Control
Procurement risk arising from the single-source appointment of FAK.	The appointment is supported by the documented market research and comparative assessment contained in Section 5, which considers SAST's specific institutional requirement, its internal marketing capability, relevant categories of prospective market alternatives and the extent to which those alternatives can meet the integrated requirement. FAK was selected as the preferred provider based on the overall alignment of its demonstrated capabilities with SAST's specialised market, audience-development, production-facilitation and media-access requirements.
Procurement risk arising from the sole-source Production Agreements.	Each Production Agreement relates to a specifically identified artistic work for which the relevant intellectual property, copyright and/or performance rights are owned, controlled or represented by the respective producer or rights holder.
Risk that the FAK services duplicate the functions of SAST's internal Marketing Department.	FAK's role is specifically intended to complement rather than replace SAST's internal Marketing Department. The FAK Agreement focuses on specialised Afrikaans market access, audience networks, cultural-sector relationships, production facilitation and targeted marketing channels. Responsibilities and deliverables will be clearly defined and monitored to avoid unnecessary duplication.
Value-for-money risk associated with the R1,028,000 FAK Agreement.	The reasonableness of the FAK contract value will be assessed against the integrated nature of the services and benefits provided, including specialised market access, audience and cultural networks, production facilitation, targeted media access and the measurable and indicative media-value evidence detailed in Section 5. Such media-value information is considered as one component of the overall value proposition and is not treated as guaranteed revenue or cash savings.
Risk that FAK does not deliver the anticipated specialised market access and marketing activities.	The Collaboration and Marketing Services Agreement will contain defined services, deliverables, responsibilities and reporting requirements. FAK's performance will be monitored against the agreed deliverables, including marketing activities, audience reach, media exposure and other measurable outputs.
Revenue risk arising from insufficient ticket sales and audience attendance.	FAK's specialised market knowledge and established audience networks are intended to improve SAST's penetration of the Afrikaans theatre market. In addition, each production will undergo a financial viability assessment incorporating projected ticket sales, ticket pricing, anticipated audience attendance, venue occupancy and break-even considerations before contractual commitment.
Risk of repeating historical financial losses on Afrikaans productions.	SAST's historical losses on *Lisa se Klavier* and *Juig: The Koortjies Musical* informed the decision to adopt a more targeted market approach. The FAK collaboration represents a risk-mitigation

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

	intervention, while individual production commitments will remain subject to affordability and financial viability assessments. Actual financial performance will be monitored against approved projections before further commitments are made.
Financial risk associated with production expenditure.	Each production will be supported by an approved budget and subjected to an affordability and financial viability assessment before contracting. No Production Agreement will be concluded unless sufficient budget is available, and the relevant delegated approvals have been obtained.
Pricing risk arising from the sole-source nature of Production Agreements.	Sole-source status does not automatically establish price reasonableness. SAST will negotiate the commercial terms directly with each producer or production company and assess the proposed production cost against the scope, number of performances, anticipated revenue, affordability and overall financial viability before concluding an agreement.
Risk that the expected benefits of FAK's media relationships are not realized.	Marketing and media activities undertaken through FAK's relationships and partnerships will be monitored against the agreed deliverables. This will include, where applicable, media exposure, promotional opportunities, audience reach and production-specific marketing activities, enabling SAST to assess the actual benefit realised during implementation.
Contract management and performance risk.	The FAK Agreement and each Production Agreement will contain clearly defined deliverables, responsibilities, payment terms and performance requirements. Contract performance will be monitored throughout implementation and payments will be made in accordance with the applicable contractual terms and satisfactory delivery of agreed services.
Governance and compliance risk	All expenditure remains subject to SAST's governance framework, including artistic approval, technical assessment, SCM review, financial approval, budget confirmation and delegated-authority approval. Compliance with the PFMA, applicable National Treasury requirements, SAST's SCM Policy and other relevant governance frameworks will continue to apply.
Reputational risk should the collaboration not achieve its intended objectives.	SAST will monitor ticket sales, audience attendance, marketing performance and financial results throughout implementation. Material underperformance will be assessed by management and appropriate corrective action taken before further commitments are made under the collaboration.

9.1 Overall Risk Consideration

The historical financial performance of major Afrikaans productions demonstrates that continuing with the same approach without addressing the identified audience-access and market-penetration limitations would itself expose SAST to significant commercial risk.

The proposed collaboration with FAK is therefore intended to mitigate an existing risk rather than merely introduce an additional procurement arrangement. FAK's specialised market knowledge, established

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

audience networks, cultural-sector relationships and media partnerships provide SAST with a targeted intervention aimed at improving access to the intended market.

The collaboration nevertheless does not eliminate commercial risk. The success of individual productions remains dependent on various factors, including audience demand, ticket pricing, production appeal, timing, economic conditions and the effectiveness of marketing activities.

For this reason, the FAK appointment will operate together with SAST's existing governance and financial controls rather than as a substitute for them.
Emphasis will be placed on:

- monitoring FAK's contractual deliverables and marketing performance;
- measuring ticket sales, audience attendance and financial performance against approved projections; and
- implementing corrective action where actual performance indicates that the intended benefits of the collaboration are not being achieved.

Based on the mitigating controls described above, management considers the risks associated with the proposed deviation to be appropriately identified and capable of being managed within SAST's existing governance, procurement, financial management and contract management frameworks.

The proposed procurement therefore represents a controlled strategic intervention aimed at improving SAST's penetration of the Afrikaans theatre market, reducing the likelihood of repeating historical commercial underperformance and supporting improved audience development, theatre utilisation and own revenue generation.

10. RECOMMENDATION

It is recommended that the Chief Executive Officer approve the deviation from the normal competitive bidding process in accordance with the applicable National Treasury requirements and SAST's Supply Chain Management Policy, in respect of the following two distinct procurement components:

10.1 Single-Source Procurement – FAK Collaboration and Marketing Services Agreement

Approval is requested for the single-source procurement of the Collaboration and Marketing Services Agreement concluded between the South African State Theatre (SAST) and Die Federasie van Afrikaanse Kultuurverenigigne (FAK), to the value of R1,028,000 inclusive of VAT.

The single-source appointment of FAK is recommended based on the market research and comparative assessment detailed in Section 5, which considered SAST’s identified institutional requirement, its existing internal marketing capability, prospective market alternatives and the extent to which those alternatives were able to meet the required integrated combination of specialised Afrikaans market access, audience development, production facilitation, industry networks and targeted media access.

The assessment demonstrated that various prospective providers could deliver individual elements of the requirement. FAK was, however, identified as the preferred provider based on the overall alignment of its demonstrated capabilities with SAST’s combined strategic and operational requirements.

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www.statetheatre.co.za
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The selection is further supported by the measurable and indicative media-value evidence detailed in Section 5, which provides additional evidence of the practical value associated with FAK's established media relationships and audience networks.

The appointment is specifically motivated as a single-source procurement and not a sole-source procurement. SAST does not assert that FAK is the only organisation capable of providing Afrikaans marketing or cultural services. Rather, FAK was selected following the comparative market assessment as the provider whose integrated capabilities best respond to SAST's identified requirement.

10.2 Sole-Source Procurement – Individual Production Agreements

Approval is further requested for the **sole-source procurement** of the eight specifically identified artistic productions facilitated under the FAK partnership, with a combined Production Agreement value of **R1,350,000 (inclusive of VAT).**

The Production Agreements comprise:

- Het van Verlangekraal – Lefra Productions – R155,000
- As die Tuig Skawe – PALI Productions – R350,000
- Afri-Duet – Afri-Duet – R250,000
- Reünie (Reunion) – Frank Opperman – R70,000
- SOM – Franco Prinsloo Productions (Pty) Ltd – R120,000
- Klopjag 25 – Klopjag – R155,000
- VH1 Storieverteller – Spoegwolf – R130,000; and
- Kruis van Liefde – Franco Prinsloo Productions (Pty) Ltd – R120,000.

The sole-source procurement of these Production Agreements is recommended on the basis that:

- each production constitutes a specifically identified and unique artistic work;
- the relevant intellectual property, copyright and/or performance rights are owned, controlled or represented by the respective producer or rights holder;
- no alternative supplier can provide the identical production and associated artistic rights without changing the artistic work being procured; and
- meaningful competition for the identical artistic production is therefore not reasonably possible.

10.3 Total Value of the Requested Deviation

The total contractual value covered by this deviation is therefore:

Procurement Component	**Procurement Method**	**Value**
FAK Collaboration and Marketing Services Agreement	Single Source	R1,028,000
Eight Production Agreements	Sole Source	R1,350,000
TOTAL		**R2,378,000**

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admin@statetheatre.co.za
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11. CONCLUSION

The requested deviation arises from a documented strategic and commercial requirement rather than administrative convenience.

SAST's previous experience in presenting major Afrikaans productions demonstrated the financial risk associated with insufficient penetration of the intended audience market and informed management's decision to adopt a more targeted approach.

The revised market research and comparative assessment contained in this memorandum documents the prospective alternatives considered, the criteria applied and the basis upon which FAK was identified as the preferred single-source provider for the Collaboration and Marketing Services Agreement.

The FAK collaboration is intended to supplement SAST's existing capabilities through specialised market access, audience and industry networks, production facilitation and targeted media access, while the associated Production Agreements relate to specifically identified artistic works for which the relevant rights are controlled by the respective producers or rights holders.

The proposed procurement therefore appropriately distinguishes between the single-source selection of FAK and the sole-source procurement of the individual productions, while maintaining SAST's obligations relating to transparency, accountability, affordability, financial viability and value for money.

It is accordingly recommended that the Chief Executive Officer approve the deviation as set out above, to a total value of R2,378,000 inclusive of VAT, subject to the governance controls and approval requirements contained in this memorandum.

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA

Thank you for your consideration.

Requested by:

Ernest Tchwenyane
Senior Production Manager

Supported by:

Aubrey Sekhabi
Artistic Director

Recommended by:

Santa Viljoen
Chief Financial Officer

Approved by:

Shane Maja
Chief Executive Officer

+27 (0)12 392 4000
admin@statetheatre.co.za
www.statetheatre.co.za
320 Pretorius Street,Pretoria, Gauteng, SA