

MANDELA BAY THEATRE COMPLEX ANNUAL REPORT

2022 - 2023



sport, arts & culture

Department:
Sport, Arts and Culture
REPUBLIC OF SOUTH AFRICA



MANDELA BAY
THEATRE COMPLEX
AN AGENCY OF THE DEPARTMENT OF
SPORT, ARTS AND CULTURE



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Stageworld Performing Arts School

DANCE SEMINAR WITH DR VUSI NGEMA

TUESDAY 26 APRIL 2022
Stageworld Campus | 66 Cape Road
Mill Park (CapeTown 800)

- 09:00-13:00 Workshop with Dr Vusi Ngema (Theory & Practical)
- 13:00-14:00 Lunch Break
- 14:00-15:30 Panel Discussion: *How to develop and grow dance in the Eastern Cape* facilitated by Luyanda Sibilo. Panelists being: Sighe Jama, Mandlakhe Gwashi, Lwazi Mene, Marian Ferreira and Mbaliso Ndabeni
- 15:30-16:00 Announcement of Curatorial Team for the new Udaaba Dance Festival. Monde Ngonyama, MBTC CEO

Participation is by invitation. For Enquiries Contact:
Anneke Jacobs at anneke@stageworldpas.co.za

*ALL COVID PROTOCOLS SHALL BE OBSERVED




THE CIVIL SERVANT

A TRIBUTE TO
BONGANI GXILISHE
AS WRITTEN BY LINCOLN MALI
IN JULY 2021

Adapted for stage by: Monde Ngonyama
Directed by: Xabiso Zweni
Curated by: Luxolo Ngungwe
Performed by: Anele Penny
Music by: Luyanda Madope on Piano, Elviro Vrolik on Bass and Lefa Mosea on Saxophone

20 July 2022 @ 19:00 @ MBTC & Livestreaming
[Patrons are encouraged to Donate to charitable causes that MBTC Support]




UDABA DANCE FESTIVAL

LAUNCH EDITION
LINEUP 2022

MINQUA : KOLISILE BONGWANA
PATHS CROSSING : NOMAKABISO RALA
IS' MARJE : STEVEN CHADWE
U SAVED ME : LWAZI MENEHENE
ZAZI : MANDLAKHE GWASHU
ROAD : OSCAR BUTHELEZI
INTLONZI : PHUMANI NYANGA
IMFIZEKO ZAM : SONJWA SAKUBA
ITHEMBA : THULISILE BINDA

14 - 16 SEPT 2022 @ THE EAST LONDON GUILD THEATRE @ 18:00 - 20:00
DATES & TIMES FOR PRODUCTIONS WILL BE INCLUDED ON THE PROGRAM
FOR FURTHER INFORMATION CONTACT: SIDA MUKHELENI
sibubaire@mandelabaytheatre.co.za




UDUMO ONE ACT PLAY COMPETITION

To be held at MBTC Complex
at the Opera House on:
2 - 14 August 2022
FIRST PRIZE: R30 000
to the winning School

Entries close 10 June 2022

For more information contact:
anneke@stageworldpas.co.za




Whacky Xmas in Whyville

WRITTEN & DIRECTED BY MARLENE THOMASSE-PIETREBE
CHOREOGRAPHED BY DONNA MCLAGGEN

13 - 15 DECEMBER
14:00
OPERA HOUSE, MANDELA BAY THEATRE COMPLEX

STARRING BRENT NOMBOL, YONELA STOFILO, LIAM FLAATJIES & KUKULO MOINGI

BOOKINGS AND MORE INFO:
MARKET@MANDELABAYTHEATRE.CO.ZA
041 586 2256




WHERE WOMEN SET THE TONE FOR THEIR ARTISTIC FREEDOM IN COMEDY, DANCE, DRAMA, MUSIC AND POETRY

MANDELA BAY THEATRE COMPLEX PRESENTS

FEATURING ISAKHONO AWARD WOMEN IN ARTS FELLOW : NONDUMISO ZWENI

22 - 27 AUGUST 2022 @ 11:00 - 20:00 DAILY
@ MBTC THE BARN THEATRE + THE OPERA HOUSE

R30 FREE SHOW R60 DAY PASS R180 FESTIVAL PASS

TICKETS AVAILABLE @ MANDELA BAY THEATRE COMPLEX
FOR BLOCK BOOKINGS CALL: 041 586 2256




YIYO SUMMER PERFORMING ARTS FESTIVAL

13-16 DEC 2022

Featuring:
Isakhono Artist with Disability Fellow
REV PAT PASHA

13 - 15 DECEMBER: PANTOMIME WHACKY XMAS IN WHYVILLE
14 - 16 DECEMBER: OUTDOOR THEATRE
14 DECEMBER: AND HIS POETRY IN THEMOUSIQUE
16 DECEMBER: ISAKHONO ARTIST WITH DISABILITY
16 DECEMBER: IN CONVERSATION WITH ORN

FREE ENTRY

For more information, please contact Pat Pasha at ppasha@yiyofest.co.za



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PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	: Mandela Bay Theatre Complex
REGISTRATION NUMBER	: Gazette No: 486/4-6-2021
PHYSICAL ADDRESS	: Corner of John Kani Road and Winston Ntshona Street Gqeberha 6001 South Africa
POSTAL ADDRESS	: P.O. Box 1556 Gqeberha 6000
TELEPHONE NUMBER/S	: +27 41 586 2256
EMAIL ADDRESS	: arts@mandelabaytheatre.co.za
WEBSITE ADDRESS	: www.mandelabaytheatre.co.za
EXTERNAL AUDITORS	: Auditor-General of South Africa
BANKERS	: Standard Bank South Africa Investec Bank
COMPANY/ BOARD SECRETARY	: Ukhozi Transcribers and Secretaries

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
HR	Human Resource
MBTC	Mandela Bay Theatre Complex
MEC	Member of Executive Council
PFMA	Public Finance Management Act, Act 1 of 1999
SCM	Supply Chain Management
TR	Treasury Regulations

3. FOREWORD BY THE CHAIRPERSON



Ms. Palesa Kadi
Council Chairperson

The Mandela Bay Theatre Complex, MBTC, was declared as a Schedule 3A public entity on 26 May 2021, and gazetted on 04 June 2021. The call for the new Council was issued in October 2021. The entity became operational as a declared institution on 01 April 2022 with the new Council appointed on 02 June 2022. The new Council met for the first time on 27 June 2022 at the Induction workshop conducted by the shareholder, the Department of Sport, Arts and Culture, DSAC. In July 2022 the Council held its first meeting to approve the

2022/23 Quarter 1 report for submission to the DSAC and National Treasury. This was the first challenge for the new Council, approving financial records, expenditure and implementation of programmes for a period that you were not yet in existence. As duty calls, we had to fulfil what we signed to.

Immediately Council realised glaring gaps in the strategy and the cost of implementation. We inherited an NPC which by law all its liabilities and assets in whatever condition they were in had to be incorporated. Our observation was that the resources available for the transition did not match the task at hand.

High level overview of the public entity's strategy and performance

The second quarter report shown over-expenditure. We had to institute a review which equipped management to focus on compliance and Council to monitor the environment to reduce potential repeats. During this instance Council became aware of inherent risks and further sought a comparative study of the other performing arts institutions and benchmarking. The results showed that Council had to take

drastic measures to reduce the risks. The pointers also directed Council to further seek the attention of the shareholder as the cost of establishing an entity required more resources and a strategy that will ensure a healthy and functional entity as well as see it through as a sustainable theatre. It was impossible to alter the strategy mid-term, but we had to pause some of the programmes to lessen the financial pressures. MBTC is the only such public entity in the entire Eastern Cape, therefore its functionality or lack thereof bears a tremendous impact on many people.

Strategic Relationships

The first strategic relationship established was through a Council and staff introduction engagement.

Challenges – fixing an aeroplane whilst on air

The challenges faced by this inaugural council are immense and incomparable to the tasks ahead. Council has weighed the available resources against the expectations of the sector which is largely based on gig economy. The main focus has

been on establishing systems, compliance and a commitment to transparency and accountability with public funds. As we arrived in July 2022 the critical executives like the Chief Finance Officer had resigned and relocated to Canada. The only executive was the CEO. There was no Audit and Risk Committee, Internal Auditors neither did we have a company secretary, a serious governance risk which Council mitigated and outsourced the required services, employed a CFO and sought independent and quick-witted members for the ARC. By the end of the second quarter Council established the Council Committees for Artistic Education and Development, a core business oversight committee, and the Corporate Services, responsible for administration and financial oversight. With the Accounting Officer we had managed to recruit a new Chief Financial Officer, an Office Manager in the CEO's office, HR Manager and Marketing personnel. The appointment of the Internal Auditors and the Audit and Risk Committee gives Council the required combined assurance. In the third quarter we had recruited the Company Secretary and formulated new policies which were

benchmarked across the DSAC entities and approved in quarter four. The most challenging aspect that this Council is facing is dealing with the winding up of the NPC and carefully managing every aspect related to that process.

The strategic focus over the medium to long term period

In the medium term we are committed to ensuring that systems are built, more policies are developed and adopted, and programmes are aligned. These focal points are the bedrock for building a sustainable institution. In the long term we must make sure that the institution is able to complement the appropriated allocation through reliable approaches that will garner support from different sources. Now that we have sailed through the transitional year, we have to set the tone for a new vision towards 2030. To attain this Council shall engage strategic partners both in the Eastern Cape and across the country. Without doubt our foundational existence of venue use cannot rely only on expecting audiences to reach us by solely coming to our venues. The world has moved to the virtual world. We therefore

have to balance the two realities to push the institution for relevance both ways.

We are the first to admit that we have not built proper relations with other leading institutions in our immediate environment, key amongst them is the Nelson Mandela University, Rhodes University, South African Cultural Observatory and the National Arts Festival in Makhanda. As part of the new Vision 2030 that we shall adopt in 2023 Council will pronounce very clear on how we shall work with these partners to leverage on their skills to complement our bias and dedication to performing arts.

Acknowledgements

The level of maturity of my fellow Council members has been the strength in governing this newly established public entity. The concomitant audit and risk assurance by the independent members is a reassuring link between the Council and the management. We acknowledge that we have a small-size staff compliment, we expect that its alignment of administrative imperatives and governance remain committed and responsible for assisting Council to dispose its responsibility the same way as all other entities in its space.

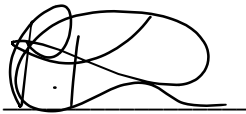
This we shall attain by engaging with the shareholder and other strategic partners like DSRAC and NMBM. We would like to thank former Minister Nathi Mthethwa for giving birth to a new child for the Eastern Cape to revive and keep the tradition of storytelling.

Council welcomes Minister Zizi Kodwa's relentless support in building a solid performing arts home for Eastern Cape.

As this Council we are assured of support from DSAC and will continue working together into a promising future.

As a collective we would like to thank the previous Board of the Port Elizabeth Opera House NPC who ushered the institution into the current status. They left us with a

130-year-old asset that we have to build for future generations. We are committed to the Artists and audiences of the Eastern Cape, the MBTC being in Gqeberha is determined to ensure that it is felt, accessible and reach out to all the people of the Eastern Cape.



Ms. Palesa Kadi
Council Chairperson
Mandela Bay Theatre Complex
30 June 2023

COUNCIL MEMBERS



Ms Palesa Kadi
(CHAIRPERSON)



Prof Mcebisi Ndletyana
(DEPUTY CHAIRPERSON)



Mr Comfort Nabane
(COUNCIL MEMBER)



Mr Gcinibandla Mtukela
(COUNCIL MEMBER)



Ms Nonceba Shoba
(COUNCIL MEMBER)



Judge Irma Schoeman
(COUNCIL MEMBER)



Mr Mbasa Metuse
(COUNCIL MEMBER)



Mr Suren Maharaj
(COUNCIL MEMBER)



Dr Olwethu Siphuka
(COUNCIL MEMBER)

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



2022/23 was the maiden year for the Mandela Bay Theatre Complex operating as a Schedule 3A public entity of the Department of Sport, Arts and Culture. Quite a contradictory disposition for an institution that prides itself as the longest running theatre in Afrika since 1892. A born-again centurion. It was for the first time in many years the institution had a guaranteed financial support for operations and a first time to do so within the rigid confines of an uncompromising regulatory framework. The first time when Artists had hoped for a source of income. Looking back to the year it can only be referred to as a year where all that was achieved had the potential to collapse

unless compromises, limitation of haste and breaking of hopes and hearts all at once became synonymous with the transitional phase. Getting to the end of 2022/23 was an adventure, a bouquet of mixed emotions, a great experience all the same.

There was little research done to understand both the enormity and impact of the regulatory strictures towards the declaration. Presumably, even if there was such scoping and informed research it would have mattered less when actual implementation had to be undertaken. MBTC transited from being an NPC into a Schedule 3A entity with a culture of hosting its own programmes that were funded through grants from the Eastern Cape's Department of Sport Arts and Culture (EC-DSRAC) and the Nelson Mandela Bay Metropolitan Municipality (NMBM). These were implemented by an institution with fewer staff members and a Board that was serving on voluntary basis. The focus was on trying all out to please an Artist. The money was little but the environment was promissory to producing creative work. The transition was a complete change of environment where there is little emphasis on producing but more on compliance to

an extent of cancelling a production if adherence to rigours of regulation is not fulfilled to the letter.

As a result, in accordance with the status, the entity had to establish all peremptory levers of compliance, recruit experts to assist to decipher and ease the compliance regime and set up governance structures to safeguard the public mandate of the institution. By the end of the financial year all these were met yet not without still a need for more to ensure comfort and reliability. Inevitably artistic output had to be compromised due to the uncompromising requirements of compliance as well as inadequacy of financial resources. This is going to continue for a year or more before stability prevails. The previous partners, EC-DSRAC and NMBM could not alleviate the constraints for different reasons, first EC-DSRAC rechannelled its funding focus to a province wide development with the MBTC as an implementing agent. While the NMBM had to contend with coalition governance volatility which resulted in a complete halt on fulfilling its obligations to the institution. What further compounded the role as an implementing agent was that the projects owner was implementing its

own new service delivery model that it was testing for the first time in 2022/23.

After quarter two the prevailing wisdom necessitated discontinuing of programmes. As one Council member aptly quipped, “we seem to be feeding a Grade 12 Curriculum to a Grade R learner”. Simultaneously, there was a set of three programmes to implement, namely mandated institutional performing arts programmes, infrastructure development and maintenance and thirdly serving as an implementing agent for a third-party’s projects. The centre would not have held if certain activities were not discontinued, learn and adopt to the new environment, build and be familiar with new systems, build a new culture rapidly, build relations between the new Council, new staff and old staff. The coarseness of the road becomes central only when failure has overcome all who dared it. But when we have all surpassed it, despite casualties, the process becomes both a fulfilling experience and a reservoir for valuable lessons to take you to an informed future. The institution prevailed.

MBTC would be nothing without its failures; failure to live up to the expectations of the performing arts

industry. Rejigging the institution does not imply aborting the dream. The newly arranged institution is poised for new partnerships, reliable programming and fulfilment of a mission to better serve the performing arts, particularly in the Eastern Cape. The infrastructure development programme, through formidable SCM have been properly positioned by the end of the financial year, ready to be implemented with speed and limited disruption. Partnership with local SMMEs is managed properly through a consultative engagement laced by mutual respect to ensure local beneficiation within expected standard norms and regulations. Partnerships and empowerment of artists is going to result in collaborative production regime where both the institution and independent producers will find value in each other.

MBTC as a cultural institution will not escape the criticism that all such institutions are subjected to, labelled as ineffective public purse consuming self-serving with little output for the sector hogs. However, that may be a long-held perception, the reality is that there is more that needs to be done to unlock the financial potential of the institution. This

will be done through a self-income generating strategy that is a mixture of widening the public appeal, providing value to independent and private content and entertainment creators as well as closer partnership amongst performing arts institutions.

As the management and staff of MBTC we appreciate the support and dedication of the new Council and the Audit and Risk Committee members in ensuring that their different skills and vast experience veer the institution through turbulence towards its full potential and purpose. We have been fortunate to recruit individuals who have embraced both the history and public good on critical management positions blending them with the long-dedicated team to whom seeing a good production on stage is the most fulfilling experience. All efforts to build a united team will be employed. During the transitional period the Department of Sport Arts and Culture, DSAC, has shown a tremendous leadership, care, guidance and tolerance to us. We can only reciprocate that to the sector. The National Treasury has offered its guidance and precision at all times. The unassuming interaction with the Auditor-General is both a frightening and empowering

experience. The EC-DSRAC's unwavering faith to MBTC is an overwhelming confidence booster even at times when we have an intense perception of ourselves in implementing their programmes as a weak link. Our links to the seventeen Eastern Cape Community Arts Centres is a constant reminder that if we fail, we will be failing so many other institutions. Our partnership with the NMBM shall endure all the challenges that the current environment exposes us all to. We are comforted by the continued entrenchment of our relations

IDP after IDP. We shall maintain our posture in the centre of the inter-departmental relations. To the Artists of the Eastern Cape this is just a dream deferred, MBTC is engrained to the spirit of Winston Ntshona, John Kani, Athol Fugard, Nomhle Nkonyeni and Zim Ngqawana. 2022/23 was the first step of infancy an indication of firm purpose towards the bright future.



Mr. Monde Ngonyama

Chief Executive Officer

Mandela Bay Theatre Complex

30 June 2023

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

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by 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 E) have been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to the public entity.

Yours Faithfully



Mr. Monde Ngonyama
Chief Executive Officer
Mandela Bay Theatre Complex

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control 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.



Ms Palesa Kadi
Council Chairperson
Mandela Bay Theatre Complex

6. STRATEGIC OVERVIEW

6.1. Vision

The leading producer of excellence and job creation for performing arts in the Eastern Cape.

6.2. Mission

Responsible and accountable institutional management.

Partner with local, provincial, national and international individuals and institutions.

Stimulate creation of decent jobs for the performing arts sector.

Produce qualitative and perdurable artistic works. Nurturing of talent for excellence

6.3. Values

Leadership: the courage to shape a better future

Integration: committed to urban-rural development and unity among societies

Collaboration: leverage collective will

Integrity: be real

Accountability: if it is to be, it is up to us

Diversity: as inclusive as our programmes

Passion: committed in heart and mind

Quality: what we do, we do well

Loyalty: She looks after me, I look after her.

Teamwork: One for all, all for one

7. LEGISLATIVE AND OTHER MANDATES

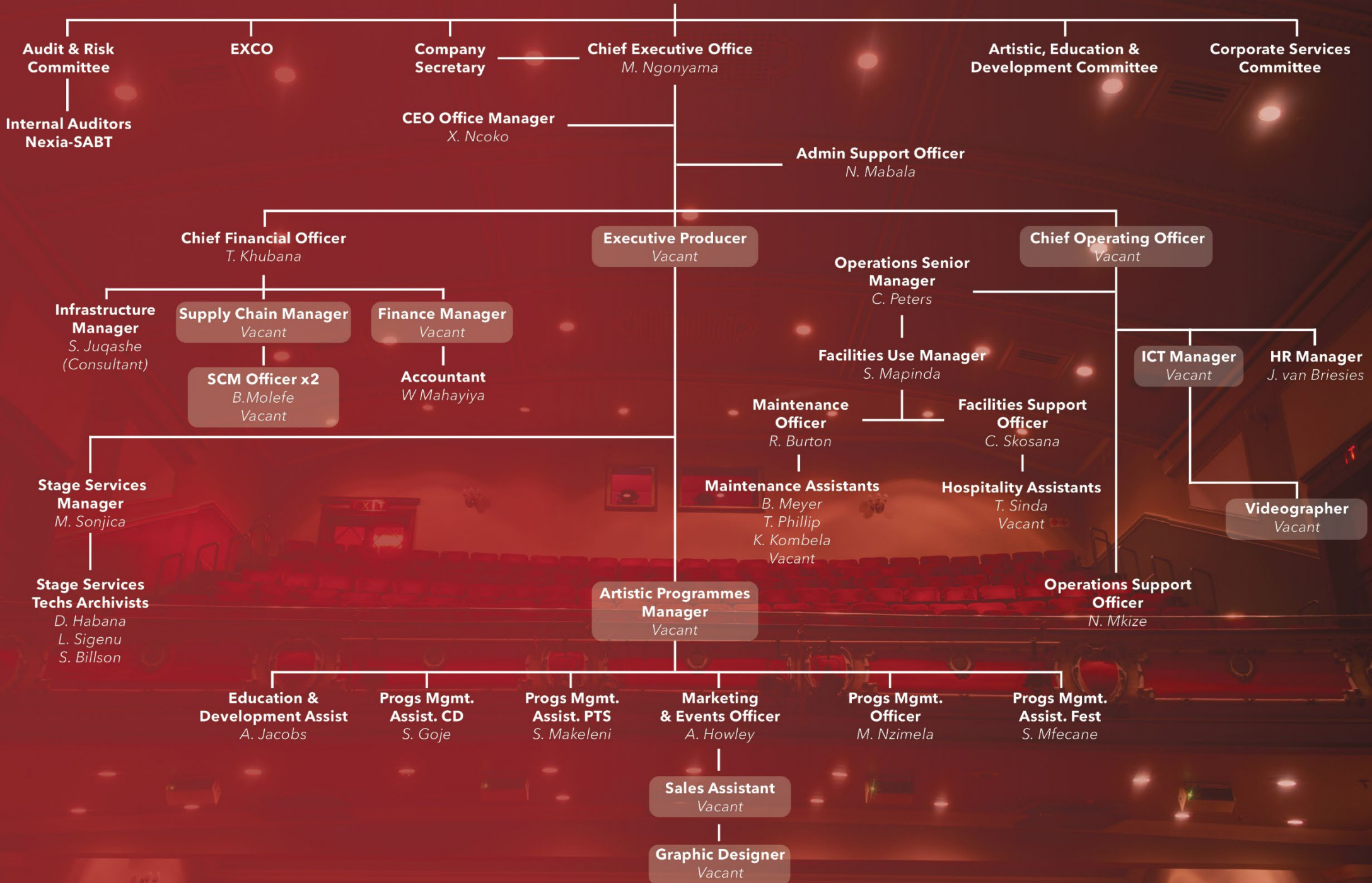
The Mandela Bay Theatre Complex (MBTC) is a schedule 3A public entity accountable to the Executive Authority, the Minister of Sport, Arts and Culture (DSAC), and Parliament in terms of financial, and performance management as required by legislation.

The MBTC is bound by all legislation passed in South Africa; however, the following acts, bills and regulations constitute the most frequent dimensions of the legal framework within which the MBTC functions.

Acts

- Constitution of the Republic of South Africa
- Cultural Institutions Act (No. 119 of 1998)
- Public Finance Management Act (No.1 of 1999) (PFMA)
- Treasury Regulations and Division of Revenue Act, 2010 (Act No. 1 of 2010)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Occupational Health and Safety Act, 1993 (Act No. 59 of 1993)
- Revised White Paper for Arts, Culture and Heritage of 2018
- Culture Promotion Act (No. 35 of 1983)
- National Archives and Record Service of South Africa Act (No. 43 of 1996)
- National Arts Council Act (No. 56 of 1997)
- National Film and Video Foundation Act (No. 973 of 1997)
- National Library of South Africa Act (No. 92 of 1998)
- National Sport and Recreation Act (No. 110 of 1998 as amended)
- National Heritage Resources Act (No. 25 of 1999)
- Cultural Laws Amendment Act (No. 36 of 2001)
- Cultural Laws Second Amendment Act (No. 69 of 2001)
- Use of Official Language Act (No. 12 of 2012)
- South African Language Practitioners Council Act (No. 8 of 2014)
- King Code IV: Report on Corporate
- Governance for South Africa 2016
- Preferential Procurement Policy Framework Act.
- Promotion of Access to Information Act.
- Promotion of Administrative Justice Act.
- Municipal Finance Management Act (MFMA)
- Municipal Systems Act
- Nelson Mandela Bay IDP 2021-2026
- Public Service Act and Regulations.
- Skills Development Act,
- Skills Development Levies Act
- South African Qualifications Authority Act
- Companies Act
- Industrial Policy Action Plan
- National Development Plan

MBTC COUNCIL





PART B: PERFORMANCE INFORMATION

1. OVERVIEW OF PERFORMANCE

1.1 Service Delivery Environment

The Mandela Bay Theatre Complex, MBTC, operated as the Schedule 3A for the first time in the year 2022/23. This status necessitated establishment of the systems which would enable the institution to fulfill its primary obligation which is to accurately account for every expenditure on funds received. Transitioning from an NPC environment into the PFMA environment was a cultural shock to those who have never been exposed to this legislation, equally the transition was a shock to those who have been exposed to the PFMA regime. Service providers were not used to compliance with CSD requirements so are the artists whom strictures always pose a challenge. This struggling to adapt by both old staff members and the service providers and artists caused tensions which at first could be described as resistance, but fortunately later dissipated as the new vision sunk to all those who set to benefit from the institution.

In order to earn additional income the institution has been implementing the projects of the provincial Department of Sport Recreation Arts and Culture over the years. This was easily done as the NPC however it proved a challenge as every item had to be procured using the SCM regulations. The previous process was quick to implement based on the fact that the general environment of the arts in the Eastern Cape is semi-professional and largely community based. The change led to delayed payments as balance and checks had to be observed. The transition proved that the solution to most of the challenges are long-term planning by all involved in the value-chain as well as continuous education by the MBTC partnering with all relevant departments and civic individuals and companies.

We could not implement all the programmes that were identified and approved in the beginning of the year.

1.2 Organisational environment

MBTC fulfills the mandate of the Department of Sport Recreation Arts and Culture to develop, promote, and preserve performing arts as a performing arts institution. The appropriated funds were sufficient only for the operations of the institution. However, through a special grant from DSAC the MBTC was able to provide employment for fourteen unemployed performing arts graduates who hail from across the Eastern Cape including rural areas. These incumbents received various skills that they can use in the sector including stage technical skills, administration basic skills as well as knowledge to use mobile devices to produce online content.

Partnership with the provincial Department of Sport Recreation Arts and Culture enabled the MBTC to work with seventeen Community Arts Centres spread across the Eastern Cape in their various programmes that they conduct at the respective centres. These provide employment and chance to showcase their creations. The partnership with DSRAC further saw the MBTC implement critical district festivals, namely Komani Jazz Festival (Chris Hani District), Sondela Youth Festival (Joe Gqabi District) and Maskhandi Traditional Music Festival (Alfred Nzo District). One of the most highlights was MBTC being an implementing agent for the DSAC – DSRAC two Eastern Cape's flagship programmes which are Isingqisethu Cultural Festival held in Port St John's (OR Tambo District) and the Provincial Arts and Culture Awards held in East London (Buffalo City Metropolitan). These projects provide income to a number of Artists in various parts of the Eastern Cape ensuring that the government services benefit many people and their families. Equally, MBTC

generates much needed income from these programmes through the administration fee.

1.3 Key policy developments and legislative changes

There were no legislative changes that had an impact on the MBTC. However, the institution developed and approved ten (10) policies during the 2022/23 financial year as detailed below.

MBTC Policies approved on the 09 March 2023.

1. Artistic Programmes Management Policy and Procedure
2. Council, Council Committees and Audit and Risk Committee
3. Delegation of Authority Policy
4. Fraud Prevention Policy
5. Human Resources Policy and Procedures

6. Marketing Policy and Procedures
7. Policies and Procedures Style Sheet
8. Travel and Subsistence Policy

MBTC Policies approved on the 30 March 2023.

1. Finance Policy
2. Supply Chain Management Policy

1.4 Progress towards achievement of institutional Impacts and Outcomes

INSTITUTIONAL STRATEGIC PROGRAMMES

The following are MBTC's three Strategic Programmes:

- Administration
- Business Development
- Public Engagement

Strategic Outcome Oriented Goals		Progress Made towards Achievement of Goals
ADMINISTRATION	To adhere and observe to letter all Laws, Regulations and Legislation within which our institution operates key amongst them being Revised 2018 White Paper for Arts and Culture and Heritage, the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA.	Ensure compliance with applicable Laws, Regulations and Legislation. The entity was declared in June 2021 and is an entity in transition. It has developed and approved organisational compliance policies during the 2022/23 financial year. These include artistic policies that would enable the entity to bring value to the core mandate of the entity which is supporting and developing the Eastern Performing Arts sector.
	To augment State Funding by attracting commercial users for facilities, private sector partnership, international exchange and producing works that the audiences will be willing to pay for thus earning income to supplement operations of the institutions.	Accumulate income from commercial activities like yet not limited to Venue Rentals Ticket Sales, Co-production, Touring, Educational Programmes, Dance, Health Lifestyle Membership, Fundraising, and other paraphernalia. The entity managed to generate revenue from venue rentals as reflected in the AFS. It has also received Infrastructure Budget Allocation from DSAC for the upgrade of its facilities. It is envisaged that once the infrastructure project for the state-of-the-art building is completed, MBTC will be able to offer quality services to the community on a larger scale. MBTC further partnered with the DSAC and DSRAC as an implementing agent of its programmes, where revenue was generated and ploughed back to the sector.
	To maintain our Historic Theatre facilities which are a base for our Artistic goals by ensuring they continue	Guarantee assets durable functionality and sustainability Through the funding received from DSAC Infrastructure Unit, MBTC will be able to maintain its facilities for the future generation.

	to exist for generations to come.	
BUSINESS DEVELOPMENT	To acquire or commission from independent productions and produce internal productions which translates to excellently developed Performing Arts productions.	Present acquired and Performing Arts productions. The institution has partnered with revered thespian, writer and director Dr John Kani in co-producing Kunene & The King staged at the institution. It further collaborated with Germany based theatre Landesbuhne Gmbh in producing institution not only positions itself amongst excellence moreover produces well rounded artists as well as creatives who have been employed.
	To inherently align us with the Community Arts Centre and devise a coherent advocacy strategy thus creating a symbiotic relationship which will benefit the Creative Industries.	Impart administrative knowledge and artistically empowerment to Community Arts Centres while simultaneously advocating for performing arts to be part of the centre that contributes towards human and economic development. MBTC through its partnership with DSAC and DSRAC for the implementation of programmes to 17 community art centres located in the various districts of the Eastern Cape Province. The programmes included the following artforms; Dance, Drama, Music, Craft, Visual Arts, Languages.
	To promote and expand our content appreciation and consumption by providing for diversified audiences through the Audience Development Policy.	Build loyal audiences while growing and grooming new diverse consumers of theatre and our programmes. MBTC has developed its marketing policy which will assist with audience development. Due to the location of the MBTC Theatre, which is riddled with crime and lack of sufficient security, MBTC is engaging with the Nelson Mandela Bay Municipality to consider cordoning off the street for added security measure.
PUBLIC ENGAGEMENT	To offer developmental platforms for aspirant and emerging performing arts practitioners empowering them in Creative Skills, Business of Arts Skills, Digital Innovation Skills and Technical Skills thus ensuring they withstand the challenges of the industry and contribute meaningfully to the economy.	Provide training and development to emerging performing artists and equally in-service those with long service in the industry. MBTC's Performing Arts Graduates Incubator (PAGI) which provides employment opportunities to 14 unemployed graduates collaborated with NEMISA (National Electronic Media Institute of South Africa) for training and capacitation of the PAGI recipients on use of mobile devices as tools for content creation for online platforms.

2. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

MBTC is entrusted with the responsibility of managing and sustaining an institution, as well as developing, producing and devising performing arts support and content in the Eastern Cape, to allow for the representative contribution in crafting social cohesion across different communities. Its operations are derived from the shareholder delegation and are organised around the following three programmes:

Programme 1: Administration

Programme 2: Business Development

Programme 3: Public engagement

3.1. Programme 1: Administration

3.1.1 Purpose of the Programme

The main purpose of this programme is to enable the MBTC to comply with the applicable laws, regulation and legislation so that an unqualified audit opinion is obtained which provides current and potential funders with the assurance that internal controls are in place and that their donations and sponsorships will be managed in terms of the conditions applicable, and in terms of the PFMA.

Secondary purpose of this programme is to provide the MBTC with core support services, including administrative, financial, human resources, communications and marketing. Financial sustainability is vital as it will enable the MBTC to cover its administration costs and prioritise activities

in order to achieve its mandate. Financial sustainability also ensures the survival and continuity of the organisation in the long run. Striving for financial sustainability will encourage effective and efficient planning.

3.1.2 Institutional outcomes that each programme contributes towards

The programme aims to achieve the following MBTC outcomes:

- Revenue generated from commercial activities.
- Incisive Infrastructure Maintenance and Servicing.
- Good governance and compliance with applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA.

The performance of MBTC over the period under shows that MBTC programmes – festivals and artistic productions had the potential to generate much of income. Although the target for ticket sales, venue hire, and costume hire were low, the entity did manage to generate revenue from project management fees levied on managed programmes. To his end, own revenue reported for the financial year was about R. Although conditions assessment was done, there a need for the entity to bolster effects for management of its facilities. A unique visitor experience can be achieved through the uses of the facilities that carry significant milestones in the life of certain community(ies). Similarly, such building must be well maintained. MBTC will in the new financial year will seek to hire the services of facilities management service providers. While the entity is small, its compliance universe is same as that of an institution.

In this regard, MBTC has developed critical policies which if implemented properly will enable the entity to comply with the legislation. At the end of the financial year, 10 policies were already approved for immediate implementation. This is a significant milestone in MBTC as it sets the right tone of control environment, thereby ensuring that there is a sound system of internal controls upon which to build during 2024/25 financial year. Lastly, as part of MBTC's strategy for local beneficiation, MBTC has resolved to procure certain services from artists (beyond the stage), while at the same time local SMMEs, especially those owned by people of vulnerable groups (youth, indigenous people, and women) will benefit from major/infrastructure procurement.

Strategic Outcome Oriented Goals	How the performance contributed to the achievement of strategic outcomes orientated goals
Improved governance and control environment	The achievement of this goal ensured that the institution manages the resources entrusted to it and accounts for them as desired.
Improved facilities	This was not achieved in the current year since the institution was focused on putting systems in place. However the framework was laid through appointment of experts, namely the Architect, Sound Engineer, Lights Engineer, Quantity Surveyor and Acoustics Specialist. Specifics for the procurement of service providers was completed and the funds were committed for the acquisition of lights while furniture to enable ideal operations of management were purchased.
Improved organisational and staff performance	Qualified and specialist staff members were successfully recruited and employed, those are the Chief Finance Officer, the Supply Chain Manager, Supply Chain Officer, the Accountant and the Compliance Manager in the Office of the CEO. These help to ensure that the institution is able to respond to the regulatory framework.
Improved generation of own revenue	The MBTC managed to exceed its target of generating its own income for the year through its Project Management capabilities.

3.1.3 Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objectives		Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement for 2022/2023	Comment on deviations
1	To ensure compliance with applicable Laws, Regulations and Legislation		<p>All applicable I King IV principles met 100%. 100% ethical culture demonstrated by Board and all management levels. < 1% conflicts of interest at Board and Management levels</p> <p>100% Compliance with applicable PFMA, MFMA, PPPFA and Treasury Regulations.</p> <p>< 5 findings AG on noncompliance with PFMA, Treasury Regulations and GRAP < 2 Audit Findings on noncompliance with GRAP</p> <p>100% Compliance with applicable BCEA, LRA, EEA, and OHSA and Regulations 0% of matters referred to CCMA are found to be procedurally unfair. 0% of Health and Safety matters attributed to negligence or dereliction of duty on part MBTC</p>	The critical legislations such as PFMA, Treasury Regulations, BCEA have been maintained.	Compliance to the applicable legislation has not been 100%	During the ensuing financial year, MBTC will ensure that the all-relevant legislation receive priority.

3.1.4 Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Applicable Laws, Regulations and Statutory Legislation including the PFMA, Treasury Regulations and the LRA complied with.	Improved governance and control environment	Percentage of previous year's audit findings addressed.	-	-	80%	0%	(80%)	2022/23 is the first financial year of MBTC since declaration. Without audit baseline, this indicator will be measurable during 2023/24 financial year.
		Percentage of high-residual risk addressed in the risk register.	-	-	80%	0%	(80%)	A register has been developed during the third quarter and some of the action plans had not been implemented during the final quarter. Comprehensive Risk Assessment workshop will also be performed in Q1 in order to enable MBTC to develop risk management strategy

								that will assist management in tracking progress of implementation. This process will be concluded in second quarter.
		Quarterly and Annual Financial & Performance Information Report submitted timeously to relevant authority.	-	-	5	4	(1)	The Quarterly Performance Report was submitted to both the Department of Sport Recreation Arts and Culture as well as the National Treasury. 2022/23 is the first financial year of MBTC since declaration, the Annual Report was not submitted for 2021/22 hence the variance.
		Number of organisational policies reviewed and approved.	-	-	5	10	5	10 policies were approved by the Council as management had to prioritise the establishment of systems of internal control.

Buildings and assets maintained and upgraded.	Improved facilities	Percentage of scheduled maintenance plan targets achieved.	-	-	80%	0	(80%)	The Maintenance Plan will be developed during the new financial year by the end of the second quarter based on conditions assessment report, report of the walkthrough conducted and mandatory compliance matters. There was no facility management company hence the target was not achieved.
		Number of capital projects implemented.	-	-	2	2	0	The following projects have been implemented: Office equipment Lighting in the Barn Theatre and the Main Theatre
Applicable Laws, Regulations and Statutory Legislation	Improved organisational and staff performance	Percentage of HR plan targets achieved.			80%	53.75%	(26.25%)	Performance Appraisal have not been completed as MBTC is in the process of developing proper system for PMDS by the

including the PFMA, Treasury Regulations and the LRA complied with.								end of the of fourth quarter of 2022/23. However, in the first quarter of 2023/24 this would be concluded. Recruitment for critical vacancies has been slower than anticipated. Competency gap and development program in progress.
Revenue generated from commercial activities.	Improved generation of own revenue	Amount of own revenue generated.	-	-	R0.910 million	R2.193 million	R1.283 million	Through self-income generation efforts MBTC undertakes Project Management of other departments which is a show of confidence to the institution. The revenue generated was from Project Management Fees.

Three of eight output indicators were achieved. Overall, for the financial year under review, Programme 1: Administration achieved 37.5% of the applicable targets. Most of the targets that were not achieved were due to lack of funding and lack of capacity of the institution to carry out certain task based on the maturity (since MBTC is at infancy stage).

3.1.5 Linking performance with budgets

Programme/activity/objective	2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000
Expenditure	R8 012 000	R26 244 143	(R18 232 143)
Total	R8 012 000	R26 244 143	(R18 232 143)

3.1.6 Strategy to overcome areas of under performance

Performance for programme administration has been affected by several issues, most of which include lack of human resource capacity and budget constraints. In order to ensure that the APP targets are achieved going forward, management has developed the following strategies:

To ensure compliance with applicable Laws, Regulations and Legislation

MBTC will continue to monitor compliance with relevant legislation through development of a compliance matrix. This matrix will be monitored by the Internal Auditors for assurance purposes.

Percentage of previous year's audit findings addressed

MBTC is undergoing its maiden audit for 2022/23 financial year in its new form as a public entity. The audit action plan will accordingly be developed immediately after the audit. Monitoring of the plan will take place effective, from the third quarter of 2023/24 financial year. The internal auditors will validate the progress in order to provide assurance to the Audit and Risk Committee as well as the Council.

Percentage of high-residual risk addressed risk register

In its maiden financial year, MBTC was able to develop a risk register during the third quarter. In order to ensure that the culture of risk management is inculcated throughout the institution, Risk Workshop has been earmarked to take place during the first quarter of 2023/24 financial year. This will enable management to manage the risk organisation wide, with internal auditors also being able to develop a risk-based plan.

Percentage of scheduled maintenance plan targets achieved

The performance of any performing arts institution is heavily dependent on available of a facility that is suited for performing different art forms. Being one of the oldest theatres in Africa, maintenance of the facilities remains a priority. MBTC will develop a maintenance plan during the ensuing financial year based on condition assessment and will ensure that maintenance works are carried out per procurement plan and maintenance plan to ensure that the relevant target is met.

Number of capital projects implemented

Although the entity has been able to procure office administration assets, there has been a backlog in relation to upgrades and replacement of assets at the Theatre. These upgrades include replacement of the roof, installation of generator, and installation of lighting, sound and virtual equipment. Procurement Plan has been developed and will be monitored to ensure that delivery takes place timely. In addition, there are some work packages earmarked for beneficiation of local SMMEs. This will help to speed up procurement in some areas.

In order to address bid evaluation and adjudication challenges, which have resulted in process being restarted, MBTC will partner with Eastern Cape Department of Public Works, Provincial Department of Sport, Recreation, Arts and Culture as well as other institutions. Consulting engineers have already been appointed to review their specifications to improve the responsiveness of bidders. In addition, MBTC be rebranding its adverts by including the logo of DSAC to increase legitimacy.

Percentage of HR plan targets achieved

The Council of MBTC, supported by management has resolved that all critical vacancies should be filled within a maximum of three months. This will assist the institution to improve productivity throughout the institution. Capacity building initiatives will also be prioritised to upskill staff with requisite skills suited for a public entity. Budget for these interventions has been set aside and will ensure that targets relating for implementation of HR Plan is achieved during the ensuing financial year.

3.2 PROGRAMME 2: BUSINESS DEVELOPMENT

3.2.1 Purpose of the Programme

The purpose of this programme is to stage productions and present exhibitions in keeping with the objectives of the Mandela Bay Theatre Complex.

The MBTC’s vision is to create a platform for emerging arts practitioners and so enrich the collective arts and culture experience. The various MBTC programmes encompasses development, inclusivity, and outreach. Participants are given opportunities to develop and showcase their skills through workshops, mentorships and productions. The programmes that have been presented to date have contributed greatly to youth development, social cohesion, job creation and nation building. The programmes continue to have an impact on both those that participate and those that attend the performances. It is important to continue to create opportunities, through the arts, for everyone.

3.2.2 Institutional outcomes that each programme contributes towards

Strategic Outcome Oriented Goals	How the performance contributed to the achievement of strategic outcomes orientated goals
Sustained showcasing of performing arts practitioners through staging of shows	Women in Arts Manyano is a festival that mainly solicit productions from women. This festival ensured that women received limelight and earned income. Amongst these groups was the production of a blind artist. MBTC produced Isakhono Performing Arts Awards, through a public call, and selected seven artists who were provided resources to ensure they produce works of high standard. Two female producers and a disabled producer were also awarded. These artists created employment for other artists.
Increase in theatre patronage	Through the Mandela Bay Jazz legacy Festival, Women in Arts Manyano, Night of Voices and Udaba Dance Festival, audiences showed massive appreciation of MBTC programmes. This is an encouragement to producers, ensuring that they have a reason to produce more, knowing that the people will attend their showcases.

3.2.3 Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objectives		Annual target 2022/23	Actual Performance	Variance	Status	Comment
1	Present acquired and internal Performing Arts productions.	27	21	(6)	Not Achieved	There was no production (programmes) during the final quarter due to lack of budget. MBTC instead focused on managed programmes or programmes that we implement on behalf of the partners like EC Department of Sport Recreation Arts and Culture. In future, MBTC will also ensure that alternative revenue generation strategies are undertaken during the 2023/24 financial year.

During the 2022/23 financial year, a moratorium was placed on productions and festivals particularly in the fourth quarter. This decision was meant to improve the cash flow of the institution, which is a consequence of underfunding. To achieve financial sustainability, from time-to-time management has had to make such decision much as they are not ideal to the sector.

This programme achieved 50% of the targets (output indicator) applicable for the financial year. The improvement in hosting of programmes will improve once the upgrade and maintenance works at the Theatre are complete. Meantime, MBTC will focus on producing its works through productions and receiving productions that are ready for consumption by the audience.

3.2.4 Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

Programme 2: Business Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Showcasing of performing arts practitioners through staging of shows	Sustained showcasing of performing arts practitioners through staging of shows	Number of productions staged per year.	-	-	21	15	(6)	There were no productions for programmes during the final quarter due to lack of budget. MBTC instead focused on managed programmes. In future, MBTC will ensure that alternative revenue generation strategies are undertaken during the 2023/24 financial year.
Theatre patronage increase	Increase in theatre patronage	Number of festivals staged per year.	-	-	6	6	0	Target achieved.

This programme achieved 50% of the targets (output indicator) applicable for the financial year. The improvement in hosting of programmes will improve once the upgrade and maintenance work at the Theatre are complete. Meantime, MBTC will focus on producing its works through productions and receiving productions that are ready for consumption by the audience.

Below Is the List of Artists who Benefited During 2022/23 Financial Year

PRODUCTION	ARTIST NAME	GENDER	ROLE
Hoi'Na Poetry & Monologues	Luxolo Ngqunge	Male	Curator
	Khanyile Mgqwanci	Male	Performer
	Jennifer Ndlovu	Female	Performer
	Refiloe Thoane	Male	Performer
	Shafiq Kalumo	Male	Performer
	Siphokuhle Fefeza Hina	Female	Performer
	Siliziwe Jako	Female	Performer
	Nomaxhoba Mhlangabezo	Female	Performer
	Luyanda Madope	Male	Performer
	Alviro Petersen	Male	Performer
	Anele Penny	Male	Performer
	Luleka Mhlanzi	Female	Performer
	Fikile Makhubo	Male	Performer
	Neli Chita	Female	Performer
	Kush Mahleka	Female	Performer
	Lulama Funde	Male	Performer
	Vuyisile Semane	Male	Performer
	Siyabonga Ngcai	Male	Performer
	Zusakhe Zide	Female	Performer
	Thembela Kwini	Female	Performer
Live @ The Barn	Sizwe Yaze	Male	Curator
	Siyabonga Radu – Umle	Male	Performer

	Ziphozakhe Macuba - Ikati Esengxoweni	Female	Performer
	ZainSA	Male	Performer
	Thembani Jooma Mize	Male	Performer
	Zama Cameron Mbanga	Male	Performer
Mandela Bay Jazz Legacy	Thandiswa Mazwai	Female	Performer
	Melissa Allison Pinches	Female	Performer
	Vusi Nova	Male	Performer
	Zama Mbotho	Female	Performer
	Luyolo Yiba	Male	Performer
	Siki Jo-An Qwazi	Female	Performer
	Zuko Kupiso	Male	Performer
	Cowan High School	School	Performer
	Thulethu Mavuso	Female	Voice Trainer
	Bongani Tulwana	Male	Music Director
	Lubabalo Luzipo	Male	Music Director
Night of Voices	Unathi Ngqolombe	Female	Performer
	Thembani Kubashe	Male	Performer
	Mkhululi Gxasheka	Male	Performer
	Phikolomzi Mali	Male	Performer
	Mzwanele Maqosha	Male	Performer
	Unathi Ntlabati	Female	Performer
	Mbulelo Mrimba	Male	Performer
	Mthokozisi Mabuza	Male	Performer
	Mano Smith	Male	Performer
	Siyasanga Koyo	Female	Performer
	Libhongo Ntuli	Female	Performer
	Asanda Whiskey	Female	Performer
Seasons	Heidi Sampson – Faded	Female	Performer

	Xabiso Zweni - Foreigners Strangers	Male	Performer
	Bantu Jama - Foreigners Strangers	Male	Performer
	Anele Penny - Foreigners Strangers	Male	Performer
	Duma Ndlovu - The Game	Male	Performer
	Nobesuthu Rayi - The Game	Female	Assistant Director
	Zukiswa Cakucaku - The Game	Female	Performer
	Thokozile Ntshinga - The Game	Female	Performer
	Peggy Thunyiswa - The Game	Female	Performer
	Nombongo Mdingi - The Game	Female	Performer
	Nelisa Khala - The Game	Female	Performer
	Marcia Ntoni - The Game	Female	Performer
	Yolanda Gaqa - The Game	Female	Performer
	Sibabalwe Ngewu - The Game	Female	Performer
	Lilanga Soginga - The Game	Female	Performer
	AD Hans - The Game	Male	Performer
	Lubabalo Luzipo - The Game	Male	Performer
	Zukiswa Cakucaku - The Game	Female	Production Assistant
	Sigqibo Kutase	Male	Performer
Udaba Dance Festival	Mandilakhe Gwashu	Male	Performer
	Steven Chauke	Male	Performer
	Oscar Buthelezi	Male	Performer
	Phumlani Nyanga	Male	Performer
	Xolisile Bongwana	Male	Performer
	Lwazi Menemene	Male	Performer
	Sonwabiso Sakuba	Male	Performer
	Thulisile Binda	Female	Performer
	Nomaxabiso Rala	Female	Performer
	Luyanda Sidiya	Male	Curator
	Mninawa Mangweni	Male	Curator

	Nondumiso Msimanga	Female	Performer
	Simphiwe Sesanti	Male	Performer
	Gregory Maqoma	Male	Performer/Guest Speaker
	Ayanda Mhlambiso	Male	Performer
	Keren Banza	Male	Performer
Isakhono Awards	Rose Cowpar	Female	Business Support Fellow
	Zomzi Ntshona	Female	Project Assistant
	Gompo Arts Centre	Art Centre	Community Art Centre Fellow
	Rev Pat Pasha	Male	Disabled Fellow
	Simphiwe Vikilahle	Male	Theatre Fellow
	Nondumiso Zweni	Female	WIAM Fellow
	Vukile Pokwana	Male	Research Writing Fellow
	Feya Faku	Male	Jazz Fellow
Stage to Radio	Mthokozisi Mabuza	Male	Producer
	Edgar Muzah	Male	Producer
	Thandikhaya Magayiya	Male	Performer
	Nomabotwe Mtimkhulu	Female	Performer
	Thembelani Mbilini	Male	Performer
	Chimondelay Klassen	Female	Performer
	Thokozile Makhamba	Female	Performer
Udumo Schools Festival	Masasa Mbangeni	Female	Adjudicator
	Sharon Rother	Female	Adjudicator
	Nobesuthu Rayi	Female	Adjudicator
	Marelize Barnard	Female	Adjudicator
	Kwazakhele High School	School	Performer
	Masiphathisane Senior Secondary School	School	Performer
	Qaphelani High School	School	Performer
	Framesby High School	School	Performer
	Phakamisa High School	School	Performer

3.2.5 Linking performance with budgets

	2022/2023		
Programme/activity/objective	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000
Expenditure	R21 401 000	R17 118 698	R4 282 302
Total	R21 401 000	R17 118 698	R4 282 302

3.2.6 Strategy to overcome areas of under performance

Number of productions staged per year

The institution will be employing the Executive Producer during 2023/24 financial year to ensure business development aspects is properly resourced.

The repairs and maintenance to the MBTC Theatres will be undertaken through the infrastructure budget allocation received from DSAC, thus ensuring business continuity negative aspects are resolved. The self-generation income strategy will be developed during 2023/24 financial year to increase revenue prospects for the entity.

3.3 PROGRAMME 3: PUBLIC ENGAGEMENT

3.3.1 Purpose of the Programme

The purpose of the programme is to provide training and development to emerging performing artists and equally in-service those with long service in the industry. Additionally, the programme seeks to implement programmes to grow the business of the MBTC to audiences and to raise sufficient income to support the programmes of the MBTC.

3.3.2 Institutional outcomes that each programme contributes towards

Strategic Outcome Oriented Goals	How the performance contributed to the achievement of strategic outcomes orientated goals
Increase in the use of theatre facilities	Through ongoing engagements with independent producers and the sector by having public briefings both virtual and hybrid; and centralized public engagements. All the programmes of the institution endeavour to empower the previously disadvantaged, women and people living with disabilities.
Increase theatre patronage	By ensuring the staging of high-quality productions and festivals such as Night of Voices, Women in Arts Manyano & Udaba Dance Festival.
Performing arts practitioners developed	Through the programmes of the institution; the capacitation of creatives in the sector; through employment of external graphic designers, practising artists as stage managers, ushers, stage services support and stagehands.

3.3.3 Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objectives		Annual target 2022/23	Actual Performance	Variance	Status	Comment
1.	Provide training and development to emerging performing artists and equally in-service those with long service in the industry.	19	(22)	(3)	Over Achievement	The over achievement was a result of additional engagements held and skills workshop held for the benefit of the performing arts sector.
2.		1	-	(1)	Not Achieved	The entity did not achieve the target of number of items of creative content developed or distributed due to the lack of resources. However, in the outer years the institution intends to have an annual flagship production of

Strategic Objectives	Annual target 2022/23	Actual Performance	Variance	Status	Comment
					its own which will be made possible through employment of a videographer.

3.3.4 Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

Programme 3: Public engagement								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Theatre facilities use increased	Increase the use of theatre facilities	Number of engagements with potential clients.	-	-	4	4	0	Target achieved

		Number of items of creative content developed or distributed.	-	-	1	0	(1)	While MBTC provides opportunity for Independent Producers to stage their productions on our platforms through resources of MBTC, the entity has an obligation to produce a major production that it owns all the rights to it. This type of production requires to be started from Research and development to Rehearsal. It is an expensive exercise. We did not do this in 2022/23 due to the lack of resources. However, in outer years the institution has to have an annual flagship production of its own.
Theatre patronage increased	Increase theatre patronage	Number of engagements focused on performing arts industry.	-	-	4	5	1	Target achieved. MBTC in partnership with NMBM hosted the delegation from the USA, Jacksonville Players by the Sea in addition to planned targets
Developed performing	Performing arts	Number of skills	-	-	7	7	0	Target achieved.

arts practitioners	practitioners developed	trainings and development programmes conducted per year.						
	Performing arts practitioners developed	Number of skills workshops conducted.	-	-	4	6	2	Target achieved. Additional skills workshops which benefitted the performing arts sector were undertaken.

Number of engagements with potential clients.

Clients who expressed interest in partnering with the institution were engaged to ensure that their needs were met. These included the provincial Department of Sport Recreation Arts and Culture, NEMISA.

Number of engagements focused on performing arts industry.

MBTC in partnership with NMBM hosted the delegation from the USA, Jacksonville Players by the Sea in addition to planned targets, hence the target was over achieved.

Number of skills trainings and development programmes conducted per year.

Programmes aimed at improving staff capabilities in Report Writing, Policy Formulation, Sexual Harassment Identification, Reporting and Avoidance were held to ensure that Staff members are equipped to withstand challenges relating to work environment.

Number of skills workshops conducted.

Fanelle Foundation Workshop to empower women in stage technical skills was held during the period under review. Online workshops were also held with producers enabling them to properly access participation on MBTC programmes., hence the target was overachieved.

3.3.5 Linking performance with budgets

	2022/2023		
Programme/activity/objective	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000
Expenditure	R1 652 000	R1 394 536	R257 464
Total	R1 652 000	R1 394 536	R257 464

3.3.6 Strategy to overcome areas of underperformance

Number of items of creative content developed or distributed

The employment of an experienced and competent Executive Producer, Graphic Designer and the Videographer during 2023/24 will guarantee that prolific creative productions are developed and distributed to the sector and public at large.

4. REVENUE COLLECTION

Sources of revenue	2022/2023			2021/2022		
	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
Ticket Sales	910,000.00	343,909.00	(566,091.00)	-	10,516.52	10,516.52
Rendering of Services – Administration	1,600,000.00	1,504,000.00	(96,000.00)	-	2,361,522.00	2,361,522.00
Hire of Costumes, Facilities, Equipment	-	4,240.00	4,240.00	-	965.20	965.20
Student Fees and Sundries	100,000.00	226,100.00	126,100.00	-	21,795.66	21,795.66
Interest Received – Investment	150,000.00	115,180.00	(34,820.00)	-	17,820.04	17,820.04
Government Grats and Subsidies – Administration	20,000,000.00	24,250,000.00	4,250,000.00	-	13,374,000.00	13,374,000.00
Grants for Special Projects	8,305,000.00	15,715,841.00	7,410,841.00	-	5,177,977.00	5,177,977.00
Total	31,065,000.00	42,159,270.00	11,094,270.00	-	20,964,596.42	20,964,596.42

5. CAPITAL INVESTMENT

	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and Fittings	-	557,198	-	-	-	-
Computer Equipment	-	598,842	-	-	-	-
Office Equipment	-	244,584	-	-	-	-
Stage Equipment	-	484,322	-	-	-	-
Leaseholders	-	80,367	-	-	-	-
Total	-	1,965,313	-	-	-	-



PART C:

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

This is not applicable to MBTC, it was not invited to attend a meeting/s with the Portfolio Committee during the 2022/23 financial year and there were no areas of risk identified.

3. EXECUTIVE AUTHORITY

Provide commentary on the reports submitted to the Executive Authority and the dates submitted. Discuss any issues raised by the executive authority. The entity has a statutory obligation to submit quarterly performance and finance reports to the executive authority for measuring performance against the indicators and targets set in the annual performance plan for the year under review. During the year under review the entity made the following submissions to the Executive Authority - National Department of Sport, Arts and Culture:

No.	Type of Report	Date of Submission	Issues Raised by the Executive Authority
1	MBTC First Quarter Performance and Finance Report 2022/23	31 July 2022	None
2	MBTC Second Quarter Performance and Finance Report 2022/23	31 October 2022	None
3	MBTC Third Quarter Performance and Finance Report 2022/23	31 January 2023	None
4	MBTC Fourth Quarter Performance and Finance Report 2022/23	30 April 2023	None
5	MBTC Three Year Strategy Plan 2022/23 to 2024/25	31 March 2023	None
6	MBTC Annual Performance Plan 2023/24.	31 March 2023	None

As this is the first year of MBTC declaration as a Cultural institution, there were no concerns or issues raised by the Executive Authority.

4. THE ACCOUNTING AUTHORITY / BOARD

The Mandela Bay Theatre Complex (MBTC), gazetted as a cultural Institution in terms of the Cultural Institutions Act 1998 (Act No. 119 of 1998 as amended) in 2021 and was declared as a Schedule 3A public entity. In terms of Section 8 of the Act, the primary objects of the MBTC, through a Board appointed by the Minister of Sport, Arts and Culture, are:

- a) To formulate policy (for the MBTC).
- b) To hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned.
- c) to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management.
- d) To raise funds for the Institution.
- e) To manage and control the moneys received by the declared institution, and to utilise those moneys for defraying expenses in connection with the performance of its functions.
- f) To keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard there to, and to cause proper books of account to be kept.
- g) To determine, subject to the Act, and with the approval of the Minister, the objectives of the declared institution, and to generally carry out the objects of the declared institution.
- h) Additionally, the Board's responsibilities are that of effective and good governance, accountable for the public entity's performance and strategic direction.

Council Charter

The Council Charter was developed and approved by the board on the 31 March 2023. The Council Charter is subject to the provisions of the Cultural Institutions Act No. 119 of 1998, as amended by the Cultural Laws Second Amendment Act No. 69 of 2001, the Public Finance Management Act No. 1 of 1999, the Companies Act No. 71 of 2008 and any applicable law or regulatory provision. The following roles and responsibilities of the Council are founded on the 16 Principles of King IV for state-owned entities and complement the functions outlined in section 8(1) of the Cultural Institutions Act, 1998 and sections 50 to 55 of the Public Finance Management Act, 1999 and in furtherance that:

- a) Act as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholder, and other stakeholders of the MBTC along with sound corporate governance principles.
- b) Provide effective leadership on an ethical foundation.
- c) Inform and set the strategic direction of the MBTC by:
 - i) Contributing to and approving the organisation's strategy
 - ii) Identifying key performance and strategic risk areas.
- d) Provide oversight on material decisions of the MBTC.
- e) Take responsibility for the governance of information technology and governance risk.
- f) Monitor the implementation by Council committees and executive management of the Council's strategies, decisions, values, and policies with a structured approach to governance, risk management, and combined assurance.
- g) Ensure that there is an effective risk-based internal audit approach.
- h) Act in the best interests of the MBTC by ensuring those individual Council members:
 - i) Adheres to ethical and legal standards of conduct.
 - ii) Is permitted to take independent advice in connection with their duties following an agreed procedure.
 - iii) Disclose conflicts of interest to Council.

Composition of the Council

- The Council was appointed on the 02 June 2022 for a 3-year period until 01 June 2025.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships the entities) (List	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Kadi P	Chairperson	27 June 2022	Active	<ul style="list-style-type: none"> Bachelor of Arts, BA Hons Political Studies and Comparative Economic Systems. MA in Heritage and Museum Studies, UWC. Post Graduate Diploma in Public and Development Sector Monitoring and Evaluation, Wits School of Government. 	Corporate Governance and Risk Management, Monitoring and Evaluation, Impact Assessment, Environment, Social and Governance	<ul style="list-style-type: none"> National Housing Finance Corporation. TUHF Limited & TUHF Equity. Cricket South Africa. South African Broadcasting Corporation. Dan and Rose Qeqe Foundation - NPC. African Interpretation Centre - NPC 	Wakadi Pty Ltd - Managing Director	16

				<ul style="list-style-type: none"> • Board Leadership, GIBBS. • Scenario Planning Edward Said Business School Oxford University 				
Ndletyana M	Deputy Chairperson	27 June 2022	Active	<ul style="list-style-type: none"> • BA, BA Honours (Political Studies), • MA (Political Studies); • PhD (Political Studies) – University of the Witwatersrand 	Academic research areas: History, Heritage, Identity and Politics.	<ul style="list-style-type: none"> • Council for the Advancement of the South African Constitution. • Journal of Public Administration and Journal African Renaissance Studies. 		19
Shoba NN	Member	27 June 2022	Active	<ul style="list-style-type: none"> • BA Degree (UNISA) • BED (Hons) Rhodes University • Diploma in Maths Education 	Arts and Culture and Heritage	N/A	Member of Adjudication Panel of Funding Proposals for ECPACC	18

				<p>(Rhodes University)</p> <ul style="list-style-type: none"> • Certificate in Management Practices (Rhodes University) • Project Management, Executive Senior Management (NMMU), Introduction to Museology 				
Metuse M	Member	27 June 2022	Active	<ul style="list-style-type: none"> • Masters in Business Administration (MBA) • Postgraduate Diploma in Business Administration (PDBA) (Wits Business School) • Masters on Social Policy and Development Research 	Project Management, Strategic Planning Facilitation, Strategy, Governance, Social Facilitation, Leadership Research and Data Analysis, Lobbying and Advocacy, Stakeholder Engagement. Monitoring and Evaluation, Change Management and Organizational Development, Policy Development	<ul style="list-style-type: none"> • FASSET • SENTECH 		19

				<p>Methods Bachelor of Social Sciences. (University of Fort Hare)</p> <ul style="list-style-type: none"> • University of Stellenbosch Business School- Project Management Certificate. 				
Nabane CD	Member	27 June 2022	Active	<ul style="list-style-type: none"> • National Diploma: Finance and Accounting. • Certificate of Accreditation in Internal Quality Assessment or Validation. • Certificate: Minimum Anti-Corruption. • Certificate: Advanced Management Development Programme. 	Finance, Risk Management, Internal Auditing and Corporate Governance			16

				<ul style="list-style-type: none"> • B Tech Finance and Accounting (Public). • Certificate of Successful Completion: Nyukela Public Service Senior Management Service Pre-Entry Programme. • Magister Technologiae: Cost and Management Accounting (To be Conferred on 12 October 2023) 				
Maharaj S	Member	27 June 2022	Active	<ul style="list-style-type: none"> • Master's Degree in Business Administration (MBA) • Chartered Accountant CA (SA) (South African Institute 	Public Sector Financial Management, Procurement Management, Risk Management and Auditing at both PFMA and MFMA organs of state	<ul style="list-style-type: none"> • Boxing South Africa • South African State Theatre • Quality Council for Trades and Occupations • Amatola Water 		15

				<ul style="list-style-type: none"> of Chartered Accountants) • Chartered Government Finance Officer (Chartered Institute of Government Finance, Audit & Risk Officers). • Hons BCom Degree (University of South Africa) and BCom Degree (University of KwaZulu Natal). • Municipal Executive Financial Management (Wits Business School) 		<ul style="list-style-type: none"> • Buffalo City Metropolitan Municipality • Ntabankulu Local Municipality 		
Sipuka O	Member	27 June 2022	Active	<ul style="list-style-type: none"> • PhD in Philosophy, University of Cape Town. 	Corporate Governance, Policy Development, Higher Education	<ul style="list-style-type: none"> • National Development Agency 		17

				<ul style="list-style-type: none"> • Masters in Disability Studies – University of Cape Town. • Global Executive Development Programme – Gordon Institute for Business Science 		<ul style="list-style-type: none"> • National Skill Authority Boards 	
Mtukela G	Member	27 June 2022	Active	<ul style="list-style-type: none"> • Masters Degree in Education Management • Bachelor of Arts in Education (BAEd) • Bachelor of Arts Honours Degree in English Literature. • Postgraduate Diploma in English as a Second Language, • Post-graduate Diploma in 	Public Management and Risk Management, Conflict Management, Policy-making, Stakeholder Management, Facilitation, Teaching and Lecturing		16

				Practical Labour Law				
Schoeman I	Member	27 June 2022	Active	• BA LLB	Legal			13

Committees

Committee	No. of meetings held	No. of members	Name of members
Corporate Services Committee	5	3	Metuse M
			Maharaj S
			Schoeman I
Artistic, Education and Development Committee	4	3	Shoba NN
			Ndletyana M
			Mtukela G
Audit and Risk Committee	7	5	Bukula M
			Nabane CD
			Sipuka O
			Mafani MK
			Semane T - <i>Resigned</i>

Remuneration of board members

The MBTC is guided by its Council, Council Committees and Audit and Risk Committee Policy. The primary objective of this policy is to determine the remuneration rate applicable for Council of MBTC and Committees including the Audit and Risk Committee.

Members of the Council are remunerated at the level of D1 at the rates determined by National Treasury from time to time. The rates are currently as follows:

- a) Chairperson R2 172 per day/R272 per hour
- b) Deputy Chairperson R1 974 per day/R247 per hour
- c) Member R1 795 per day/R224 per hour

Members of the Audit and Risk Committee are remunerated at the level (D1) determined by the Council in line with the rates of the National Treasury. The rates are currently as follows:

- a) Chairperson R2 172 per day/R272 per hour
- b) Member R1 795 per day/R224 per hour

Name	Travel and Data Allowance	Sitting Fee	Total
Kadi P	11 370	93 957	105 327
Ndletyana M	2 512	64 518	67 030
Shoba NN	11 145	56 691	67 836
Metuse M	16 129	50 493	66 622
Nabane DC	2 048	53 399	55 447
Maharaj S	2 620	46 667	49 287
Sipuka O	1 200	33 654	34 854
Mtukela G	2 883	57 504	60 387
Schoeman I	1 200	40 386	41 586

AUDIT AND RISK COMMITTEE

Name	Travel and Data Allowance	Sitting Fee	Total
*Bukula M	1 200	52 278	53 478
Mafani MK	3 376	36 705	40 080
Semane T	900	21 240	22 140

Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Reporting date means the date of the last day of the financial year.

*The ARC Chairperson refunded the fees paid to him.

5. RISK MANAGEMENT

Mandela Bay Theatre Complex is in the process of developing Risk Management Policy and that is supported by an annual Risk Management Plan and Strategy. MBTC assesses risk on an ongoing basis which is monitored through quarterly reports that capture occurrence, changes and mitigation of identified risks as well as the identification of new and emerging risks. The Executive Management Team serves as the Risk Management Committee and performs ongoing risk assessment and monitoring implementation of agreed mitigation action plans. In this regard, MBTC prioritised risk management action plans which are a key focal point for discussion and implementation. The MBTC Audit and Risk Committee independently monitors the enterprise risk management system to ensure its effectiveness. Risk Management at MBTC 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.

There are numerous risks that have been identified as critical for MBTC. Amongst them is the risk of underfunded mandate (inadequacy of the budget), the Theatre facilities not being consistent with the business model and poor reputation caused by cancelation of events (productions). In addition, there is an inherent risk of fraud and corruption as well as general non-compliance with legislation. However, non-compliance with legislations, budget inadequacy and Cybercrime has been identified as a key risk area in which appropriate mitigation strategies must be implemented.

MBTC has reviewed its ICT systems and appropriate improvements are being implemented. However, the risk of loss of data remains high. 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 CONTROL UNIT

MBTC does not have a dedicated internal controls unit, instead, the Office of the Chief Financial Officer in collaboration with the Internal Auditors is responsible for evaluation of the internal controls.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Refer to the detailed Audit and Risk Committee Report.

8. COMPLIANCE WITH LAWS AND REGULATIONS

MBTC monitors compliance with applicable legislation, especially the PFMA, throughout the entity. Monthly and Quarterly compliance reports are prepared and EMT is tasked to address areas of non-compliance. The Council has consistently governed compliance with applicable laws and regulations in terms of its governing legislation. The entity has also adopted internal rules, standards and policy items in a way that supports MBTC's aspiration of being ethical and a good corporate citizen. In all engagements or project, management and Council members are required to declare their interest.

9. FRAUD AND CORRUPTION

MBTC 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. In future, fraud will be addressed as a standing agenda item in management meetings and in our quarterly staff meetings. The Council, Audit and Risk Committee and management have always reflected on fraud and corruption. To this end, MBTC encourages its staff and members of the public to use the toll-free national anti-corruption hotline number which may be used to report suspected fraud and corruption. Perceived high levels of fraud and corruption could jeopardise South Africa's standing among foreign investors and negatively affect business confidence.

MBTC 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 discussions that take place in all meetings.

10. MINIMISING CONFLICT OF INTEREST

The Council, management and staff of MBTC have regular communication relating to the possibility of conflict of interest. Controls have been implemented from the Council to 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, two SCM official and ad hoc 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 Accountant who is independent from the SCM process. All payments are checked and reviewed and released by the CFO and CEO.

In compliance with the spirit of good governance, MBTC 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 MBTC's external reports.

11. 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 staff members. 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 contained in the Human Resources. 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 HR 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.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Environmental

MBTC observes compliance with the Occupational Health and Safety Act 85 of 1993, the statutory law administered by the Department of Employment and Labour which requires all institutions to monitor the impact of their activities (product & services) and projects on people.

Health and Public Safety

We create and monitor health and safety performance measures to ensure that it is maintained as a priority across all projects undertaken by MBTC. It is critical that we manage our employees and patron's 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 have the responsibility to ensure the health and safety of contractors and customers. OHS management is guided by the OHS legislation (OHS Act, 85 of 1993), and other applicable legal requirements. To ensure we comply with health and safety standards and that we provide a safe working environment, we need to implement an OHS audit programme for our operations. 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.
- Development of MBTC OHS strategy - to reduce workplace injuries, build and foster the safety culture and behaviour.
- Strengthen our relationships with our contractors.

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 MBTC 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 Audit and Risk Committee, which reports back to the Council on a quarterly basis.

Portable Fire Fighting Equipment

The Emergency Service Department, Fire Brigade Service Division has issued a Certificate of Fitness to MBTC. A service provider contract for the maintenance of firefighting equipment is in place.

Security Service Provider

MBTC had a two-year contract signed with a security service provider. The following key interventions were implemented with the new service provider;

- Installation of CCTV, Guard Patrol and Alarm System at FH Odendaal building as well as armed response.

Business continuity management

MBTC continues to strengthen its business resilience. COVID-19 was a test, and MBTC learned to also continue its operations off site. After resuming production post-COVID, MBTC was able to attract patrons and artist were still able to perform. Our response plans remain adequate and effective across key areas such as stakeholder management, critical resources, and technical resources. Accordingly, MBTC is in a process of procuring a back-up power generator. We remain committed to collaboration principles, maintaining communication services during adverse conditions and supporting local and national government should a crisis arise. MBTC 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.

13. COMPANY SECRETARY

The secretariat provides a central source of guidance and support to the Council on matters of good governance and changes in legislation. The Secretariat is accountable to the Council to:

- 13.1. Ensure that Council procedures are followed and reviewed regularly.
- 13.2. Maintain statutory records per legal requirements.
- 13.3. Provide 13.1. the Council as a whole, and individually, with detailed guidance as to how their responsibilities should be properly discharged in the

best interest of the MBTC and on good governance principles.

- 13.4. Keep abreast of and inform the Council of current corporate governance thinking and best practice.
- 13.5. Assist with training programmes for new Council members.
- 13.6. Ensure that the Council Charter and the terms of reference of Council committees are kept up to date.
- 13.7. Prepare and circulate Council and Council Committee documents.
- 13.8. Elicit responses, input, and feedback for Council and Council committee meetings.
- 13.9. Assist in drafting annual work plans.
- 13.10. Ensure preparation and circulation of minutes of Council and committee meetings.
- 13.11. Assist with the evaluation of the effectiveness of the Council, committees, and individual members.
- 13.12. Maintain a register of members' interests, minutes of meetings, resolutions, and attendance registers.

14. SOCIAL RESPONSIBILITY

During the financial year, MBTC undertook certain programmes or interventions that are of corporate social responsibility in nature. These programmes include the following:

Nomhle Nkonyeni Foundation

In order to honour the late theatre doyen, the MBTC partnered with the Nomhle Nkonyeni Foundation Memorial Lecture on 31 August 2022. The institution donated approximately R150 000.

Oeswana Cultural Festival

The MBTC partnered with the Oeswana Tribe for their cultural festival aimed at preserving the Khoi Heritage and Language through various activities which took place in March 2022.

Isakhono Awards

This business support programme aimed at encouraging and supporting excelling artists from the Eastern Cape to produce new works. Launched in January 2022 thus far there have been 14 beneficiaries of this programme.

15. AUDIT COMMITTEE RESPONSIBILITY

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Supply Chain Management,
- Quarterly Financial Reports
- Annual Financial Statements
- Quarterly Performance Information
- Annual Performance Information
- Review of the Unauthorised, Irregular, Fruitless and Wasteful Expenditure Registers

The following were areas of concern:

- Lack of a dedicated Chief Risk Officer and Chief Audit Executive
- Lack of adequate Internal Controls
- Non - Compliance with procurement rules and regulations
- Lack of proper risk management processes

- Inadequate Coverage of Internal Audit Plan
- Increase in incidents of Unauthorized, Irregular and Fruitless and Wasteful Expenditure
- Lack of investigation of cases of Unauthorized, Irregular and Fruitless and Wasteful Expenditure

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following: Not Applicable

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Mr. Mvuleni Bukula
Chairperson of the Audit Committee
Mandela Bay Theatre Complex
30 June 2023

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / 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 <i>(Include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The entity is not mandated to issue licences in respect of economic activity.
Developing and implementing a preferential procurement policy?	No	The SCM policy approved by council In March covers the contents of the Preferential Procurement Policy Framework Act. The policy will be developed in the 2023/24 financial year.
Determining qualification criteria for the sale of state-owned enterprises?	No	This will be covered in the Preferential Procurement Policy to be developed in the 2023/24 financial year.
Developing criteria for entering into partnerships with the private sector?	No	This will be covered in the Preferential Procurement Policy to be developed in the 2023/24 financial year.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	This will be covered in the Preferential Procurement Policy to be developed in the 2023/24 financial year.

LIST THE COMPANIES AND/OR SERVICE PROVIDERS THAT WERE SUPPORTED IN 2022/23

- NEXIA SAB&T
- King George's Guest House
- Event Hire Network
- Mars Technologies
- Office Automation
- Aim Commercial Cleaning
- Uyathanfwa Trading
- Note of Hope
- Allenio Airline Travel
- JTC Innovative Events
- XL Aloe Travel
- Algamated Lebone Travel
- RCV Trading
- Ukhozi Transcribers & Secretaries
- Sunset Events
- Imbeko Travel
- Mvelase Qhudeneni Entrepreneurs
- Operative Business Trust
- Events Crafted
- Harvey World Travel
- Fat Cats Catering
- Selele travelling & Accommodation
- Expanded Horizon
- Cojen Suppliers
- Khanyisiba Trading
- Adapta IT (Caseware)
- South Boulevard
- Cuspal Manufacturing
- DWR Distribution
- Lithotech
- Copyworld
- Workstation Office Furniture
- For You Travel
- Unathi Travel
- The Qrize Enterprise
- Platinum Suppliers PTY (LTD)
- Gypsy Events
- Red Leopard IT
- Mbaso Media Production
- Abasemonti Holding
- Twala Bors Productions
- Nkanyiso
- Eyamabhele Holdings
- POP and Dine Catering
- Tinashe Media
- Valmac Stationers
- Carved Unlimited
- Mbutho Wamabhele
- Mr G Global Projects
- About IT
- Century Business Academy
- Atlas Security

- BLC Attorneys
- The Terminators
- Vox Telecommunications
- Akiha Cosulting
- Online Innovations
- Luntulonke Technologies
- Levels Kwedini
- P.P. Tshisa Catering
- Masuli Security & Cleaning
- Ibayi Magic Pan
- Freethought World
- Arena Holdings (Daily Dispatch)
- Independent Newspapers
- Chemzo Detergents Manufactures
- Armedia Trading
- Magugu The Legacy
- Wishi Africa (PTY) Ltd
- Prime Cleaning Suppliers PE
- Magason Traders
- Khulula Caterers
- Gertbala Trading (PTY) Ltd
- Tahla kaNdayeni (PTY) Ltd
- Luntulonke Media
- Phumelela Office Automation
- Hotspot Chisa Nyama
- EL Guild Theatre
- NU-Line Maintenance
- Blu Light Security

- Leegold Music
- Nhose Multi Services
- Mxinwa Trading
- Perfect Circle Design
- Liquid Intelligent Technologies
- Aquitania

A woman with short hair and blue lipstick is performing on stage, her hands raised in a gesture. She is wearing a dark, ribbed top with cutouts on the shoulders. In the background, another person is visible, wearing a tall, textured headdress. The stage is lit with purple and blue lights.

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Overview of HR matters at the public entity:

The overview of the HR matters at the public entity, is to align its objectives with MBTC's overall direction, guide its actions and maintain transparency with these efforts to support MBTC institution's mission. A key driver of HR is to build upon HR's foundation in a way that allows foresight to develop long-term strategies while also providing flexibility to support the rapid growth of MBTC.

HR priorities for the year under review 2022/2023

- Increase the institution's effectiveness of human resources to better serve MBTC by implementing policies and procedures to ensure compliance with legislation to provide a safe and healthy work environment.
- To provide guidelines on the implementation of job descriptions and job evaluation systems for all departments at MBTC.
- Implement recruitment and selection strategies to recruit a diverse workforce at MBTC.
- Develop and implement a performance management system that includes performance reviews, talent reviews, workforce planning and succession planning activities.
- Determine existing competency gaps and create and implement development programs that focus on strengthening the skills of

employees and providing information and guidance to help them grow as professionals.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

- To ensure the workforce has the relevant skills and abilities for the institution's current and future needs.
- Effective recruiting and selection processes lead to better institutional performance.
- To ensure that vacant positions are filled with the best suitable candidates.

Employee performance management framework

- To allow for the provision of feedback to employees, to allow for employee self-development, to allocate rewards, to gather information for personnel decisions, and to guide HR department in developing training and development efforts.

Employee wellness programmes

- To create an organisational climate and culture (that promotes health and wellness) that is conducive to wellness by empowering employees with wellness education and lifestyle skills.

Policy development

- Implementing policies and procedures to ensure compliance with legislation to provide a safe and healthy work environment. To provide all MBTC employees with guidance, consistency, accountability, efficiency, and clarity on how the institution operates.

Highlight achievements

- HR Policy approved and signed off by Council.
- Created and implemented exit interviews.

Future HR plans /goals

- Recruitment and Selection.
- Performance Management.

- Training and Development.
- Employee Health and Wellness.
- Drafted Induction programme.
- Skills Audit analysis completed and presented to the Corporate Services Committee.

Challenges faced by the public entity

- Retention of employees.
- Organizational Culture.
- When recruiting for vacant positions, there are difficulties in finding suitably qualified persons due to low salary and minimal benefits.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel related expenditure

Personnel Cost by programme/ activity/ objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Salaries	44, 757, 377	8, 817,772.77	19.70%	32	275, 555.40
TOTAL	44, 757, 377	8, 817, 772.77	19.70%	32	275, 555.40

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	2 176, 926.86	24.69%	3	725, 642.27
Senior Management	901, 000.00	10.22%	2	450,500.00
Professional qualified	2, 946, 667.06	33.42%	15	196, 444.47
Skilled	1, 974, 472.95	22.39%	7	282, 067.56
Semi-skilled	682, 940.90	7.75%	4	170, 735.23
Unskilled	135, 765.00	1.54%	1	135, 765.00
TOTAL	8, 817, 772.77	100%	32	1, 961 154.53

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
Workshop on Conflict Management and Understanding Stress/Burnout in the Workplace	8 817 772.77	10 000.00	0.11%	24	416.67
TOTAL	8 817 772.77	10 000.00	0.11%	24	416.67

Employment and vacancies

Programme/activity/objective	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees as at 31 March 2023	2022/2023 Vacancies	% of vacancies
Institutional Organogram	32	39	24	14	56%
Total	32	39	24	14	56%

Programme/activity/objective	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Top Management	3	4	3	2	50
Senior Management	2	2	2	0	0
Professional qualified	15	15	15	5	31.25
Skilled	7	7	7	0	0
Semi-skilled	4	4	4	0	0
Unskilled	1	1	1	1	100
TOTAL	32	34	32	8	25.80

Senior management and highly skilled positions were filled during the 2022/23 financial year. Unfortunately, no internal staff were appointed in these positions as they did not meet the minimum requirements.

Vacancies have remained open from minimum one (1) month to two (2) months. Where vacancies had been open for longer than usual, the

Institution has battled to attract the appropriate calibre candidates or in layman's terms, the "right fit" in terms of minimum requirements and experience. As an Institution is its infancy stages, we are aligning salaries and implementing benefits, to attract and retain staff.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2	1	1	2
Senior Management	1	1	-	2
Professional qualified	8	7	5	10
Skilled	7	-	1	6
Semi-skilled	3	-	-	4
Unskilled	1	-	1	-
Total	23	9	8	24

Reasons for staff leaving

Reason	Number	% of Total No. of Staff Leaving
Death	-	-
Resignation	5	62.5
Dismissal	-	-
Retirement	2	25
Ill health	-	-
Expiry of contract	1	12.5
Other	-	-
Total	8	100

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	1
Final Written warning	-
Dismissal	-
TOTAL	1

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional Qualified	6	-	-	-	-	-	-	-
Skilled	2	-	1	-	-	-	-	-
Semi-Skilled	2	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	12	-	1	-	-	-	-	-

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	1	-
Professional Qualified	4	-	2	-	-	-	1	-
Skilled	1	-	-	-	-	-	1	-
Semi-Skilled	-	-	1	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	6	-	3	-	-	-	3	-

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional Qualified	-	-	1	-
Skilled	-	-	-	-
Semi-Skilled	-	-	-	-
Unskilled	-	-	-	-
TOTAL	-	-	1	-

PART E FINANCIAL INFORMATION



Mandela Bay Theatre Complex

Audit Report

For the year ended 31 March 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor general to Parliament on Mandela Bay Theatre Complex

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Mandela Bay Theatre Complex set out on pages 87 to 124 which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. The entity did not appropriately account for and disclose Property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Property, plant and equipment was fair valued instead of measured at the cost model per the entity's accounting policy. In addition, the public entity did not adequately assess whether there were any indications that the expectations on the residual values and useful lives of property, plant and equipment had changed. Consequently, I was unable to determine whether any further adjustments were necessary to property, plant and equipment stated at R7, 5 million (2022: R5, 7 million) and depreciation stated at R1 million (2022: R1, 1 million) as it was impractical to do so. As a result, I was unable to confirm the calculation of the depreciation and accumulated depreciation. I could not confirm the depreciation and accumulated depreciation by alternative means respectively as it was impractical to do so. Consequently due the misstatements identified on Property, plant and equipment and depreciation, surplus for the year and accumulated surplus was materially misstated.

Receivables from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for the receivables from non-exchange transactions due to the lack of supporting records. The entity did not have adequate systems of internal control for the recording and reconciling all transactions and events to the financial statements. I could not confirm receivables from non-exchange by alternative means as it was impractical to do so. Consequently, I was unable to determine whether any

adjustments was necessary for receivables from non-exchange, as disclosed in note 4 to the financial statements stated at R2,1 million (2022: R1,6 million) was necessary.

- I was unable to obtain sufficient appropriate audit evidence relating to the impairment loss of receivables from non-exchange transactions as the entity did not perform an assessment impairment loss for receivables that are past due but not impaired. I could not confirm the impairment losses of receivables from non-exchange transactions by alternative means as it was impractical to do so. Consequently, I was unable to determine whether any adjustments to the receivables from non-exchange that is past due but not impaired stated at R2, 1 million (2022: R1, 6 million) in the financial statements was necessary.

Unspent conditional grant - infrastructure

- I was unable to obtain sufficient appropriate audit evidence that the entity had properly accounted for the unspent conditional grant- infrastructure due to the lack of supporting records. I could not confirm the unspent conditional grant – infrastructure amount by alternative means as it was impractical to do so. Consequently, I was unable to determine whether any adjustment to the liability stated at R32, 4 million in the financial statements was necessary.

Provisions

- I was unable to obtain sufficient appropriate audit evidence for the amount recognised as a provision. This was due to a lack of proper record keeping at the entity as the amount provided for could not be supported by source documents. I could not confirm the provision by alternative means as it was impractical to do so. Consequently, I was unable to determine whether any adjustments were necessary to the provision stated at R1, 4 million in the financial statements.

Payables from non-exchange transactions

- I was unable to obtain sufficient appropriate audit evidence that the entity had properly accounted for vat liability included in trade and other payables from exchange transactions in the statement of financial position and the notes to the financial statements. Due to a lack of systems it was impracticable to confirm the full extent of the misstatement. I could not confirm payables from non-exchange transactions amount by alternative means. Consequently, I was unable to determine whether any adjustment to the payables from exchange in the statement of financial performance and as disclosed in the note to the financial statements stated at R2, 9 million (2022: R3 million) was necessary.

Revenue from non-exchange transactions: Government grants & subsidies- administration

- I was unable to obtain sufficient appropriate audit evidence that the entity had properly accounted for revenue from exchange transactions due to the lack of supporting records. I was unable to confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to the revenue stated at R24, 3 million in the financial statements was necessary.

Revenue from non-exchange transactions: Grants for special projects

- The entity did not recognize revenue from non-exchange transactions in accordance to GRAP 23, revenue from non-exchange transactions. The entity did not ensure that revenue on grants for special projects was recognized upon fulfilment of the conditions of the grant.

Consequently, revenue from non-exchange transactions: grants for special projects was overstated by R2, 4 million (2022: R1, 7 million) and conditional grants liability is understated by a similar amount.

Revenue from non-exchange transactions: Service in kind

- The entity did not recognize the service in kind in accordance with GRAP 23 – Revenue from non-exchange transactions as the entity did not recognize the rental benefit from the free use of the building, as the market related rental. As a result, the service in kind as per the financial statement is misstated. I was unable to determine the full extent of the misstatement both current and corresponding amounts as it was impractical to do so.

Project expenses

- The entity did not recognise project expenses in accordance with GRAP 1, presentation of financial statements, the entity presented the project expenses using an incorrect method of presentation of expenses according to function which is contrary to the entity's method of presentation of expenses according to nature. As a result, project expense is misstated by an amount of R12, 6 million (2022: R8, 4 million).
- I was unable to obtain sufficient appropriate audit evidence for the corresponding figure of project expenses in the annual financial statements as the corresponding amount of R8, 4 million could not be substantiated by supporting evidence. I was unable to confirm the corresponding figure by alternative means.

Managed programmes expense

- The entity did not recognise managed programmes expenses in accordance with GRAP 1, presentation of financial statements, the entity presented the managed programmes expenses using an incorrect method of presentation of expenses according to function which is contrary to the entity's method of presentation of expenses according to nature. As a result, managed programmes is misstated by an amount of R13, 3 million (2022: R3.5 million).
- I was unable to obtain sufficient appropriate audit evidence for the corresponding figure of managed programmes expenses in the annual financial statements as the corresponding amount of R5, 2 million could not be substantiated by supporting evidence. I was unable to confirm the corresponding figure by alternative means.

Depreciation

- The entity did not recognize depreciation amount in accordance with GRAP 1, Presentation of Financial Statements as the difference of R5 million (2022: R4 million) was identified between the amount disclosed on the face of the financial statements and the Property Plant and equipment note resulting in depreciation being materially misstated.

Statement of changes in net assets

- The entity did not disclose the statement of changes in net assets in accordance with GRAP 1, Presentation of Financial Statements, and the entity passed adjustment journals on the statement without appropriate audit evidence. As a result, an adjustment to the statement of changes in net assets relating to revaluation reserve amounting to R7, 1 million (2022: R6, 1 million) was passed incorrectly.

Cash flow statement

18. The entity did not have adequate processes in place to ensure that the Cash flow statements is prepared in accordance with the requirements of GRAP 2, Cash flow statements. Various line items in the cash flow statement were incorrectly calculated. This resulted in the following line items being misstated as described:

- Revenue from non-exchange transactions are understated by R13, 7 million (2022: R23, 5 million).
- Interest received from grants are understated by R1, 2 million.
- Payment to suppliers and employees are understated by R13, 7 million (2022: R20, 1 million).

Related parties

19. The entity did not correctly disclose the related parties as required by GRAP 20, Related-Party Disclosures. Contrary to the requirements of GRAP 20, related party disclosures, related party relationships with other parties not under the same sphere were disclosed in the accompanying financial statements. As a result, related party disclosure were overstated by an amount of R39, 3 million (2022: R18, 5 million).

Commitments

20. The entity did not correctly recognise its contractual commitments for the acquisition of property, plant and equipment as required by GRAP 17, Property, plant and equipment. This was due to lack of systems and processes in place at the entity to ensure that commitments are correctly disclosed. Consequently, commitments disclosed in note 23 to the financial statements were misstated by a projected amount of R4, 1 million.

Contingencies

21. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as contingent liabilities in the current financial year. No supporting evidence could be provided to substantiate the contingent liability disclosed. I could not confirm contingent liabilities by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the contingent liabilities stated at R7, 2 million in note 24 to the financial statements.

Prior period errors, change in accounting policy and accounting framework

22. I was unable to obtain sufficient appropriate evidence for the disclosure of the prior period errors, change in accounting policy and accounting framework. Prior year financial statements were prepared in accordance with International financial reporting standards (IFRS) and the current year comparative financial statements were prepared in accordance with GRAP. The entity should have applied directive 12 in determining the appropriate reporting framework from the date that it was declared a public entity which is the financial year ended 31 March 2022 and also applied Directive 2 in determining the disclosure requirements due to the change from IFRS to GRAP. I was unable to determine the full extent of the understatement of prior period errors, change in accounting policy and accounting framework as it was impractical to do so. Consequently, I was unable to confirm these disclosures by alternative means.

Aggregation of immaterial uncorrected misstatements

23. Immaterial misstatements in lease operating rental/employee related cost line items in the income statement were identified, which were material when aggregated to total lease operating rental/employee related cost and resulted in a modified opinion in the current year

- Lease rental on operating lease was misstated by R0, 1 million.
- Employee related cost was misstated by R0, 8 million.

Corresponding figures

Revenue from exchange- Rendering of services – administration

24. I was unable to obtain sufficient appropriate audit evidence that the entity had properly accounted for revenue from exchange transactions due to the lack of supporting records. I was unable to confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to the revenue corresponding amount stated at R2, 4 million in the financial statements was necessary.

Admin/operating expenses

25. I was unable to obtain sufficient appropriate audit evidence for the corresponding figure of project expenses in the annual financial statements as the corresponding amount of R3, 6 million could not be substantiated by supporting evidence. I was unable to confirm the corresponding figure by alternative means.

Reconciliation of net cash flows from operating activities

26. The entity did not disclose the reconciliation of net cash flows from operating activities for the corresponding figures in accordance with GRAP 2, cash flow statements. This was due to note 14 only reflecting the current year reconciliation. As a result, the corresponding reconciliation of net cash flows from operating activities was materially misstated.

Employee related costs

27. The entity did not correctly recognise and disclose the amount for employee related cost as required by GRAP 25, employee benefits. Differences were noted between the payroll amount and the employee related cost amount in the financial statements. Additionally, the entity did not have adequate internal controls to maintain records for bonus paid to employees, appointments and terminations. Consequently, I was unable to obtain sufficient audit evidence for bonus payments and basic salary amounts paid for some employees. I was unable to determine whether any further adjustment was necessary to employee-related costs corresponding amount stated at R5, 8 million in the financial statements.

Senior management emoluments

28. The entity did not disclose the prior year amounts paid to senior management as required by GRAP 20 paragraph 35. Amounts paid to key management in the prior year were not included in the note to the financial statements as required. This resulted in the corresponding amount of senior management emoluments note understated by an amount of R1, 5 million.

Responsibilities of the accounting authority for the financial statements

29. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the Cultural Institutions Act; 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.
30. In preparing the financial statements, the accounting authority is responsible for assessing the 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 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

31. 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.
32. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Other information in the annual report

33. The accounting authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report that have been specifically reported on in this auditor's report.
34. 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.
35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract

this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, however, my objective was not to express any form of assurance on it.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse of opinion included in this report.
39. Leadership did not adequately discharge its oversight responsibility with regards to the implementation and monitoring of internal controls, which includes adequate document management, to ensure sound financial management. This led to material misstatements in the financial statements.
40. Management did not design and implement daily and monthly controls to ensure the financial statements and were supported by accurate and complete underlying records. This led to the numerous misstatements identified in the financial statements.
41. The financial statements contained numerous misstatements that were not corrected. This was mainly due to insufficient resources available to prepare credible financial statements.
42. Although the internal audit and the audit committee reviewed the financial statements before submission for audit, these still contained significant errors and thus the reviews were considered to be ineffective.
43. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This has led to the limitation of scope issues encountered during the audit, resulting in material limitations.
44. Some policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities was not established and communicated.

AUDITOR GENERAL

East London

22 September 2023

Annexure to the auditor's report

The annexure includes the auditor-general's responsibility for the audit.

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.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- 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 Public entity 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.

Communication with those charged with governance

I communicate with the accounting officer, audit & risk committee and 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 officer, audit & risk committee and accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to 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.

Mandela Bay Theatre Complex

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position

Figures in Rand	Note(s)	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	7 509 257	5 767 179
Service in-kind	3	124 242	62 121
Receivables from non-exchange transactions	4	2 067 169	1 563 484
		9 700 668	7 392 784
Current assets			
Receivables from non-exchange transactions	4	376 627	222 156
Cash and cash equivalents	5	35 709 986	20 101 879
		36 086 614	20 324 035
TOTAL ASSETS		45 787 281	27 716 819
LIABILITIES			
Current liabilities			
Unspent conditional grant - infrastructure	6.1	32 379 111	17 441 660
Payables from exchange transactions	10	6 521 222	1 791 095
Provisions	9	1 400 000	-
Operating lease liability		6 924	
Finance lease obligation	8	192 074	173 437
TOTAL LIABILITIES		40 499 331	19 406 193
Non-current liabilities			
Payables from non-exchange transactions		2 870 191	2 972 023
Finance lease obligation	8	103 644	295 718
TOTAL LIABILITIES		2 973 835	3 267 741
NET ASSETS			
Reserves			
Accumulated surplus		2 314 115	5 042 885
NET ASSETS AND LIABILITIES		45 787 281	27 716 819

Mandela Bay Theatre Complex

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2 023	2022
REVENUE			
Revenue from exchange transactions	11.1		
Ticket sales		343 909	10 517
Rendering of services - administration		1 504 000	2 361 522
Hire of costumes, facilities, equipment		4 240	965
Student Fees & sundries		226 100	21 796
Interest received - investment		115 180	17 820
Total revenue from exchange transactions		2 193 428	2 412 619
Revenue from non-exchange transactions	11.2		
Government grants & subsidies - administration		24 250 000	13 374 000
Grants for special projects		15 715 841	5 177 977
Unspent portion of grant for special projects	6,2	4 340 305	5 466 349
Total revenue from exchange transactions		44 306 147	24 018 326
Service in-kind	3	62 121	62 121
TOTAL REVENUE		46 561 696	26 493 067
EXPENSES			
Council, Audit & Risk Committee Remuneration	12	892 905	666 469
Employee related costs	17	9 372 522	6 010 042
Project expenses	27	12 643 098	8 431 761
Managed programmes expenses	7	13 368 440	5 177 977
Depreciation and amortisation		951 023	1 077 991
Impairment loss		193 924	-
Lease rentals on operating lease		731 200	453 523
Loss on disposal of assets		2 938	-
Finance cost		131 534	117 569
Admin/operating expenses	26	6 469 793	3 609 970
TOTAL EXPENDITURE		44 757 377	25 545 301
DEFICIT FOR THE YEAR		1 804 319	947 766

Mandela Bay Theatre Complex

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated Surplus/(Deficit)	Total Net Assets
Balance at 1 April 2021		-	-
Revaluation surplus (Adjustments)		4 095 119	4 095 119
Surplus for the year		947 766	947 766
Balance at 1 April 2022		5 042 885	5 042 885
Revaluation deficit (Adjustments)		(4 533 089)	(4 533 089)
Surplus for the year		1 804 319	1 804 319
Balance at 31 March 2023		2 314 115	2 314 115

Mandela Bay Theatre Complex

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Revenue from non-exchange transactions		39 307 685	18 551 977
Revenue from exchange transactions		2 193 428	2 412 619
Payments			
Suppliers and employees		(23 737 766)	(1 375 384)
Net cash flows from operating activities	14	17 763 347	19 589 212
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 941 712)	
Net cash outflow from investing activities		15 821 635	19 509 271
Finance lease payments		(213 528)	(213 528)
Net (decrease) / increase in Cash and cash equivalents		15 608 107	19 295 743
Cash and cash equivalents at beginning of the year		20 101 879	806 136
Cash and cash equivalents at end of year	5	35 709 986	20 101 879

Accounting Policies

1. Basis of Preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

Presentation Currency

The financial statements are presented in South African Rand, which is the functional currency of the entity. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

Going concern assumption

These annual financial statements have been prepared on the assumption that the entity will continue to operate as a going concern for at least the next 12 months. The entity is guaranteed transfer (grant for administration) for 2023/24 financial year and beyond. Change in leadership and management position were significant, but vacant positions will be filled within the next 12 months. Lastly, MBTC will also finalise migration from NPC to public entity within the next 12 months. This process will coincide with the amalgamation of Councils of Performing Arts Institutions into one Council.

Comparative information

MBTC was declared a cultural institution by the Minister of the Department of Sport, Arts and Culture on 26 May 2021 in term of the Cultural institutions Act 119 of 1998. In line with Section 4(8), it follows that assets and liabilities of the former institution (MBTC NPC) devolved to the newly established "Public Entity" in the name of Mandela Bay Theatre Complex (referred to as MBTC). The deregistration process for MBTC trading as NPC had not yet been concluded at the end 2021/22 financial year. At the time of preparing the financial statements of 2022/23 financial year, the deregistration had not yet come to an end.

Accordingly, 2022/23 marks the first full financial year of MBTC in its legal status as a Public Entity. Furthermore, this will be the first time MBTC is preparing financial statements (GRAP) that are a subject of audit by the Auditor General - South Africa.

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

In order to give effect to Section 4 (8) of the Cultural Institutions Act, and GRAP 1, paragraph 11 (g) comparative information in respect of the preceding period (2021/22) as specified in paragraphs .44 and .45 have been stated in the financial statements.

1.1. Significant judgments

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 judgment 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 judgments include:

1.1.1. Trade Receivables

The entity assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

1.1.2. Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

1.1.3. Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

1.1.4. Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1.1.5. Useful lives and residual values

The entity re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used.

1.1.6 Accounting implications of COVID-19

The entity assess its key sources of estimations in consideration of the uncertain environment due to COVID-19. Where there is significant risk that will result in a material adjustment to the carrying value of assets and liabilities, Management will provide information on the assets and liabilities affected and the carrying amounts of those assets and liabilities at the reporting date.

1.2. Statements and interpretations effective in 2022/23

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

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 Investments in Associates

GRAP 8 Interest in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 18 Segment Reporting

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 20 Related Party Disclosures

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-generating assets

GRAP 27 Agriculture

GRAP 31 Intangible Assets

GRAP 32 Service Concession Arrangements: Grantor

GRAP 100 Discontinued Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 105 Transfer of Functions Between Entities Under Common Control

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

1.3. Standards not yet effective and potential impact

The following Standards of GRAP have been approved, but are not yet effective/adopted

Reference	Title	Effective Date
GRAP 34	Separate financial statements	1 April 2021
GRAP 35	Consolidated Financial Statements	1 April 2021
GRAP 36	Investments in Associates and Joint Ventures	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 38	Disclosure of interests in other entities	1 April 2021
GRAP 110	Living and Non Living Resources	1 April 2021
IGRAP 20	Accounting for Adjustments to Revenue	1 April 2021
GRAP 25	Employee benefits	Not yet determined/adopted
GRAP 104	Financial Instruments	Not yet determined/adopted
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue	Not yet determined/adopted
Guideline	Guideline on Accounting for Landfill Sites	Not yet determined/adopted
Guideline	Guideline on Application of Materiality to Financial Statements	Not yet determined/adopted

Impact on reporting framework

The impact of implementing this standard is expected to be immaterial in the context of this entity's operations.

1.4. Revenue recognition

Revenue comprises the consideration received or receivable for the sale of tickets, venue hire and services rendered in the ordinary course of the MBTC's activities. Revenue is measured at the fair value of the consideration received or receivable net of estimated returns.

Revenue is recognised as follows:

1.4.1. Revenue from exchange transactions

Interest income is accrued on a timely basis by reference to the principal amount outstanding and at the interest rate applicable.

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

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

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 of the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

1.4.2. Revenue from non-exchange transactions

Revenue received from conditional grants is recognised as revenue to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No.1 of 1999) and is recognised when the recovery thereof from the responsible person.

Government grants

Government grants are recognised when there is reasonable assurance that:

- (a) The entity will comply with the conditions attaching to them; and
- (b) The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants relating to assets, including non-monetary grants at fair value, are presented in the statement of financial position recording the grant as an unspent conditional liability or by reducing the carrying amount of the asset equal to grant received.

Grants related to income are presented as a credit in the statement of financial performance (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the unspent conditional grant balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.5. Property, plant and equipment

1.5.1. Recognition

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

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

1.5.2. Initial recognition

The entity adopted the cost model for all classes of property, plant and equipment.

Property, plant and equipment are initially recorded at cost

1.5.3. Subsequent measurement

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

Any subsequent expenditure to any asset that increases the value of the asset is seen as an improvement and will be capitalised during the year in which such expenditure is incurred. Replacement costs or repairs that does not increase the value of any asset, will be expensed in the year such expenditure is incurred.

1.5.4. Depreciation

When 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 and are depreciated according to their different useful lives.

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

Assets held under finance leases are depreciated over the lower of the term of the lease period or the life expectancy of the asset.

Depreciation is calculated on cost less residual value, using the straight line method, over the estimated useful lives of the assets. The Depreciation method is assessed at each reporting date for appropriateness. The annual depreciation rates are based on the following estimated useful lives:

Computer equipment	5-7 Years
Office furniture and fittings	5-10 Years
Plant and equipment	15-20 Years

Motor vehicles	5 - 10 Years
Office equipment	5 - 10 Years
Buildings	10-75 Years

The residual value and the useful life of each asset are reviewed annually.

1.5.5. Impairment

The entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

1.5.6. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential is expected from its use or disposal.

1.5.7. Gains or losses

The gains and losses arising from the derecognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6. Intangible assets

1.6.1. Definition

An intangible asset is an identifiable non-monetary asset without physical substance.

1.6.2. Initial recognition

Intangible assets that are acquired by the Entity are stated at cost less accumulated amortisation and impairment losses.

1.6.3. Subsequent recognition

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

No intangible asset arising from research shall be recognised. Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.6.4. Amortisation

Amortisation of intangible assets is recognised in the statement of financial performance on a straight line basis over the assets' estimated useful lives as follows:

Computer software	5 Years
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The useful lives and amortisation method of an intangible asset is assessed on an annual basis.

1.6.5. Derecognition

The carrying amount of an item of intangible assets shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

1.6.6. Gains or losses

The gains and losses arising from the derecognition of intangible assets (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6.7. Impairment

The entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7. Leases

1.7.1. Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

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1.7.2. Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight line basis over the term of the relevant lease. To the extent that the straight lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight line lease payments and the contractual lease payments.

1.7.3. Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Contingent rentals are recognised as expenses in the period in which they are incurred and are not included in the straight line lease expense.

1.8. Prepayments

Insurance, subscription and service contract payments covering periods exceeding one month are allocated to the period of the contract.

1.10. Financial instruments

The MBTC classifies financial assets and financial liabilities into the following categories:

Cash and cash equivalents - at fair value
Loans and receivables - at amortised cost

Trade and other payables - at amortised cost
Administered funds - at amortised cost

1.10.1. Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

1.10.2. Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

1.10.3. Impairment of financial assets

At the end of each reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available for sale.

1.10.4. Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- (a) A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit, and
- (b) For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.10.5. Derecognition of Financial Assets and Liabilities

1.10.5.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (a) the rights to receive cash flows from the asset have expired;
- (b) the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- (c) the entity has transferred its rights to receive cash flows from the asset and either-
 - (i) has transferred substantially all the risks and rewards of the asset, or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset.

1.10.5.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.10.6. Trade and other receivables

Accounts receivable are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.10.7. Trade and other payables

Trade and other payables are classified as “Liabilities at amortised cost” and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

Accruals are recognised at the date of receipt of goods or services. All accruals are recognised at financial year-end.

1.10.8. Administered fund Liability

Administered funds comprise of funds received or held on behalf of third parties where MBTC make payments on behalf of these third parties based on instructions from them. The unspent funds are classified as “Financial liabilities at amortised cost”.

Subsequent measurement is at amortised value, if material. Where condition of the funds are no longer enforced, the amount is recognised as other income.

1.10.9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and any short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.10.10. Effective interest rate

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

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

1.11. Provisions and contingencies

Provisions are recognised when:

- (a) the MBTC has a present obligation as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required in settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be 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:

- (a) The business or part of a business concerned;
- (b) The principal locations affected;
- (c) The location, function, and appropriate number of employees who will be compensated for terminating their services;
- (d) The expenditure that will be undertaken; and
- (e) When the plan will be implemented.

1.12. Budget information

The budget is prepared annually in accordance with the provisions of the Public Finance Management Act 1999 (No. 1 of 1999), directives issued by the executive authority and best practice budgeting practice.

1.13. Unspent conditional grant

1.13.1. Initial recognition

Unspent conditional grants are reflected on the Statement of Financial Position as unspent conditional grant. They represent unspent government grants. The following conditions are set for the creation and utilisation of these payables:

- (a) The grants received are initially recognised at cost as unspent conditional grant.
- (b) Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue.
- (c) Whenever operational expenditure is funded from a grant an amount equal to the expenditure is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- (d) The cash which backs the unspent portion is invested until utilised.
- (e) Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- (f) The unspent grant is classified as "Financial liabilities at amortised cost".

1.13.2. Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

1.13.3. Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

1.14. Fruitless, wasteful and irregular expenditure

1.14.1. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14.2. Irregular expenditure

Irregular expenditure is expenditure that is contrary to any applicable legislation. Irregular expenditure incurred is recorded as an expense in the Statement of Financial Performance and detailed further in the notes to the annual financial statements, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The Department of Sport, Arts and Culture, Eastern Cape Provincial Department of Sport, Recreation, Arts and Culture as well as Nelson Mandela Bay Municipality are considered related parties to MBTC.

1.16. Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity.

1.17. Commitments

Items are classified as commitments when MBTC has committed itself to future capital transactions that will normally result in the outflow of cash. No commitment is entered into when quotations are requested and therefore a quotation will not lead to the disclosure of a commitment. The capital expense will only be considered to be contracted for when an order is issued.

1.18. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The entity will adjust the amounts 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 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.

1.19. Taxation

The entity is exempt from taxation as the entity is a public entity formed by the government. However, taxes are currently being paid as part of the transition, until MBTC NPC is deregistered.

1.20. Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees.

1.20.1. 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:

- Salaries and wages;
- 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

1.20.2. Leave pay

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 measure 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 liability is based on the total amount of leave days due to the employees at reporting date and on the basic salary of the employees.

The entity pays out an annual bonus to its employees during the month of December annually. A liability relating to the anticipated bonuses payable was not raised due to budget limitation.

1.21. Key Management Personnel

The entity recognises all forms of consideration given by the entity in exchange for service rendered by the Chief Executive Officer, Chief Financial Officer and the Operations Senior Manager.

1.22. Other income

Other income comprises of consideration received or receivable which are not classified as sale of tickets, interest, royalties and dividends or similar distributions. The entity recognises other income when it is probable that the economic benefit associated with the transaction will flow to the entity; and the amount of the other income can be measured reliably. The other income is measured at fair value of the consideration received or receivable.

1.2. Service in-kind

Except for financial guarantee contracts, an entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets when the definition and recognition criteria of an asset are met. The Theatre is a property of the Department of Public Works which MBTC is using at no cost. The value of the service in-kind is established by dividing the market value of the property by 99 years as maximum possible period of lease on a property. The estimate is based on assumption the use of theatre is equivalent to depreciation value of the same building for each period.

1.23 Segment Reporting

A segment is an activity of an entity that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and for which separate financial information is available. MBTC is managed as one segment and as such there is no separate segment disclosure.

1.24 Impairments

Impairment of assets

The impairment of entity's assets due to the COVID-19 Pandemic and wet weather were treated in accordance with the above recorded guidelines, estimates and assumptions on impairment of assets.

Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

2023

2022

2. Property, plant and equipment

	Cost	Accumulated depreciation & impairment	Carrying value	Cost	Accumulated depreciation & impairment	Carrying value
Vehicles	152 100	10 647	141 453	152 100		152 100
Furniture & fittings	3 676 694	1 346 237	2 330 457	3 126 390	1 186 361	1 940 029
Computer equipment	882 876	312 791	570 085	235 450	173 664	61 786
Office equipment	520 824	173 189	347 635	182 234	103 906	78 328
Stage Equipment	7 425 958	3 641 655	3 784 303	6 238 476	3 078 234	3 160 242
Wardrobe	78 360	26 120	52 240			-
Leaseholders	80 367	5 446	74 921			-
Leased assets	832 652	624 489	208 163	832 652	457 959	374 694
Total	13 649 831	6 140 574	7 509 257	10 767 302	5 000 124	5 767 179

Reconciliation of property, plant and equipment - 2023

	Opening balance	Fair Value	Additions	Disposal	Depreciation	Impairment loss	Total
Vehicles	152 100				(10 647)		141 453
Furniture & fittings	3 126 390	8 100	542 204		(1 312 927)	(33 310)	2 330 457
Computer equipment	235 450	57 191	590 235		(292 833)	(19 958)	570 085
Office equipment	182 234	101 442	244 584	(7 436)	(128 882)	(44 307)	347 635
Stage Equipment	6 238 476	703 160	484 322		(3 545 306)	(96 349)	3 784 303
Wardrobe		78 360			(26 120)		52 240
Leaseholders			80 367		(5 446)		74 921
Leased assets	832 652				(624 489)		208 163
							-
	10 767 302	948 253	1 941 712	(7 436)	(5 946 650)	(193 924)	7 509 257

Reconciliation of property, plant and equipment - 2022

	Opening balance	Fair Value	Additions	Disposal	Depreciation	Impairment loss	Total
Vehicles		152 100					152 100
Furniture & fittings	3 126 390				(1 186 361)		1 940 029
Computer equipment	235 450				(173 664)		61 786
Office equipment	182 234				(103 906)		78 328
Stage Equipment	6 238 476				(3 078 234)		3 160 242
Wardrobe							-
Leaseholders							-
Leased assets	832 652				(457 959)		374 694
							-
	10 615 202	152 100	-	-	(5 000 124)	-	5 767 179

2 023

2022

Pledged as security

No property, plant and equipment has been pledged as security.

There were no contractual commitments for the acquisition of Property, Plant and Equipment during the 2022/23 financial year.

No major repairs and maintenance expenditure was incurred on Property, Plant and Equipment during year, except for R5 482,34 incurred on fixing administration offices located at 68 Cape Road, Millpark, Gqeberha.

Property, plant and equipment with an initial gross carrying amount of R13 million. This amounts include the fair value adjustments made for some of the assets.
end of the financial year.

The leased assets have also been included in this reconciliation.

Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
3. Service in-kind		
Previous financial year	62 121	-
Current year	62 121	62 121
Total	124 242	62 121
MBTC uses the Theatre (former PE Opera House) for its operations (core business) without paying rent to Public Works. The Theatre is wholly owned by the Department of Public Works. In order to account for the use of the Theatre without a charge, MBTC will recognise revenue/service in-kind as an equivalent of a depreciation amount value of the building. The market value of the Theatre is R6 150 000, and such a building would ordinarily be depreciated over a period of 99 years (this period is also consistent with maximum lease period).		
4. Trade and other receivables		
Non-exchange transactions - Current		
SARS - VAT	371 627	222 156
Overpayment - Artist	5 000	-
Total	376 627	222 156
Non-exchange transactions - Non current		
DSRAC	1 911 898	1 490 484
Deposits - Non-exchange transactions	155 270	73 000
Total	2 067 169	1 563 484

Exchange transactions - Current

Balance owed by staff on an advance.

Non-exchange transactions - Non Current

Relates to the deposit held by the landlord for premises currently occupied by MBTC at CR68.

Trade and other receivables pledged as security

None of the trade and other receivables are pledged as security.

Credit quality of trade and other receivables

The entity's management considers all the above trade and other receivables, to be of a good credit quality. Therefore they are not impaired in any way.

Credit risk

Management ensures that no credit is available to organisations/staff without a valid order and a commitment to pay. Management believes that there should be no allowance for impairment at this stage, but otherwise allowance for impairment adequately addresses the credit risk involved.

	2023	2022
Trade receivables	-	-
Other debts	-	-
Total	-	-

Trade receivables past due but not impaired

The ageing of trade receivables are as follows:

Not later than one month

-

-

Later than one month and not later than three months

376 627

222 156

Three months or more overdue

2 067 169

1 563 484

Trade receivables impaired

At 31 March 2023 trade receivables had no amount to be written off as irrecoverable.

At 31 March 2022 no trade and sundry receivables were written off as irrecoverable. This will be confirmed after the receiving the final transfer of assets and liabilities

Reconciliation of Impairment Losses of trade receivables

Opening balance

-

-

Write off of unrecoverable debt

-

-

Impairment losses

-

-

Closing balance

-

-

Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

2023

2022

	2023	2022
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash at bank	7 812 806	366 609
Short-term investment	27 895 572	19 725 835
Credit Card		98
Cash on hand	1 608	9 336
Total	35 709 986	20 101 879
Cash at bank consist of:		
Current Account - Standard Bank	7 812 806	366 609
Long Term Savings Acc - Market Link	219	219
Call Account - Investec Bank	16 926	982 790
Call Account - Investec Bank	1 358 353	1 359 622
Investment Account - Investec Bank	26 520 074	17 383 205
Total	35 708 378	20 092 444

The amount of cash and cash equivalence includes the money set aside for infrastructure and special projects.

Security

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liability.

Credit quality of cash at bank (excluding cash on hand)

Management considers that all of the above cash and cash equivalent categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above.

	National Rating	Credit Rating
Standard Bank	zaAAA/--/zaA-1+	BB-/Stable/B
Investec	zaAA/--/zaA-1+	BB-/Stable/B

2023

2022

6. Unspent conditional grant (Deferred grant income)

6.1 Unspent conditional grant - Infrastructure

Opening balance	17 441 660	-
Add: Grants received during the year	20 284 852	17 441 660
Grants received - Capital Works Projects	19 000 000	17 193 000
Grants received - Interest	1 284 852	248 660
		-
Less: Transfer to Administered funds project		
Project Expenditure	2 347 401	
Less: Administration fee transferred to grant	3 000 000	-
Closing balance	32 379 111	17 441 660

The entity received grant funding to the value of R19 million for infrastructure (2021/22: R17 million) from DSAC for its capital works project - upgrades and maintenance under the year under review. These are multi-year projects. Additionally, an amount of R1.5 million was received from DSRAC for Eastern Cape Provincial Arts and Culture Awards to be hosted in February 2022. Funds received will be spent in accordance with the terms and conditions detailed in the memorandum of agreement.

6.2 Unspent conditional grant - Administered funds

Deferred grant income comprises of:

Unspent conditional grants for special projects

Opening balance	5 466 349	-
Add: Grants received during the year	13 125 000	13 005 848
Movement		
Direct project expenditure	(13 368 440)	(5 177 977)
Management fees	(1 504 000)	(2 361 522)
Payments	(14 872 440)	(7 539 499)
Transfer to Debtors		
Over expenditure/Management fees accrual	621 396	
Less: Administration fee transferred to grant		-
Closing balance	4 340 305	5 466 349
Transfer to revenue from non-exchange transactions	4 340 305	5 466 349

Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

2023

2022

Reconciliation of administered funds - 2023

	Opening Balance	Receipts during the year	Payments during the year	MBTC Management Fees	Realised to SPR	Closing Balance
Mandela Bay Metropolitan Municipality	1 521 259	-	(406 359)	-	406 359	1 114 900
Department of Arts and Culture Dakawa	2 850 000	-	(83 310)	-	83 310	2 766 690
Department of Arts and Culture - CAC	1 095 090	-	(846 233)	-	846 233	248 857
Department of Arts and Culture - Isingqisethu		2 000 000	(1 936 309)	(200 000)	2 136 309	(136 309)
Department of Arts and Culture - PACA		2 000 000	(1 778 668)	(200 000)	1 978 668	21 332
Department of Arts and Culture - MEAPAC				-	-	-
Department of Arts and Culture - PAGI		1 500 000	(1 161 473)	(150 000)	1 311 473	188 527
Department of Arts and Culture - CAC Transfers		1 170 000	(1 170 000)	(130 000)	1 300 000	(130 000)
Department of Arts and Culture - Flagship Projects		6 455 000	(5 986 087)	(824 000)	6 810 087	(355 087)
Total	5 466 349	13 125 000	(13 368 440)	(1 504 000)	14 872 440	3 718 909

Reconciliation of administered funds - 2022

	Opening Balance	Receipts during the year	Payments during the year	MBTC Management Fees	Realised to SPR	Closing Balance
Mandela Bay Metropolitan Municipality		7 005 848	(3 123 067)	(2 361 522)	5 484 589	1 521 259
Department of Arts and Culture Dakawa		2 850 000	-	-	-	2 850 000
Department of Arts and Culture - CAC		3 150 000	(2 054 910)	-	2 054 910	1 095 090
Total		13 005 848	(5 177 977)	(2 361 522)	7 539 499	5 466 349

Administered funds comprise of funds received/held on behalf of third parties where MBTC make payments on behalf of these third parties based on a memorandum of agreement between the parties.

7. Managed programmes expenses

	2023	2022
Mandela Bay Metropolitan Municipality	406 359	3 123 067
Department of Arts and Culture Dakawa	83 310	-
Department of Arts and Culture - CAC	846 233	2 054 910
Department of Arts and Culture - Isingqisethu	1 936 309	-
Department of Arts and Culture - PACA	1 778 668	-
Department of Arts and Culture - PAGI	1 161 473	-
Department of Arts and Culture - CAC Transfers	1 170 000	-
Department of Arts and Culture - Flagship Projects	5 986 087	-
Total	13 368 440	5 177 977

8. Finance lease obligations

Minimum lease payments due

Within one year	213 528	213 528
In second to fifth year	106 764	320 292
	<hr/>	<hr/>
	320 292	533 820
Less: future finance charges	(24 574)	(64 665)
	<hr/>	<hr/>
	295 718	469 155

Present value of minimum lease payments

Within one year	192 074	173 437
In second to fifth year	103 644	295 718
	<hr/>	<hr/>
	295 718	469 155
Short-term position	192 074	173 437
Long-term portion	103 644	295 718
Total	<hr/>	<hr/>
	295 718	469 155

MBTC has finance lease for copier machine and telephone system (PABX). For initial recognition a discount rate of 10.25% per annum was applied

9. Provisions

Isakhono Awardees	1 400 000	-
Total	<hr/>	<hr/>
	1 400 000	-

On 22 October 2022, MBTC hosted Isakhono Awards, and seven (07) fellows were awarded R200 000 each to produce works in their respective genres. Although each fellow is entitled to the reward, the payment will only be made at the time close to the execution of programmes.

Notes to the Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

2023

2022

	2023	2022
10. Trade and other payables		
Trade and other payables exchange - current		
Accruals - Exchange transactions	3 565 484	117 781
Creditor - Exchange transactions	1 521 320	998 557
Unallocated funds	24 588	17 000
Production	160 966	13 972
Accrued employee related cost - Exchange transactions	584 367	440 554
Leave pay provision	662 595	203 231
Credit card	1 902	-
Sub Total	6 521 222	1 791 095
Trade and other payables - Non-current		
Accruals - Non-exchange transactions (Projects & Study support)	250 680	350 663
SARS	2 427 738	2 427 738
Other payables	191 773	193 623
Sub Total	2 870 191	2 972 023
Total	9 391 413	4 763 119

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. Stringent cash management procedures are in place. These include cash flow forecasting.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table includes both estimated interest and principal cash flows. The non-exchange transactions are excluded from the liquidity risk.

At 31 March 2023	1-3 months	> 3 months
Payables	4 174 439	2 392 332

The entity has mostly defaulted on municipal account for water and rates.

11. Revenue

11.1 Revenue from exchange transactions

Ticket sales	343 909	10 517
Hire of costumes, facilities, equipment	4 240	965
Student Fees & sundries	180 920	21 796
Interest received - investment	115 180	8 949
Sundry income	45 180	8 871
Management fees	1 504 000	2 361 522
Sub-Total	2 193 428	2 412 619

11.2 Revenue from non-exchange transactions

DSAC Transfers for Administration	24 250 000	13 374 000
DSAC/DSRAC Partnerships	15 715 841	5 177 977
Realised income - Infrastructure	2 347 401	
Realised income - Administered projects	13 368 440	5 177 977
Sub-Total	39 965 841	18 551 977

Total Revenue	42 159 269	20 964 596
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Funds received were spent in accordance with the terms and conditions detailed in the memorandum of agreement and revenue recognised to the extent of expenditure incurred.

Figures in Rand

2023

2022

12. Council, Audit & Risk Committee Remuneration

	2023	2022
Audit and Risk Committee	160 341	-
Council Remuneration	732 564	666 469
Total	892 905	666 469

13. Finance income

Interest on - Cash and bank deposits	115 180	8 949
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14. Reconciliation of net cash flows from operating activities

Cash from Revenue from exchange transactions

Add:	Receivable from exchange opening balance:	-
Add:	Total Revenue	2 193 428
Subtract:	Receivable from exchange revenue closing balance:	-
Cashflow from revenue exchange		2 193 428

Cash from Revenue from non-exchange transactions

Add:	Receivable from exchange transactions opening balance:	1 785 640
Add:	Total revenue:	39 965 841
Less:	Receivables from exchange transaction closing balance:	(2 443 796)
Cashflow from revenue from non-exchange transactions		39 307 685

Cash paid to suppliers of goods and services and employees

Less:	Total Expenditure	(44 757 377)
Add:	Depreciation and amortisation	951 023
Add:	Impairments	193 924
Add:	Loss on disposal of assets	2 938
Less:	Unspent conditional grant(infrastructure) - opening balance	(17 441 660)
Add:	Unspent conditional grant(infrastructure) - closing balance	32 379 111
Less:	Unspent conditional grant(administered) - opening balance	(5 441 250)
Add:	Unspent conditional grant(administered) - closing balance	4 340 306
Less:	Payables from exchange transactions - opening balance	(4 763 118)
Add:	Payables from exchange transactions - closing balance	9 391 413
Less:	Operating lease liability - opening balance	-
Add:	Operating lease liability - closing balance	6 924
Less:	Provisions - opening balance	-
Add:	Provisions - closing balance	1 400 000
		(23 737 766)

Cash paid to suppliers of goods and services and employees:

15. Operating lease arrangements

Lessee - Office premises

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which falls due as follows:

Up to 1 year	1 190 484
2 to 5 years	1 285 723
More than 5 years	-
Total	2 476 207

No contingent rent is payable.

16.1 Councillor's emoluments - 2023

The following emoluments were paid to the councillors for services rendered during the year:

Surname	Initials	Travel & Disbursements	Sitting fee
Ms Palesa Kadi		11 370,00	93 957
Prof. Mcebisi Ndletyana		2 512,00	64 518
Mr. Comfort Dithula Nabane		2 048,00	53 399
Dr. Olwetu Sipuka		1 200	33 654
Mr. Mbaso Metuse		16 129	50 493
Mrs. Nonceba Nomakhosazana Shoba		11 145	56 691
Mr. Suren Maharaj		2 620	46 667
Justice Irma Shoeman		1 200	40 386
Mr.Gcinibandla Daniel Mtukela		2 883	57 504
Total		51 107	497 269

Following the May 2021 declaration of the MBTC as a cultural institution, the Minister of the Department of Sport, Arts and Culture appointed the Council effective July 2022.

Therefore, the seating fees and disbursements relate actual remuneration (R497 269) and reimbursements (R51 107) paid to the Council Members for the period between July 2022 and March 2023.

16.2 Audit & Risk Committee Remuneration - 2023

Surname	Initials	Travel & Disbursements	Sitting fee	Total
Bukula	V	1 200	52 278	53 478
Mafani	K	3 376	36 705	40 080
Semane	T	900	21 240	22 140
Total		5 476	110 223	115 698

	2023	2022
17. Employee related cost		
Basic salary	8 487 094	5 687 660
UIF	128 308	68 309
SDL	94 525	50 842
Leave Provision	662 595	203 231
Total	9 372 523	6 010 042

18. Senior management's emoluments

Chief Executive Officer - Mr Monde Ngonyama

Basic salary	1 200 000	-
Travel & Subsistence - Reimbursement	2 611	-
TOTAL	1 202 611	-

Chief Financial Officer - Dr Talifhani Khubana (Started on 01 Oct 2022)

Basic salary	550 000	-
Travel & Subsistence - Reimbursement	-	-
TOTAL	550 000	-

Senior Operations Manager - Mrs Charne Peters

Basic salary	636 000	-
Travel & Subsistence - Reimbursement	-	-
TOTAL	636 000	-

Chief Financial Officer - Mr Amit Raj (Resigned July 2022)

Basic salary	420 037	-
Travel & Subsistence - Reimbursement	-	-
TOTAL	420 037	-

19. Related party

Transfer and subsidies

Infrastructure	DSAC	19 000 000	17 441 660
Transfer for administration	DSAC/DSRAC	24 250 000	13 374 000
Transfer for partnerships	DSRAC/DSAC/NMBM	15 715 841	5 177 977

Department of Sport, Arts and Culture

MBTC is a public entity established by the Minister of Department of Sport, Arts and Culture. This means that the Minister of DSAC is the executive authority of MBTC. Accordingly, during the financial year under review, MBTC received transfers for infrastructure, administration and special projects. Refer to Note 6 & 7 for the details of all transactions. Commitments are also disclosed under note 23.

Eastern Cape Provincial Department of Sport, Recreation, Arts and Culture

As a public entity established by the Minister of Department of Sport, Arts and Culture, MBTC works closely with the provincial department, DSRAC in implementing flagship projects of DSAC and those specifically identified by the provincial leadership of DSRAC. Refer to Note 6 & 7 for the details of all transactions.

Mandela Bay Metropolitan Municipality

MBTC has a partnership agreement with the Mandela Bay Metropolitan Municipality for implementation of artistic programmes benefiting the citizens of the metro. Note 6 & 7 provide all transactions that took place between the parties during the period under review.

Senior management's emoluments

For compensation of senior management please refer to Note 18.

20. Compensation of councillors and key management personnel

The compensation of councillors and key management personnel are set out in Notes 16, 17 and 18 to the annual financial statements. These stakeholders are related parties to MBTC.

21. Commitments

Infrastructure 3 983 718

The committed expenditure relates to outstanding expenditure orders at period end and will be financed from available resources from the partners as follows:

MEPAC	155 000
Sondela	1 000
PACA	17 941
Community Arts Centres	7 880
Total	4 165 539

22. Contingent Liability

There are no legal matters against MBTC. However, there is a VAT liability which has the possibility to attract more interests and penalties in the event SARS finds MBTC to have wilfully decided not to pay the outstanding amount of R2.4 million. In the event SARS claims that the debt be recovered from the institution, MBTC will have to pay about R7.2 million (inclusive of interest and penalties). MBTC may apply for Section 200 of the Tax Administration Act ("TAA") which deals with the Compromises on Debt owed by individuals, trusts, close corporations and companies. It allows a senior SARS official to compromise a tax debt which could be comprised of taxes, penalties, interest and even additional tax if certain requirements are met.

In terms of Labour matters, MBTC has no dispute from which contingent liability may arise.

23. Risk Management

Liquidity Risk

The MBTC manages liquidity risk through an ongoing review of future commitments. Cash flow forecasts are prepared and monitored. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Maturity analysis of non-derivative financial liabilities

Figures in Rand		2023	2022
- Finance lease	Note 8	295 718	469 155
- Trade and other payables	Note 10	5 529 257	1 116 338
Total		5 824 975	1 585 493

Credit Risk^t

Credit risk consists mainly of cash deposits, cash equivalents and receivables. MBTC only deposits cash with a major bank with high credit standards and therefore has no concentration of credit risks.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial assets at balance sheet date and is summarised below:

Financial Assets	35 709 986	20 101 879
Cash and cash equivalent	35 709 986	20 101 879
Trade and other receivables from exchange transactions	-	-

As at 31 March 2023, no trade and other receivables were written off as irrecoverable.

24. Financial Instruments

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

31 March 2023

	Amortised Cost	Fair Value
Financial Assets	155 270	35 709 986
Cash and cash equivalent	-	35 709 986
Trade and other receivables	155 270	-
Financial Liabilities	5 824 975	-
Finance lease obligations	295 718	-
Trade and other payables	5 529 257	-

31 March 2022

	Amortised Cost	Fair Value
Financial Assets	73 000	20 101 879
Cash and cash equivalent	-	20 101 879
Trade and other receivables	73 000	-
Financial Liabilities	3 247 556	-
Finance lease obligations	469 155	-
Trade and other payables	2 778 401	-

25. Going Concern

Management takes into account all available information at 31 March 2023 and concludes that the entity will be able to operate as going concern over the twelve month period ending 31 March 2024. The grant appropriation letter to this effect has already been received from the DSAC.

	2023	2022
26. Admin/operating expenses		
Advertising, marketing and communication	316 259	79 639
Audit fees	127 846	263 955
Bank Charges	79 145	38 945
Catering & refreshments	123 708	477 476
CIPC		950
Consumables and sundries	58 113	106 634
Consulting Fees	1 663 933	638 298
Donation	47 615	106 650
Electricity, water and refuse collection	652 278	496 264
Equipment hire	20 654	
Insurance	27 502	8 533
Legal fees	107 252	37 668
Printing and stationery	168 580	58 614
Penalties		3 684
Repairs and maintenance	103 771	34 819
Security services	1 456 545	907 631
Software licence	95 363	
Telephone and internet	75 513	56 673
Vehicle/transport cost	72 013	50 506
Travel and accommodation	1 205 387	239 431
Pest control	3 710	3 602
Total	6 405 188	3 609 970

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
27. Project expenses		
University of KZN		400 000
Stageworld Expenses		27 955
Yiyo Summer Festival (Dec)	210 279	1 564 994
Lecturers Fees	212 710	28 485
Trinity Exam Fees	5 790	-
NAC Bursary Allocation	117 145	-
Securty	29 400	-
Ingoma Indaba	458 277	-
Dakawa Expenses	83 310	-
Kunene & The King Expenses	157 519	-
Advocacy Expenses	250 450	328 285
Udaba Festival Expenses	1 434 126	-
Night of Voices Expenses	1 239 091	-
Dance & Theatre Engagement Expenses	167 523	-
OH Inc.: Productions	15 670	-
Udumo Expenses - catering	24 472	-
Udumo Expenses - Prizes	64 560	-
Udumo Expenses - Adjudicators/MC	53 600	-
Udumo Expenses-Marketing/Prod Essentials	71 389	-
Udumo - security	6 420	-
Udumo - Transport	94 090	-
Udumo - Travel & Accommodation	74 449	-
Udumo - Casual Wages	3 485	-
Shukuma - Travel/Accommodation	-	1 572
Shukuma Expenses - Production Essentials	-	325 000
Shukuma Expenses - Marketing	-	9 860
Women In Arts & The Game Expenses	1 662 101	179 121
OH Dev: Marketing/Production Expenses	75 068	826 872
OH Dev: Stageworld	111	-
OH Dev.: Entertainment	6 761	11 330
OH Dev.: Printing/Stationery	-	1 112
OH Dev.: Stage Equip Hire	11 650	-
Development Governance	-	-
OH Development - Tickets for shows	14 850	930
OH Development - catering	146 070	14 008
OH Development - Refreshments	2 050	-
OH Development - Isakhono Awards Evening	2 442 265	365 883
OH: Consumables	1 174	-
Performers	91 500	-
Adjudicators	23 672	-
Production/Marketing	124 950	-
DSRAC - ECMEAP	10 300	-
Beyond The Stage	87 500	-
Stage: Electrical/Sound	824	800
Stage; Disposable H/Ware	7 081	-
Stage: Contract Staff	13 504	-
DANCE SEASONS	324 894	-
Iphulo Exp - Administration Operations		4 500
Iphulo Expenses-Marketing/Production Ess		253 792
Iphulo Expenses - Co-ordinator Salaries		66 500
Iphulo Expenses- Accom/Trans/Subsistenc	950	223 776
Iphulo Expenses - Refreshments/Meals		61 700
Iphulo Expenses - Contingency		371 686
Iphulo Expenses - Posters & Printing		42 506
Iphulo Expenses - Security		12 480
NMBM Expenditure		2 016 293
Graphic Design	633 365	-
Maskhandi - Transport	1 043	-
Maskhandi - Travel & Accommodation	12 237	-
Maskhandi - Sound & Tech	20 866	-
Ho'ina Expenses	670 435	-
Dance Seminar Expenses	130 840	-
Live @ the barn expenses	222 669	-
Jazz Legacy expenses	712 695	-
Advisory Fee	80 500	59 500
Travel	18 560	1 200
Stage 2 Screen		781 524
Stage 2 Radio NMBM	318 859	264 550
DSAC WIAM		49 582
NMBM - Beyond the Stage (Stage 2) NMBM		120 000
DSRAC - EC Touring Ventures		15 965
	12 643 098	8 431 761