



an agency of the  
Department of Sport, Arts and Culture

Freedom Park  
Cnr Koch and 7<sup>th</sup> Avenue  
Salvokop  
Pretoria

Tel:  
Fax:  
Toll-free

PO Box 2710  
Pretoria  
Salvokop  
0001

+27(0) 12 336 4000  
+27(0) 12 336 4021  
0800 470 740

[www.freedompark.co.za](http://www.freedompark.co.za)

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## MEDIA STATEMENT

### FREEDOM PARK CLARIFIES FINANCIAL REPORTING MISINTERPRETATION

March 17, 2025, Pretoria - Freedom Park acknowledges the recent media coverage concerning its financial performance (*South African heritage site lost R1.5 billion and is hopelessly insolvent*, March 10, 2025). The article brilliantly articulates what Freedom Park is and stands for. This is highly commendable and welcome. However, certain aspects of the reporting require clarification, particularly regarding the **R1.5 billion cumulative deficit** and the comparison between **revenue and expenditure**.

#### Clarifying the Reported "Deficit"

The reported **R1.5 billion deficit over five financial years (2019/20 – 2023/24)** is a misinterpretation of how public institutions such as Freedom Park are audited by the Auditor General. This figure does not reflect an actual financial shortfall but rather an **accounting treatment** in compliance with **Generally Recognized Accounting Practice (GRAP)**, which the Auditor General uses.

The following are key considerations:

- Freedom Park is a **heritage institution, not a commercial entity**, and operates under a **government-funded model** rather than a profit-driven approach.
- The deficit is largely a result of **GRAP 13 (Leases)**, which requires the full recognition of long-term lease commitments upfront. This is an **accounting principle** rather than an actual cash expenditure. The Department of Public Works and Infrastructure (DPWI) owns the land on which Freedom Park is located. Thus, whereas this is a government department to public entity arrangement, the lease value must still be reflected. Hence, at face value the lease value may seem as though it is actual money that Freedom Park is liable for.
- Heritage sites like Freedom Park are **long-term public investments**, requiring a broader assessment beyond conventional revenue-expenditure models.

#### Revenue vs. Expenditure – Context Matters

The comparison of **2023/24 revenue (R136.78 million) against expenditure (R394.30 million)** lacks critical financial context:

- **Non-cash expenses** such as **depreciation and lease-related accruals** significantly impact the reported figures but do not affect **operational cash flow**. Thus, there was no real extra funds spent or that had to be carried over to the current financial year. Again, what seems to be extra expenditure is only the calculating-in of depreciation and lease-related accruals.
- **Government funding is allocated based on operational needs** and approved by the **National Treasury and the Department of Sport, Arts, and Culture**, ensuring transparency and oversight.

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Council Members: Ms. CV Adams-Kruger (Chairperson), Ms. BE Watson, Adv. C Naidoo, Prof. S Cooper, Mr. Z Gordon, Mr. SS Masemola, Mr. T Plaatjie, Ms. M Matli, Dr. J Mufamadi (CEO)

- The maintenance and preservation of **heritage sites are cost-intensive but essential investments** in safeguarding South Africa's history.

### **Commitment to Financial Accountability**

Freedom Park remains committed to **fiscal responsibility, compliance with the PFMA (Public Finance Management Act), and transparent financial reporting in accordance with accounting principles and instruments such as GRAP.**

As a national heritage institution, Freedom Park's impact extends beyond financial figures—it plays a **vital role in preserving South Africa's history, culture, and identity.**

Issued by:

Dr Jane Mufamadi

Chief Executive Officer

For further inquiries, please contact:

**Ms. Tebogo Ramutloa** | Email: [tebogo@freedompark.co.za](mailto:tebogo@freedompark.co.za) | Tel: **012 336 4144**