ANNUAL REPORT

2020-2021

mdda
MEDIA DEVELOPMENT & DIVERSITY AGENCY

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This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2020 to 31 March 2021.

This report has been prepared for submission to the Executive Authority and the Parliament of South Africa in line with the requirements of the Public Finance Management Act (No 1 of 1999) and the MDDA Act (No 14 of 2002).

The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and small commercial media in South Africa. It was established in 2003, in terms of the MDDA Act No. 14 of 2002 and started providing grant funding to projects on 29 January 2004

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

PART A: GENERAL INFORMATION

MEDIA DEVELOPMENT & DIVERSITY AGENCY

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1 PUBLIC ENTITY'S GENERAL INFORMATION

Media Development and Diversity Agency

(Registration number PE63)

General Information

Country of incorporation and domicile	South Africa
Registered office	5 St Davids Place Parktown Johannesburg South Africa 2193
Contact telephone numbers	Tel: +27 (0)11 643 1100
Email address	info@mdda.org.za
Website address	https://www.mdda.org.za/
Auditors	Auditor-General South Africa
Bankers	Absa Bank South African Reserve Bank
Company Secretary	Yolanda Du Preez

LIST OF ABBREVIATIONS 1.2

ACRONYMS

CEO	Chief Executive Officer
GRAP	Generally Recognised Accounting Practice
CFO	Chief Financial Officer
DoC	Department of Communications
GCIS	Government Communications Information Syste
PFMA	Public Finance Management Act No.1 of 1999
MDDA	Media Development and Diversity Agency
AGSA	Auditor-General of South Africa
ARC	Audit Risk Committee
AIP	Association of Independent Publishers
SCM	Supply Chain Management
PPE	Personal Protective Equipment
4IR	Fourth Industrial Revolution
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
SEDA	Small Enterprise Development Agency
FPB	Film and Publications Board
SABDC	South African Book Development Council
MoU	Memorandum of understanding
MICT SETA	The Media, Information and Communication Technologies Sector Education and Training Authority
ICASA	Independent Communications Authority of South Africa
SANEF	South African National Editors' Forum
USAF	Universal Service and Access Fund
SCM	Small Commercial Media
SOP	Standard Operating Procedure
AAVCS	Audio and Audio-Visual Content Services
HDI	Human Development Index
SMME	Small, Medium, and Micro-Enterprises
BEE	Broad-based black economic empowerment
SII	Serum Institute of India
SONA	State of the Nation Address
MTSF	Medium-Term Strategic Framework
ERM	Enterprise Risk Management
COSO	Committee of Sponsoring Organisations

1.3 MINISTER IN THE PRESIDENCY FOREWORD

It is with great pleasure as the Executive Authority that I present to you the MDDA's Annual Report for the financial year 2020/2021.

A year has passed since South Africa recorded its first case of the novel coronavirus, COVID-19. The people of South Africa and the community media sector as a whole, have experienced loss like they have never seen before. We have mourned the death of and buried those closest to us. Like the rest of the world, we have not been spared the devastation of death, economic hardships, and having to adjust to doing business in the midst of a deadly pandemic.

The first Lockdown announced on 23 March 2020 spelled loss of income on both the mainstream and community media sectors. The dwindling sources of income were even worse for the community media sector, who are normally represented by small publishing houses who are working on minimal budgets and have to rely on sourcing advertising revenue from even smaller businesses around their locale. Most small publishing houses that could not access the emergency government funding resulted in the loss of an estimated 300 to 400 journalistic jobs. (https://sanef.org.za/wp-content/uploads/2020/06/SANEF-Covid-Impact-Research-Final-Report8.pdf).

It is even harder to ascertain how many jobs were lost at the community radio stations level countrywide, as they absorb a lot more numbers when it comes to volunteers who are paid a monthly stipend. The decline in advertising revenue was just as substantial to these community media projects. Added to this was the disappearance of third-stream revenue from such sources as the hosting of events.

While the advertising revenue continues to drop, the demand for accurate news from credible sources, online and broadcasting, continues to grow. Although the picture looks very gloomy right now, as the President of South Africa attested in his 2021 State of the Nation Address, the people of South Africa are resilient in many ways, we will overcome this deadly pandemic in time.

For the past 18 years, the MDDA has stayed true to its statutory mandate, of consistently seeking to redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and media industry. As a result, the Agency has rapidly increased both the number and reach of the projects it supports. Despite the strides the agency has made in advocating for media freedom, the media landscape across South Africa does not uniformly exhibit a fully-entrenched diversity and recognition of indigenous languages and culture, while the local media face ongoing sustainability challenges – only exacerbated by the virus currently plaquing our country.

In this context, the MDDA continues to play a critical role in working towards ensuring a flourishing, sustainable and robust local media sector – a sector which supports nation building as well as defends and strengthens our democracy, social cohesion, and good governance. As the world embraces the essentials of an information society, and the Fourth Industrial Revolution becomes ever more of a reality, it is critical that all citizens have access to the widest range of information in order to participate fully, and effectively in an increasingly connected world.

For us as South Africans, such advances mean new opportunities for redefining new media related development approaches. The role of the MDDA has never become more relevant than now, particularly as we witness consolidation of the media houses which threatens diversity of views in the media space.

With the MDDA nearing the end of its second decade of existence, much has changed. The media landscape is very different to that of 2002 when the MDDA Act, No 14 of 2002, was promulgated. As a result, the review of the MDDA Act and its associated regulations has commenced in order to ensure that the MDDA further embeds and accelerates its impact on media transformation. It would be amiss for me not to acknowledge the enormous work done by my late predecessor, Honourable Minister Jackson Mthembu whom we tragically lost to Covid 19 in January 2021. A gallant, selfless, dedicated, passionate leader whose heart was firmly grounded in the upliftment of the vulnerable, marginalised and disadvantaged. It came as no surprise that he exceeded expectations in this portfolio.

As the Agency's Political Principal, Minister Mthembu was resolute in advocating for media development and diversity. He often hailed the importance of community and small commercial media as critical in the battle of ideas, freedom of expression and media freedom. He was therefore deeply concerned that the sector is facing a chronic battle for survival, especially those serving poor, rural communities where the existence of a local media project is often the community's only access to the media.

With his open leadership style, Minister Mthembu believed in being always accessible to and personally interacting with those he led and those he fought for, including very importantly the community media sector. In his various interactions, Minister Mthembu gave voice to the sector's growing plight in the face of advancements brought by the 4IR, severe undervaluing of community media and reduction of advertising budgets across sectors, amongst others. These sustainability issues were brought into sharp relief with the economic upheaval caused by the Covid-19 pandemic. With this disconcerting reality, Minister Mthembu impressed upon the MDDA to prioritise and ensure that a community media sustainability model is realised and implemented. His sudden departure comes at a time that plans are afoot to commence the research process in this respect.

Since his appointment, Minister Mthembu committed to bring stability to the MDDA through filling the long-standing board vacancies and ensure appointment of a permanent CEO. At the community media sustainability consultative conference held in August 2020 he said, "As promised when I was appointed to this responsibility and at my first interaction with the sector, I stated that I will prioritise installing leadership stability at MDDA. As you all know by now, Parliament has completed the process of appointing the board members for the existing four vacancies and will be initiating the process for the upcoming two vacancies in October 2020. I instructed the Board to prioritise the appointment of the Chief Executive Officer (CEO) and that was achieved."

Minister Mthembu was indeed results oriented and it therefore came as no surprise that he committed himself to being at the forefront of the MDDA fundraising strategy. This saw the Minister sink his teeth in to engage the private sector and international funders; efforts that were targeted at improving the Agency's capital base in order to increase funding and other essential support for MDDA beneficiaries, especially print and digital media projects.

I hereby formally table this Annual Report to Parliament.

Mondli Gungubele (MP)

Minister in The Presidency
Executive Authority

1.4 DEPUTY MINISTER IN THE PRESIDENCY FOREWORD

I am pleased, as the Deputy Minister in The Presidency, to present the Agency's Annual Report which describes and details the activities of the Media Development and Diversity Agency (MDDA) for the period 1 April 2020 to 31 March 2021.

The mandate that has guided the activities outlined in this Annual Report is set out clearly in the MDDA Act, the objectives of which are in line with the national policy priorities and the Constitution Act, 1996 (Act No. 108 of 1996). These objectives are to promote media development and diversity, media freedom, the right to freedom of expression and freedom to receive and impart information or ideas.

For the first quarter of 2020/2021 the MDDA, like most of the world, grappled with putting measures firmly in place to safeguard its staff against the Covid-19 pandemic and to provide emergency relief funding to the community media and small commercial media sector.

In recognition of the critical role played by community and small commercial (SCM) media in dissemination of information to communities across South Africa, the MDDA launched a R20m COVID-19 emergency response fund, which was dispersed in two phases. The Fund was initiated to assist the projects continue to operate during the pandemic, by assisting in reducing the risk of their staff from potential exposure to the virus, and at the same time provide relief in terms of part cover of operational expenses. The latter is important as the sector has been hit hard by falling advertising revenues.

The first R10 million emergency fund catered for content generation, fuel, distribution costs for print, telecommunications, PPE, and hygiene essentials. During this period, community media was encouraged to improve their coverage on health issues by ensuring that innovative ways are utilised to unpack difficult concepts, and to provide information that helped citizens have a better understanding of not only COVID-19 but health issues in general.
The fund closed by the end of April 2020, with R10 million having been disbursed to 115 community broadcasters and 116 community and SCM publications in R45 000 relief packages, per station/publisher.

The second phase of the emergency relief fund opened on 25 May 2020, with R10 million made available in up to R50 000 (for community broadcast) and R20 000 (for community and SCM print and digital) packages. The second phase focused more on relief of operational expenses such as rentals/bond repayments, salaries/stipends, telecommunications and content generation and dissemination, but also with an allocation for hygiene essentials as personal protection became increasingly important with the upsurge in the pandemic.

The MDDA mounted an extensive communication campaign around the opening of the second phase with the MDDA CEO talking on 95 community radio stations across the country to raise awareness of the Fund. As with the first phase, all community and SCM media in South Africa were eligible to apply for the second phase of the Emergency Relief Fund. However, before receiving the second phase, those beneficiaries of the first phase of the fund were required to have reported on the usage of the first phase to the MDDA, demonstrating compliance with the requirements of the Fund.

Time has shown that the MDDA Emergency Funding was not sufficient for vital content generation as the coronavirus stayed with us longer than originally anticipated. This has stressed the need for an increased budget for the agency to be able to fulfil its mandate. The corner stone of the MDDA's role, alongside other industry players, carries a sizeable responsibility towards ensuring the viability and sustainability of the community media sector in South Africa.

As the MDDA turns 20 in January 2023, it has decided to create a Sustainability Model that will be made up of different elements deemed relevant and necessary for the sector's survival and innovation.

This comes at the right time, as the sector is facing significant changes, due to, amongst others, the rapid technological advances, tightening economic conditions, and the need for media to play a greater public information role, the importance of which has been highlighted by the current pandemic.

I hereby formally table this Annual Report to Parliament.

Thembi Siweya (MP)

Deputy Minister in The Presidency

1.5 CHAIRPERSON'S STATEMENT AND FOREWORD

On behalf of the Board of the Media Development and Diversity Agency (MDDA), I present this Annual Report covering the MDDA activities for the financial year 1 April 2020 to 31 March 2021.

In this financial year, the Board of the Media Diversity Development Agency (MDDA), approved a Digital Migration Strategy, which continues to guide the Agency as it works with the MDDA funded projects, stakeholders, and other role players within the community media sector in fulfilling the directive to provide a free and diversified press within the digital era.

The community media sector is in the midst of exciting changes brought about by the Fourth Industrial Revolution (4IR) and the increasing trend to digital news sites and forms of storytelling. Such developments are having a significant impact on community media and are reinforcing the important role the MDDA plays in leading discussions on necessary changes for the sector.

Mandate

The core mandate of the MDDA is to create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans. This is fulfilled through grant and seed funding for community media projects, with an annual call for grant funding applications.

On the 25th of February 2021, the Board of the MDDA met and deliberated over and approved grant and seed funding for 22 community radio stations across provinces & on the 18th of March 2021, the Board further approved grant and seed funding for 9 community and small commercial print media projects.

The 31 in total approved projects were part of the total overall number of 158 applications that responded to the 2020/21 Call for Grant Funding Applications for a six-week period, which officially opened on 15 October 2020 and closed on 30 November 2020. Of these applications, 78 were community broadcast media projects, including radio and TV and 80 were community print and digital publications, which were a combination of community print, small commercial print, and digital media projects.

Matters of Governance.

The MDDA reports to the Ministry in the Presidency, with the Deputy Minister in the Presidency having been assigned specific responsibility for oversight of the agency. The agency continued to enjoy a high level of engagement with the Ministry in the Presidency, during the hard Lockdown at the beginning of the financial year, this was done through videoconferencing.

In September 2020, the MDDA welcomed four new members to the MDDA Board, for a three-year term effective from the 1st of September 2020. The new members, who have been appointed by the President of South Africa, on recommendation of the National Assembly, are Ms. Andiswa Ngcingwana, Ms. Brenda Leonard, Mr Hlengani Mathebula and Ms. Marina Clarke.

The new members bring with them a strong set of diverse skills, reinforcing the MDDA Board's strategic leadership of the Agency in the delivery of its mandate to promote media diversity through the growth of a sustainable community-based media sector in South Africa.

Executive Authority

In January 2021, The Media Development and Diversity Agency (MDDA) joined South Africans in mourning the passing of the late Minister in the Presidency, Jackson Mthembu. The news of his departure left the agency extremely shocked and devastated. As the Agency's political principal, Minister Mthembu had a steely resolve in promoting and advocating for media development and diversity. He always, without fail, emphasised the critical role of community and small commercial media in the battle of ideas, freedom of expression and media freedom. He was therefore deeply concerned that the sector is facing an unceasing battle for survival, particularly those serving poor rural communities. In these areas, the existence of a local media project is often the community's only access to the media.

These sustainability issues were brought into sharp focus with the economic upheavals triggered by the Covid-19 pandemic. With this disconcerting reality, Minister Mthembu impressed upon the MDDA to prioritise and ensure that a community media sustainability model is realised and implemented.

On 27 January 2021, the agency welcomed the appointment of Minister of Small Business Development Ms. Khumbudzo Ntshavheni as Acting Minister in The Presidency: Planning, Monitoring and Evaluation. The Agency continues to have a good working relationship with the Acting Minister in the Presidency and the Department of Planning, Monitoring and Evaluation.

Strategic Plan 2021/22 – 2024/2025 and Annual Performance Plan 2021/2022

The MDDA submitted the final drafts of its Strategic Plan for 2021/2022 – 2024/25 and Annual Performance Plan for 2021/2022, following a wide ranging and comprehensive MDDA Board strategic planning session in January 2020. The plans were subsequently approved by the Executive Authority and tabled in Parliament in March 2020.

The Strategic and Annual Performance Plans have been developed against the background of the transformational agenda outlined in the National Development Plan (NDP), and the electoral mandates set out by the President of South Africa in his State of the Nation Address in July 2019.

Funding of the Agency

The MDDA appreciates the trust bestowed upon us by the South African Government and the mainstream/commercial media industry through the funding we receive for the diversification and transformation of the media sector. Currently, the Agency receives funding from the South African Government through the GCIS, and from broadcast service licensees, via the USAF levy. Funding from the print sector ceased in 2014/2015 and the MDDA is continuing to engage with this sector as part of a wider initiative to strengthen relationships with various funders to increase its funding base and play an even greater role in championing media diversity.

The funding agreements with broadcasting service licensees are aligned to the ICASA regulation and prescribe that each broadcast licensee contributes 0.2% of their annual turnover of licensed activities.

A restrictive annual MDDA budget means that the Agency cannot cope with demand as, year on year, proposals received amount to about R150 million. Other challenges relate to the ring fencing of MDDA funds as specified in the MDDA Act, which means that sector capacity building and research initiatives by the MDDA cannot be adequately funded. These are key issues that need to be urgently considered going forward.

Community Media – the current landscape

Community media can be defined as any form of media that is created and controlled by a community, either a geographic community or a community of identity or interest. It is separate from either private (commercial) media, state run media, or public broadcasting. It is increasingly recognized as a crucial element in vibrant and democratic societies. It is a facilitative tool for discussion and engagement of the ordinary citizenry, nation building and public participation and a means by which local news and information is disseminated.

Community media defines itself more by its mission than its size or location. It usually evokes a grassroots attitude and a bias toward the free flow of opinions and ideas. It seeks to educate and entertain, to inform and amuse, and to create a platform under which its listeners can engage and challenge each other as well as their political leadership. These operations tend to be smaller, community based and managed, with a reliance on local support that may include advertising but more often is reflected in donations and volunteerism. Community media will often fill the void left by larger corporate media entities that operate under different imperatives that may not include the underrepresented or marginalized populations in a society.

Despite its key role in society, the sector continues to face a myriad of challenges. The community media sector is plagued with various capacity challenges and this has been highlighted by many community interventions over the years. Corporate governance and compliance are the two greatest stumbling blocks in the sustainability of community media projects.

One of the objectives of the Agency as outlined in the MDDA Act of 2002 is to "encourage the development of human resources, training and capacity building within the media industry, especially amongst historically disadvantaged groups". In response to this, the Agency has developed capacity building programmes, which aim to provide community and small commercial media with necessary skills needed for effective performance in day-to-day work.

The funding contract developed by the agency includes a Schedule of Particulars (SOP) that outlines how funds from the MDDA must be disbursed, reporting requirements, project outcomes and implementation timeframes. The agency also holds a Grantee Orientation Workshop for all newly approved grantees. The training at the workshop puts emphasis on corporate governance and compliance, the two critical requirements for community media projects to be able to attract funding and generate revenue in the form of advertising support.

Future Direction

Strengthening the role of the MDDA in social transformation and access to information for all requires that the Agency expands its activities to reach a much wider audience through innovative means and public platforms. This includes directing greater attention to vulnerable groups, such as women, children, with particular focus on child rights, and people with disabilities.

As part of its commitment to proactively leading advocacy and lobbying interventions, the MDDA will intensify its efforts to support policy development through input and contributions, as well as focus greater attention on forming partnerships with sector bodies.

These activities are intended to mobilise resources across the sector to the benefit of community media. Other initiatives include increasing the MDDA's contribution to sector capacity building, in particular by supporting governance and content generation training.

Appreciation

I am immensely grateful for the support and invaluable input I have received from the Executive Authority, my fellow MDDA Board members, and MDDA leadership and staff during the past year. On behalf of the Board, I would like to express my full confidence in the current Board, the agency's Executive Management and staff, and wish the whole team success in the coming years. In concluding, I would like further to thank the former Board Chairperson Mr Ndivhuho Norman Munzhelele for his immense contribution made during his tenure.

Hlengani Mathebula
Chairperson

CHIEF EXECUTIVE OFFICER'S EXECUTIVE SUMMARY AND OVERVIEW 1.6

The MDDA is reporting against the Annual Performance Plan of 2020/2021 as tabled in Parliament on 18 March 2020, together with the MDDA Five-Year Strategic Plan for 2020/2021 – 2024/2025. Both the Strategic Plan and Annual Performance Plan (APP) have been developed in terms of the Revised Framework for Strategic Plans & Annual Performance Plans as per the National Treasury Instruction No 5 of 2019/2020.

Operating Environment

The enabling legislative environment and the positioning of the MDDA in the Ministry in the Presidency has strengthened the relevance of its value proposition. The new democratic South Africa recognises the urgent and critical need for transformation of the media environment based on the key principle of freedom of expression, a right enshrined in our new Constitution. In addition, media diversity and the invaluable role of the media to ensure access to information were from the start cornerstones of our democracy. The importance of community media cannot be underestimated. Though they usually reach a smaller audience/readership, their capacity to offer a targeted platform for under-represented groups means that they are a useful tool for participation in society. Despite all the challenges the community media sector faces, civil society, government, and stakeholder groups still see the need to build a thriving community and small commercial media sector.

With the move to Lockdown Level 1, MDDA staff returned to work in September 2020 using a staggered approach to ensure that the required social distancing can be maintained. The staggered approach, which is in line with the MDDA Pandemic Prevention and Response Plan, continued throughout Quarter 3. Management is however continually and closely monitoring the situation, to assess the need to return to total remote working if the pandemic worsens.

Performance

In line with this revised framework, the entity had three outcomes and functions through five programmes: Governance and Administration; Grant and Seed Funding; Partnerships, Public Awareness and Advocacy; Capacity Building and Sector Development; and Innovation, Research and Development.

The agency had set itself 18 annual targets for 2020/21 Financial Year. 16 of the annual targets were achieved and only 2 targets were not achieved. The 16 targets achieved constitute 89% of the agency's annual achievement. The target that was not achieved relates to the appointment of a Service Provider for the Sustainability Research wherein, the tender had to be re-advertised owing to unsuccessful bids received in January 2021. The bid is currently at the adjudication stage.

The other target that was not achieved within this financial year is Elections Training. This was due to the strict Level 3 Lockdown rules as per Disaster Management Act, and the limited number of people that can congregate together. This activity will be conduct during the 2021/22 financial year.

Service Delivery Environment

In line with the MDDA Grant Funding Policy, the agency issued the 2020/2021 call for new grant applications on 15 October – 30 November 2020. This was supplemented by a countrywide outreach programme, covering all nine provinces, and an announcement on 95 community radio stations where the MDDA explained the improved application process and the funding policy. The MDDA also introduced its first online application system, accessible via the website. As in previous years, the MDDA received a high volume applications from both broadcast and print/digital projects.

As a first step in the assessment process, the projects team reviewed all applications thoroughly in terms of compliance regarding required documentation and meeting the MDDA funding criteria.

On the 25th of February 2021, the Board of the MDDA met and deliberated over and approved grant and seed funding for 22 community radio stations across provinces & on the 18th of March 2021, the Board further approved grant and seed funding for 9 community and small commercial print media projects.

These approved projects were part of the total overall number of 158 applications that responded to the 2020/21 Call for Grant Funding Applications for a six-week period, which officially opened on 15 October 2020 and closed on 30 November 2020. Of these applications, 78 were community broadcast media projects, including radio and TV and 80 were community print and digital publications, which were a combination of community print, small commercial print, and digital media projects.

The MDDA made good progress in its stakeholder and partnership initiative, meeting with sector stakeholders over a range of potential partnerships from the issue of music licence fees, through to training and mentoring with agencies such as Nemisa, SEDA, the Film and Publications Board (FPB) and the South African Book Development Council (SABDC). The MDDA finalised and entered into an MoU with MICT SETA on collaboration on bursaries and training through the Competition Commission Fund, as well as for MDDA capacity building initiatives for the community media sector.

In further initiatives, the MDDA is engaging with the new media players such as Facebook and Google for their support of the community media sector. A meeting with Facebook in Quarter 3 generated a number of exciting areas to collaborate on and take further early in 2021. The lockdown due to the Covid-19 pandemic has hindered the holding of physical training initiatives. However, the MDDA has remained committed to implementing training interventions aimed at capacitating the community media in key sustainability skills.

To this end, two online workshops were held in Quarter 3. A Community Media Masterclass on Effective Reporting on Gender -Based Violence was conducted as a build-up to the 16 Days of Activism for No Violence Against Women and Children Campaign. The MDDA also held a community media masterclass on digital media in honour of Black Wednesday. The masterclass was themed "Decluttering the Noise: A Digital Age Media Practitioner" and covered fact checking, health journalism and data journalism.

In partnership with the Department of Communications and Digital Technologies, the Agency held a Sector Engagement Workshop on the Draft Whitepaper on Audio and Audio-Visual Content Services Policy Framework. The draft white paper seeks to create an enabling environment for the provision of inclusive audio and audio-visual content services (AAVCS) to all South Africans in a manner that promotes social- economic development and investment.

The initiative to develop a community media sustainability model also made good progress in Quarter 3, following the Quarter 2 industrywide engagement to draw up the Terms of Reference for the required research. The tender for the research was advertised in Quarter 3, with the closing date of 8 January 2021. A tender briefing was held in December, attended by 20 participants.

The MDDA recognises the severe financial pressure that the community broadcast sector is faced with regarding transmission fees, which led to the Board approving a call for applications from community broadcast projects across South Africa for the payment of transmission and self-transmitting fees. The call was open from 23 March to 01 April 2021.

Covid 19 Emergency Response

Quarter 1 of 2020/2021 commenced with MDDA measures firmly in place to safeguard its staff against the Covid-19 pandemic and to provide emergency relief funding to the community media and small commercial media sector. Following the decision to direct staff to work from home from 24 March 2020, to protect both the staff and the organisation from the pandemic, the MDDA's business continuity plans proved effective. Staff continued to work in remote mode, online from home, throughout Quarter 1, with ICT supporting staff from a virtual environment, with no notable outages having occurred. After the end of the COVID-19 South African lockdown, the MDDA Pandemic Prevention and Response Plan provided guidelines for the management of the MDDA's employees return to work, albeit on a staggered basis.

The agency launched two phases of COVID-19 Emergency Relief Funding, which was open to all community and small commercial (SCM) media projects across South Africa. The first phase ran in March and April of 2020, with some R10 million being disbursed to 116 community broadcasters and 115 community and SCM publications in R45,000 relief packages, per station/publisher, and the second phase from 25 May 2020. Both phases of the Emergency Relief Fund were approved by the Board of the MDDA in recognition of the critical and essential service played by the community and SCM sector in information, news, and content dissemination, particularly during the NationalLockdown and coronavirus pandemic.

This relief funding was very welcomed by the sector, since it was facing severe pressures as a result of the economic impact of the National Lockdown and subsequent loss of advertising, while there was also an urgent need to minimise the safety risks to media projects personnel during this period.

Sector Capacity Building

The NDP 2030 points out that, whilst global integration has brought about sustained growth, it has also been marked by negative trends. In South Africa there continues to be high inequality (Gini coefficient of 0.68 even with the social wage) against the NDP 2030 target of 0.60. The persistent poverty means that the population living below the Lower Bound Poverty Line increased from 36.4% in 2011 (18.7 million people) to 40.0% in 2015 (21.9 million people) against the NDP 2030 target of zero proportion of households with a monthly income level of R419 (in 2009 prices).

At the social level, South Africa continues to be plagued by issues of unemployment, poverty, and inequality, including lack of social cohesion, and increasing service delivery protests. Black youths are at the epicentre of these upheavals, as they constitute the major proportion of the unemployment rate.

Supporting youth owned and managed community media projects is a focus area of the MDDA in the delivery of its mandate, while further focus areas must be job creation and upskilling as positive spin-offs of the financial and non-financial support the MDDA provides to its beneficiary projects.

Gender inequity also remains a reality in the workplace and in the community media sector. A Glass Ceilings study in 2018, jointly conducted by Gender Links and SANEF and supported by the Media Development & Diversity Agency (MDDA), highlights the fact that, while the media industry is changing with more women in senior roles, inequality and inequity persist. While South Africa does boast notable media exceptions, it cannot be denied that women are still under-represented in the media, both at senior levels from ownership and Board level to station management and editors, and in the newsroom. As with youth, supporting women owned and/or managed community media projects have become a focus area of the MDDA in the delivery of its mandate.

The media therefore operates in an economic environment that reflects Government's commitment to cost containment and spending wisely, as well as ensuring that its competing priorities are impact based. The private sector is also impacted negatively by the prevailing economic conditions, with cutback and retrenchments a current reality. In particular, the current trend towards digital news sites has negatively impacted commercial print media who were traditionally funders of the MDDA.

These financial constraints impact both the Agency itself, in terms of funders, as well as the community media who are competing with mainstream media in an ever more cost constrained environment for advertising revenue, whilst facing high operating costs. Currently community broadcast projects face the threat of being switched off by SENTECH due to inability to pay transmission costs, while printing and distribution comprises some 80% of newspaper costs. The MDDA's role is therefore to assist the community media sector in finding more affordable means of broadcasting/publishing, by for example moving to self-transmission or to digital platforms.

Executive Authority

The MDDA reports to the Ministry in the Presidency, with the deputy minister in the Presidency having been assigned specific responsibility for oversight of the agency. The agency continued to enjoy a high level of engagement with the Ministry in the Presidency, during the hard Lockdown at the beginning of the financial year, this was done through videoconferencing.

In the reporting period, the agency continued to receive support from the Ministry in the following activities amongst others. The annual Funders Breakfast, which was held virtually due to Lockdown regulations, and the Deputy Minister delivered the keynote address. The Funders Breakfast was attended by about 60 key decision makers in broadcasting, print, telecoms operators, social media platforms, training partners and other key stakeholders.

Reaching Out

The onset of the Covid-19 pandemic, which swept across the world in 2020, and which still continues, has had a significant impact on the external environment in which the MDDA operates. The depressed economy was severely aggravated by the lockdown imposed by the South African Government in an effort both to limit the spread of the virus and to prepare South Africa's medical facilities for dealing with Covid-19 patients. This has in turn impacted on the community and small commercial media who saw their already fragile sustainability further weakened by falling revenue as advertisers, both private and public sector, introduced cost containment measures.

Emergency funding for the sector introduced by the MDDA, and other organisations such as Google and Facebook, assisted in alleviating some of the immediate cost pressures, but the long-term impact remains a concern.

At the same time, the pandemic served to highlight the immense value of the community and small commercial media sector in conveying critical information, in this case health information. This is due to the sector's reach into remote communities generally side-lined by mainstream media, as well as the use of all indigenous languages for the broadcasting/publishing medium.

Financial Summary

Given the prevailing stringent financial environment, the MDDA cannot rely solely on funds received from the National Treasury through the GCIS and from its current broadcast funders, and needs to urgently explore other funding streams. As a result of efforts by the Board and management to increase and strengthen its funding base, the MDDA received an additional significant discretionary amount from multichoice. However, going forward the Agency needs to ensure relationships with Broadcast funders are reinforced, as well as seek out other funding sources.

As a control measure, the Agency releases funds to approved beneficiary projects in tranches, depending on the project meeting contractual and compliance requirements. The MDDA is placing increasing focus on project compliance through more stringent contractual requirements, as well as active involvement by the MDDA Legal unit in contracting with the beneficiaries to ensure that they fully understand their contractual obligations.

Conclusion

This financial year ended on a somewhat positive, yet frightening note for South Africa. When Health Minister Zweli Mkhize announced that the Serum Institute of India (SII) had confirmed the delivery of 1-million doses of the Astra Zeneca vaccine to be administered to the country's frontline healthcare workers, as a country we started to see a glint of light at the end of the tunnel in the fight against the COVID-19 pandemic. However, the joy was short-lived, as there was also news of a third wave looming in the horizon.

I would also like to thank the Executive Authority for strengthening our Board with the addition of the four new members, who were appointed by the President of South Africa, on recommendation of the National Assembly, who are Ms. Andiswa Ngcingwana, Ms. Brenda Leonard, Mr Hlengani Mathebula and Ms. Marina Clarke.

The new Board members' range of experience from governance principles, through to business management, human rights policy development and advocacy and practical community media management experience, strongly complement the Board's existing skills in assisting the local media, successfully negotiate the current, very dynamic media landscape.

The MDDA Board said farewell to two members whose terms expired in October 2020. These were Dr Nombeko Mbava and Ms. Martina Della Togna. The MDDA is grateful for the invaluable input provided by the members over their three-year terms, and the contribution they made to the Agency.

Together with my Executive team, my immediate priority is to build a coherent and high performing team, equipped to provide meaningful leadership to a community media sector that is facing an exciting but also potentially disruptive environment, brought about by the onset of the Fourth Industrial Revolution (4IR).

On behalf of the Agency, I would also like to acknowledge and thank the late minister in the Presidency together with the Deputy Minister for their unstinting support of our mandate to encourage and accelerate the growth of community media as a strong force for social change and a driver of the transformational agenda.

Zukiswa Potye
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE YEAR ENDED 31 MARCH 2021

1.7

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

The accounting authority is responsible for establishing, and implementing a system of internal control. Internal controls have 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 entity for the financial year ended 31 March 2021.

Ms. Z Potye
Chief Executive Officer

Mr H Mathebula
Chairperson of the Board

1.8 MDDA BOARD OF DIRECTORS

Hlengani Mathebula (Chairperson of the Board)

Ndivhuho Norman Munzhelele (Former Chairperson of the Board - 20/07/2018 - 26/03/2021)

Collin Mashile (Former Shareholder representative)

Moshoeshoe Nkgakga Monare (Publishers Support Services – PSS)

Dr Nombeko Mbava (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Martina Della Togna (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Andiswa Ngcingwana

Brenda Leonard

Marina Clarke

Zanele Mngadi

1.9 MDDA BOARD COMMITTEES

CORPORATE AFFAIRS

Martina Della Togna (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Moshoeshoe Nkgakga Monare

ADVOCACY & STAKEHOLDER

Dr Nombeko Mbava (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Moshoeshoe Nkgakga Monare

PROJECT OVERSIGHT

Martina Della Togna (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Moshoeshoe Nkgakga Monare

RESEARCH, CAPACITY BUILDING & MONITORING AND EVALUATION

Marina Clarke

Dr Nombeko Mbava (Former Public Representative - 19/10/2017 - 18/10/ 2020)

Collin Mashile

AUDIT & RISK

Phuti Phukubje (Chairperson)

Nombeko Mbava (Former Board Representative - 19/10/2017 - 18/10/ 2020)

Martina Della Togna (Former Alternative Board Representative - 19/10/2017 - 18/10/ 2020)

Tsepiso Mmushi (Shareholder Representative)

Moses Mbedhli (Independent Member)

Mfanufikile Daza (Independent Member)

MDDA BOARD OF DIRECTORS: PROFILES

Hlengani Mathebula

(Chairperson of the Board)

is an accomplished business leader with some 20 years' experience in the financial services industry. Mr Mathebula's involvement in this sector includes being a Managing Executive of ABSA Private Bank, and chairing the board of the Eskom Pension and Provident Fund, one of the largest self-administered retirement funds in South Africa. He has also served on the central bank's Financial Stability Committee and the Governor's Executive Committee. He served on the board of BMW SA Group. Mr Mathebula holds a Master of Management from the University of the Witwatersrand and Bachelor of Arts (B.A.), BTH (Hons) from the University of the North and has, amongst others, completed the Senior Executive Programme at Harvard Business School.

Norman Ndivhuho Munzhelele

(Former Chairperson of the Board - 20/07/2018 - 26/03/2021)

Norman Munzhelele is an experienced Policy & Regulatory Specialist with a demonstrated history of working in the ICT (telecommunications, broadcasting, postal and e-commerce) industry. A strong legal professional, Norman holds a Postgraduate Degree focused in Development Economics and International Development from the University of Johannesburg. Currently Managing Director of eNCA at eMedia Investments, he is also a member of the Minister advisory council on digital migration charged with the responsibility of advising on migration from analogue to digital television. Prior to this he was Acting Director-General of the Department of Communications.

Zanele Mngadi

is Chief Director: Entity Oversight at the GCIS. She also served at the GCIS as Chief Director: Products and Platforms. Ms. Mngadi has worked in the communication space for over 24 years and has operated at senior management level for over 18 years. Her wealth of experience includes political management, development of communication strategies; content development; public participation; media management, and brand and stakeholder management. She also worked as a journalist for Natal Witness Echo (community newspaper), Umafrika Newspaper (IsiZulu newspaper) and the Star Newspaper. She studied Public Relations Management at the University of South Africa.

Brenda Leonard

is a dedicated and experienced media practitioner and is currently Managing Director of Bush Radio, South Africa's oldest community radio station. Committed to using media as a tool for social change, she is a founder and member of the Mitchell's Plain Memory Project, which records stories of people's experiences of the South African struggle for democracy.

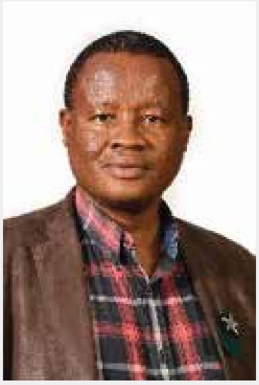
Ms. Leonard has been deeply involved in the National Community Radio Forum, currently holding the position of Secretary for the Western Cape branch. She holds a BA Communication Science from UNISA.

MDDA BOARD OF DIRECTORS: PROFILES

Marina Clarke

(Chairperson, Research, Capacity Building, Monitoring & Evaluation Committee)

served as National Director of Epilepsy South Africa until her retirement in April 2021, having previously worked for the South African National Council for the Blind as Head of Entrepreneurial Development. Amongst her many professional appointments to advance the rights of persons with disabilities, she served as Chairperson of the South African Disability Alliance (SADA) until July 2021 and in a variety of capacities with the International Bureau on Epilepsy. She holds a BA (Drama) from the University of Pretoria and a skills development qualification at NQF6 level and continues her work as a disability activist.



Collin Mashile

(Shareholder representative)

Collin Mashile is Chief Director: Broadcasting Policy at the Department of Communications and Digital Technologies in South Africa. He has over 20 years' experience as both a regulator, policy maker and senior management experience in the media, content, telecommunications and broadcasting sectors. He has worked in policy analysis, formulation and review, regulation and is currently involved in reviewing the Broadcasting policy in South Africa. He has also delivered various papers on community and public media at international conferences.

Dr Nombeko Mbava

(Former Public Representative - 19/10/2017 - 18/10/ 2020)

Dr Nombeko Mbava, a Research Fellow at the Institute of Monitoring and Evaluation, University of Cape Town, is an expert on public sector programme evaluation. She has headed monitoring and evaluation units in public entities where she provided strategic leadership for activities related to organisational strategy development and governance. She served as a board member at the South African Monitoring and Evaluation Association. Dr Mbava holds a PhD from Stellenbosch University, an MBA from Stellenbosch University Business School and a Bachelor of Arts in Economics from Smith College, Massachusetts, US.

Moshoeshoe Nkgakga Monare

(Publishers Support Services – PSS)

Moshoeshoe Monare is MD: Operations and Corporate Services at Arena Holdings and serves on the boards of Media Development and Diversity Agency and Publishers Support Services. He is former board director of Tiso Blackstar Pty Ltd. Prior to his assuming managerial roles, he spent two decades in editorial side of the business, having held senior editorial positions such as the editor of The Sunday Independent, deputy editor of Mail and Guardian, group political editor of Independent Newspapers, executive editor of The Star and managing editor of The Sunday Times and The Times.He served as a member of the adjudication panel of the Press Council, and he is former deputy chairperson of SANEF. He holds BA hon and Post Graduate Diploma in journalism (Wits), and LLB degree (Unisa).

MDDA BOARD OF
DIRECTORS: PROFILES

Martina Della Togna

(Former Public Representative - 19/10/2017 - 18/10/ 2020)

Martina Della Togna has over 25 years of experience as a producer of award-winning feature documentary films with South African filmmakers and visual artists. She has successfully led strategic communications campaigns for South African provincial and national Government departments; is a founding member of some of South Africa's first community radio and television stations; and is a published author on sustainability of the community media sector. Her five-year service as the legislature's first Multimedia Manager in the South African Parliament led to the total overhaul of external communication strategy, including the establishment of broadcast and online platforms in support of public participation in legislation and oversight.

Andiswa Ngcingwana

is an innovative professional with a broad background in corporate governance and compliance in the public sector. Ms. Ngcingwana has 15 years' experience in the public sector, working for, amongst others, the Gauteng Provincial Legislature and Provincial Treasury, where she held several positions in the fields of financial management, strategic planning, monitoring and evaluation as well auditing.

Ms. Ngcingwana left full time employment in the public sector in 2016 to pursue entrepreneurship with a focus on SMME development. Whilst growing her strategic consultancy, she continued to serve the public sector in various governance structures, including several audit committees and boards. She holds a Master's degree in Business Administration (MBA).

Phuti Phukubje

(Former Chairperson, MDDA Audit and Risk Committee)

Phuti Phukubje is also Chair of Audit & Risk Committee for USAASA. After completing his articles with the Auditor General of South Africa (AGSA) in 2007, he worked for SARS, with subsequent roles including Senior Manager in the communication portfolio at the AGSA and Sentech Executive: Audit & Investigation. In 2018, he started his own successful auditing firm. Mr Phukubje is a registered Tax Practitioner with SARS and the Institute of Tax Practitioners, a qualified Business Accountant with the South African Institute of Business Accountants (SAIBA), and is qualified as a RGA(SA) by the South African Institute of Government Accountants and Auditors (SAIGA).

MDDA STAFF

MDDA STAFF TEAMS

Zukiswa Potye
Chief Executive Officer

Noxolo Bhangaza
Executive Secretary

INTERNAL AUDIT

Kedibone Mokgalaka
Chief Audit Executive

Theebetsile Letsapa
Internal Audit Officer

LEGAL AND COMPLIANCE

Yolanda Du Preez
Company Secretary

Terrance Mbangwa
Assistant Company Secretary

Dawid Moreroa
Legal Compliance Officer

HUMAN RESOURCES

Paseka Nku
Human Resources &
Corporate Affairs Manager

Derrick Smith
Human Resources Officer

Yesani Maseko
Receptionist

COMMUNICATIONS & STRATEGY

Rudzani Tshigemane
Communications & Strategy
Manager

Margaret Ndawonde
Communications Officer

Phathutshedzo Netshifhefhe
Strategic Planning Administrator

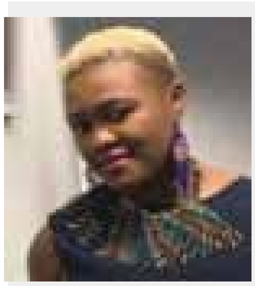
MDDA STAFF

Finance

Yaseen Asmal
Chief Financial Officer

Khathutshelo Maposa
Finance Manager

Mokgaetji Ledwaba
Finance Projects Officer



Fuzakazi Mqungwana
Finance Officer

Thivhusiwi Singo
Supply Chain Officer

Motsamai Tsotetsi
IT Manager

Mashudu Mathobo
Accountant (CA SA)

Projects unit and Research, Training and Monitoring & Evaluation Team

Mzuvukile Kashe
Executive Manager:
Projects

Zukiswa Mqolombo
Executive Manager:
RT & ME

Lindinkosi Ndibongo
Project Manager Print
and Digital Media

Thembelihle Sibeko
Project Manager Monitoring
& Evaluation

Lethabo Dibetso
Project Manager Research,
Training and Development

Siphokazi Mgudlwa
Project Manager
Community Broadcast

Jimmy Ngwenya
Project Officer Print
and Digital Media

Sifiso Maphanga
Project Officer
Community Broadcast

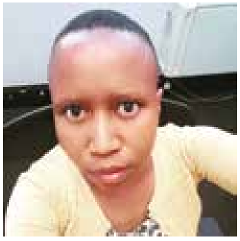
Nompumelelo Maduna
Project Officer Monitoring
& Evaluation

Gugulethu Bonnet
Project Officer Monitoring
& Evaluation

Projects unit and Research, Training and Monitoring & Evaluation Team

Khanyisa Mahlawule
Project Officer Research, training and Development

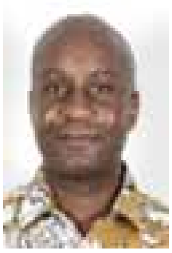
Desiree Lebaea
Project Officer Research, training and Development



Mmathabo Thulo
Project Officer Print and Digital Media

Sediroa Sithole
Programme Administrator

Chimba Chibesa
Junior project Administrator

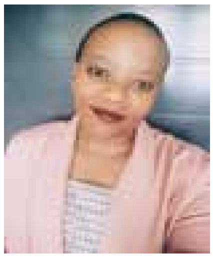


Michael Sive
Junior Project Administrator

Ouma Moatsi
Administrative Assistant

Boikhutso Tsikane
Digital Media Coordinator

Tinyiko Baloyi
Broadcasting Coordinator



Tabani Nkomo
Broadcasting Coordinator

Lennox Klaas
Broadcasting Contractor

PROJECTS

40th Anniversary celebration of the International development of Communication

Grantee orientation 2021

Funding Policy Roadshow in Capetown

Cosmo FM

7441 community radio station

Media literacy students

ICASA Representative Ms Refilwe Ramatlo

Deputy Minister and Nadia Bulbulia from (National Broadcasters Association) NAB

Sentech: Mbonelwa Ndlomo

1.11 STRATEGIC OVERVIEW

Our Vision

An accessible, developmental and diversified media.

Our Mission

To support the development of a vibrant, innovative, sustainable and people-centered community media sector through resourcing, knowledge-based research and capacity building, in order to give a voice to historically disadvantaged communities.

Values

- **Accountability**

We are responsible for our actions, decisions and policies as well as reporting and communicating our outcomes.

- **Inclusivity**

We embrace and celebrate the richness of diversity and recognize the differing skills, experiences and perspectives of each beneficiary/community.

- **Integrity**

We are honest, transparent, reliable, fair, accountable and responsible for our actions.

- **Ubuntu**

We are empathetic, courteous, appreciative and respectful to our staff and clients alike.

- **Professionalism**

We are efficient, effective, service delivery orientated, punctual and performance driven and work collectively.

MDDA Value Proposition

"Integrated development services and resources that enable media development and diversity"

Overall Objective

"To ensure that all citizens can access information in a language of their choice and to transform media access, ownership and control patterns in South Africa"

Mandate

The Media Development and Diversity Agency (MDDA) mandate is to:

- Create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans.
- Redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry.
- Promote media development and diversity by providing support primarily to community and small commercial media projects.
- Encourage ownership and control of, and access to, media by historically disadvantaged communities as well as by historically diminished indigenous language and cultural groups.
- Encourage the development of human resources and training, and capacity building, within the media industry, especially amongst historically disadvantaged groups.
- Encourage the channelling of resources to the community media and small commercial media sectors.
- Raise public awareness with regard to media development and diversity issues.

1.12 LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

The MDDA's mandate is intended to enable realisation of various provisions in the Constitution of South Africa.

Sections 16 (1) (a) to (c), which focus on freedom of expression, state that "everyone has the right to freedom of expression, which includes freedom of the press and other media; freedom to receive or impart information or idea; and freedom of artistic creativity'. This right is made conditional under section 16 (2) (a) to (c), which require its realisation not to extend to "propaganda for war; incitement of imminent violence; or advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm."

Section 32 (1) (a) and (b) give further expression which relates to the MDDA, stating that "Everyone has the right of access to any information held by the state; and any information that is held by another person and that is required for the exercise or protection of any rights." Section 32 (2) further requires that "national legislation must be enacted to give effect to this right and may provide for reasonable measures to alleviate the administrative and financial burden on the state."

Section 15 (1), which focuses on freedom of religion, belief and opinion, determines that "Everyone has the right to freedom of conscience, religion, thought, belief and opinion."

A further provision which relates to MDDA's mandate is section 6 (2): "Recognizing the historically diminished use and status of the indigenous languages of our people, the state must take practical and positive measures to elevate the status and advance the use of these languages." This is amplified by section 31 (1) (a) and (b), which determine that "Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community to enjoy their culture, practise their religion and use their language; and to form, join and maintain cultural, religious and linguistic associations and other organs of civil society."

Legislative Mandates

The MDDA's establishment and mandate is primarily set out through the Media Development and Diversity Act no. 14 of 2002. This legislation's purpose is "to establish the Media Development and Diversity Agency; to provide for its objective and functions; to provide for the constitution of the Board and the management of the Agency by the Board; to provide for the chief executive officer and other staff of the Agency; to provide for the finances of the Agency; and to provide for the support of projects aimed at promoting media development and diversity."

Secondarily, the MDDA must also ensure adherence to the Electronic Communication Act no. 35 of 2005, the Public Finance Management Act No.1 of 1999 (PFMA) and the Promotion of Administrative Justice Act.No.3 of 2000 (PAJA), as these concern promotion of media diversity and development, good and accountable governance and the administration of justice.

The Independent Communications Authority of South Africa Act, Act no. 13 of 2000, as amended, which gives ICASA the power to grant; renew; amend; transfer; and revoke licences, also impacts the MDDA as financial support is only granted to those broadcast projects that have acquired a licence from ICASA.

Policy Mandates

As an entity under the Ministry in the Presidency, the MDDA serves as a statutory organ established to foster the promotion of and ensuring media development and diversity in South Africa. The mandate of the Agency is therefore enshrined in law and aims to:

- Create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans.
- Redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry.
- Promote media development and diversity by providing support, primarily to community and small commercial media projects.

Medium Term Strategic Framework

The National Development Plan - Vision 2030 (NDP) informed the Government's Medium Term Strategic Framework (MTSF) priorities for 2014 - 2019. The MTSF was structured around fourteen (14) priority outcomes, which covered focus areas identified in the NDP and election manifesto of the governing party.

The aim of the MTSF was to ensure policy coherence, alignment and coordination across Government's plans, including the alignment of budgeting processes. It built on the work done between 2009 and 2014 and was also inclusive of experiences and learnings gained.
Outcomes six (6), twelve (12) and fourteen (14) of the MTSF were relevant to the MDDA:

- Outcome 6 relates to an efficient, competitive and responsive economic infrastructure network. This highlights the role of the MDDA in assisting community media to harness the power of a rapidly changing telecommunications environment.
- Outcome 12 relates to an efficient, effective and development orientated public service. This speaks to the character and nature of the MDDA as an institution and the values it should champion.
- Outcome 14 relates to nation building and social cohesion as it envisions a society where South Africans will be more conscious of what they have in common than their differences. It directs the MDDA's approach when supporting and enabling content and production elements.

LEGISLATIVE AND OTHER MANDATES

The Medium-Term Strategic Framework (MTSF) 2019-2024 is Government's second 5-year implementation plan for the NDP. This high-level strategic document identifies seven priorities for 2019-2024 to form the basis of the NDP Five Year Implementation Plan. These priorities were derived from the Electoral Mandate outlined in the State of the Nation Address (SONA) by the President of South Africa in June 2019, in order to put the country on a positive trajectory towards the achievement of the 2030 vision.
The seven priorities are as follows:

- Pillar 1: A strong and inclusive economy
  Priority 1: Economic transformation and job creation

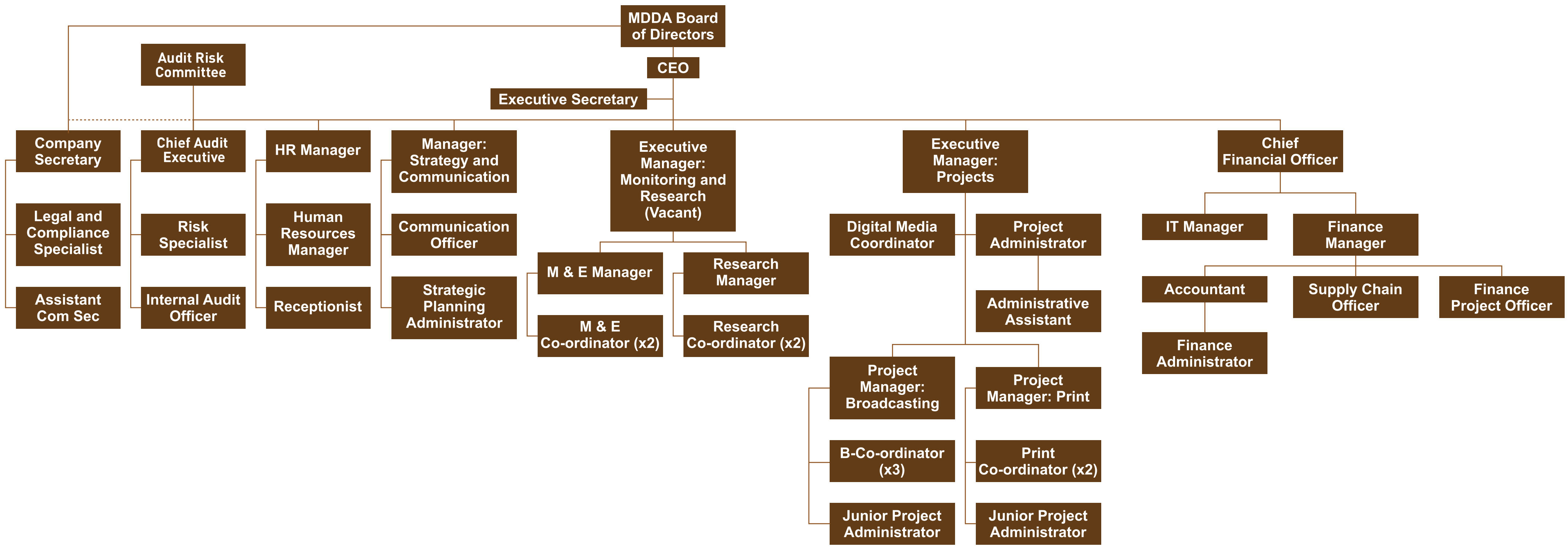
- **Pillar 2: Capabilities of South Africans**
  - Priority 2: Education, skills and health
  - Priority 3: Consolidating social wage through reliable and quality basic services
  - Priority 4: Spatial integration, human settlements and local government
  - Priority 5: Social cohesion and safe communities

- **Pillar 3: A capable state**
  - Priority 6: A capable, ethical and developmental state
  - Priority 7: A better Africa and World

Three of the priorities have specific relevance to the MDDA, namely:

- **Priority 1:** Economic Transformation and Job Creation speaks to the MDDA's mandate to "Encourage ownership and control of, and access to, media by historically disadvantaged communities as well as by historically diminished indigenous language and cultural groups;" and to "Encourage the development of human resources and training, and capacity building, within the media industry, especially amongst historically disadvantaged groups".
- **Priority 5:** Social Cohesion and Safe Communities speaks to the role of community media in strengthening and building communities, and in social cohesion by bringing communities together. Community media is a cornerstone of public participation and active citizenship, promoting transparency, giving communities the opportunity to add their views and aspirations to the public discourse in the country. Community media's mandate is to report on stories reflecting community beliefs and concerns and aspirations of the community.
- **Priority 6:** A Capable, Ethical and Developmental State speaks to the values of the MDDA as a public entity in ensuring the highest levels of good governance of both the Agency and the media projects it supports. In addition, the MDDA takes a development approach to the community media sector by granting funds and building capacity in order to enhance sustainability.

1.13 ORGANISATIONAL STRUCTURE



PART B: PERFORMANCE FOR 2020/2021

https://web.facebook.com/CommunityMediaDevelopment

@MDDA_Media @MDDA_Media

2.1 AUDITOR-GENERAL'S REPORT
PREDETERMINED OBJECTIVES

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – Partnerships, public awareness and advocacy	50-51

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 3 – Partnerships, public awareness and advocacy.

Other matter

I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on pages 45 to 53 for information on the achievement of planned targets for the year.

SERVICE DELIVERY ENVIRONMENT

The Strategic Plan of the MDDA is informed by:

- The socio-political and economic environment prevailing in South Africa
- The National Development Plan (NDP) and macro environment
- The community media sector and the broader media environment in the print, broadcast and digital platforms
- Relevant legislation: direct and indirect

Social imperatives: At the social level, South Africa continues to be plagued by issues of unemployment, poverty, and inequality, including lack of social cohesion and increasing service delivery protests. In particular, Black youth constitute the major proportion of the unemployment rate. As a result, supporting youth owned and managed community media projects is a focus area of the MDDA in the delivery of its mandate, while further focus areas must be job creation and upskilling as positive spin-offs of the financial and non-financial support the MDDA provides to its beneficiary projects.

Gender inequity also remains a reality in the workplace and in the community media sector. A Glass Ceilings study in 2018, jointly conducted by Gender Links and SANEF and supported by the MDDA, highlights the fact that, while the media industry is changing with more women in senior roles, inequality and inequity persist. While South Africa does boast notable media exceptions, it cannot be denied that women are still under-represented in the media, both at senior levels from ownership and Board level to station management and editors, and in the newsroom. Supporting women owned and/or managed community media projects must be a focus area of the MDDA in the delivery of its mandate.

Technological imperatives: Rapid technological advancements have promoted change across the globe and South Africa is not immune. The onset of digital news and social media has had a disruptive effect on the South African newsroom, and, as the power of the 'alternative' news sources in shaping public opinion grows, so does the urgent need for newsrooms to find ways to remain relevant and generate increasingly relevant content.

This means that traditional forms of community media (print and broadcast) need more support in an ever-changing landscape that includes stiff competition from online media, including social media. But online media is not the all-encompassing panacea for exclusion from information. South Africa still has an urban-rural divide on media consumption, particularly as many people remain offline due to high data costs. A current key challenge for the MDDA's community and small commercial media is therefore how to harness the advantages of both the digital era and, going forward, 4IR, and how currently to lessen the impact of the digital dividend on communities. The MDDA's role is vital before, during and after migration to ensure that community media's interests are identified, fought for and maintained.

Economic imperatives: The media operates in an economic environment that reflects Government's commitment to cost containment and spending wisely, as well as ensuring that its competing priorities are impact based. The private sector is also impacted negatively by the prevailing economic conditions, with cutback and retrenchments a current reality. In particular, the current trend towards digital news sites has negatively impacted commercial print media who traditionally were funders of the MDDA.

These financial constraints impact both the Agency itself, in terms of funders, as well as the community media who are competing with mainstream media in an ever more cost constrained environment for advertising revenue, whilst facing high operating costs. The MDDA's role is therefore to assist the community media sector in finding more affordable means of broadcasting/publishing, by, for example, moving to self-transmission or to digital platforms.

Environmental imperatives: The NDP Five Year Implementation Plan for the Priorities outlined in the Electoral Mandate targets a just transition to a low carbon economy and reducing climate change costs to the GDP to less than 5% by 2024; reduced vulnerability of key sectors to climate change; and reduction of total greenhouse gas (GHG) emissions in South Africa. The MDDA has a major role to play in promoting and supporting these global and national initiatives in its messages and technologies and those of its beneficiaries, as well as promoting recyclable and environmentally-friendly technologies and discouraging unfriendly environmental practices.

Political imperatives: The current political environment suggests that the MDDA will continue to operate within the legislative and policy framework adopted by Government as reflected through the NDP 2030, MTSF and the Medium-Term Expenditure Framework (MTEF). The new MTSF is now defined by the NDP Five Year Implementation Plan for the seven priorities presented in the Electoral Mandate outlined in the June 2019 SONA. There is recognition by Government that much still needs to be done to deepen media diversification and ensure that disadvantaged communities directly partake in all aspects of media development and management.

Following the National Elections of 8 May 2019, the MDDA has been transferred to the Minister in the Presidency (Executive Authority). As a result, there appears to be a move to greater political stability at this level, which should in turn impact on the stability of the Agency, and the MDDA Board.

Legal imperatives: The Universal Declaration of Human Rights provides a fundamental guarantee of the right to freedom of expression, which encompasses the freedom of the media, while, at national level, the South African Constitution (1996) represents some of the most progressive modern constitutional thinking on media freedom. However, in order for a truly enabling environment to be provided in which community-based media can flourish, other statutory instruments are required. The MDDA therefore has a vital role to play in ensuring that such statutory instruments are passed, for example regulating the 30% advertising spend by Government on community-based media and providing input into regulations for digital radio and online media in general.

Ethical imperatives: In both its own internal processes and the behaviour of its beneficiary projects, the MDDA has a major role to play in reinforcing the Government's zero tolerance stance towards corruption in the public and private sector. The Agency's funding policy, introduced in 2019, is designed to ensure a transparent and fair method of selecting community-based media projects for funding, while more stringent monitoring and evaluation (M&E) and contracting/reporting requirements enforce compliance and good governance by MDDA beneficiaries.

The preamble to the South African Press Code states: "As journalists we commit ourselves to the highest standards, to maintain credibility and keep the trust of the public". The MDDA expects its beneficiary projects to adhere to the Press Code and includes it as a focus area in its capacity building and training initiatives.

The advent of social media has also brought about the threat of cyber bullying and, acutely felt by women, cyber misogyny. While media literacy has been a focus area of the MDDA in the past, digital media literacy is a growing area of concern. The MDDA and the community-based media sector must play a greater role in educating and sharing knowledge with communities on the ethics of social media.

ORGANISATIONAL ENVIRONMENT

The enabling legislative environment and the positioning of the MDDA in the Presidency entrenches the relevance of its value proposition. The core of the MDDA is Programme 2: Grant and Seed Funding.

In light of the changing media landscape, including the migration to digital, the structure has been reviewed to provide internal capacity that strengthens its ability to deliver on its mandate and the evolving requirements of the media landscape. Such changes will potentially elevate the accountability of various programmes as well as include expertise to guide and direct the MDDA's strategic and policy making role.

While, during 2020/2021, The MDDA made good progress in ameliorating its high vacancy rate, having advertised twelve (12) of the thirteen 13 vacant positions. Ten (10) out of thirteen (13) positions were filled.

2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

In line with this revised framework, the entity had three outcomes and functions through five programmes: Governance and Administration; Grant and Seed Funding; Partnerships, Public Awareness and Advocacy; Capacity Building and Sector Development; and Innovation, Research and Development.

The agency had set itself 18 annual targets for 2020/21 Financial Year. 16 of the annual targets were achieved and only 2 targets were not achieved. The 16 targets achieved constitute 89% of the agency's annual achievement.

Programme 1 had one annual target which was contributing to one outcome which is Capable, effective and efficient organisation in support of the delivery of the MDDA mandate by 2024 and the target was achieved.

Programme 2 had seven annual targets which were contributing to one outcome which is Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024, Six of the Seven annual targets were achieved.

Programme 3 had five annual targets which were contributing to one outcome which is Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024 and all those five annual targets was achieved.

Programme 4 had three annual targets which were contributing to one outcome which is Capacitated, digital responsive community-based media sector by 2024 and all those three annual targets were achieved.

Programme 5 had two annual targets which were contributing to one outcome which is Capacitated, digital responsive community-based media sector by 2024, only one of the two annual targets was achieved.

MDDA PROGRAMME PERFORMANCE INFORMATION 2020-2021 FINANCIAL YEAR

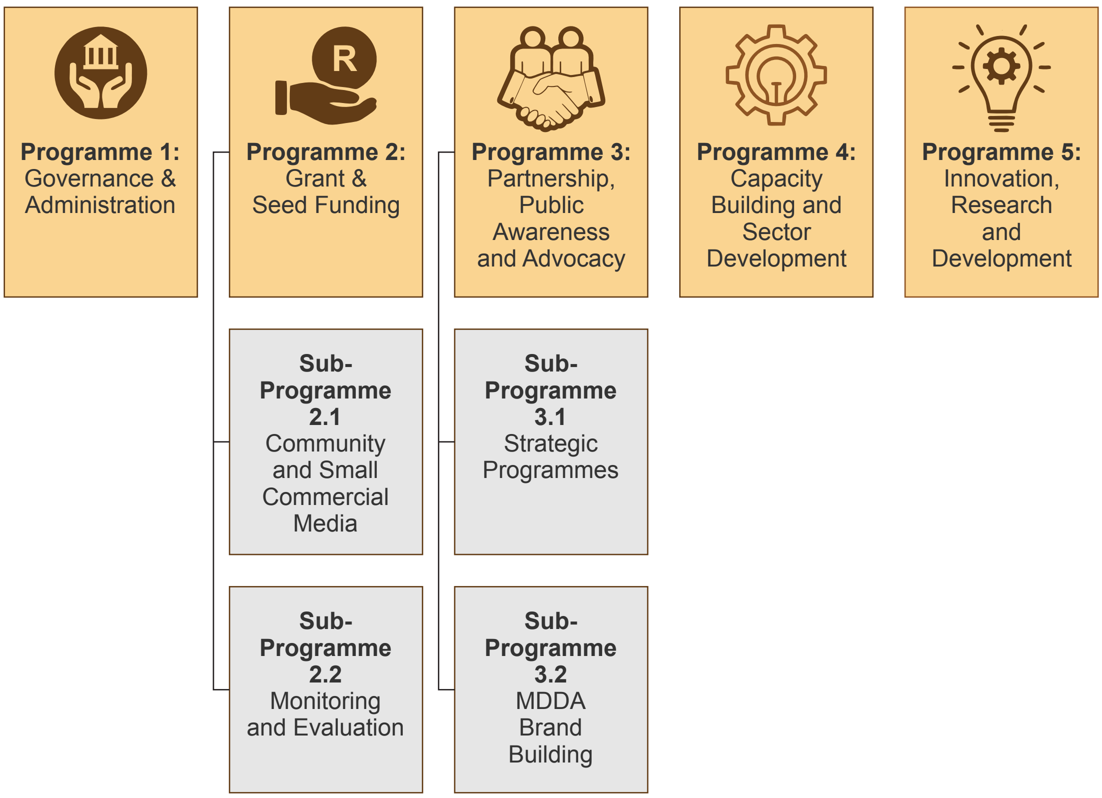
2.4

The following pages present the Performance Information Report as is required in terms of Treasury Regulations and Section 55 (2) (a) of the PFMA. The objectives are measurable and aligned to the budget. This assists the Accounting Authority (the Board) in its additional responsibility to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the Agency.

Accordingly, this Performance Information Report is a subject matter/agenda item of every Board and Executive Management meeting in line with the regulatory requirements, good corporate governance and proper oversight. This ensures that the Agency complies with the requirements of the Auditor General's audit findings in terms of Section 20 (2) (c) of the Public Audits Act No 25 of 2004 on the reported information relating to performance against predetermined objectives.

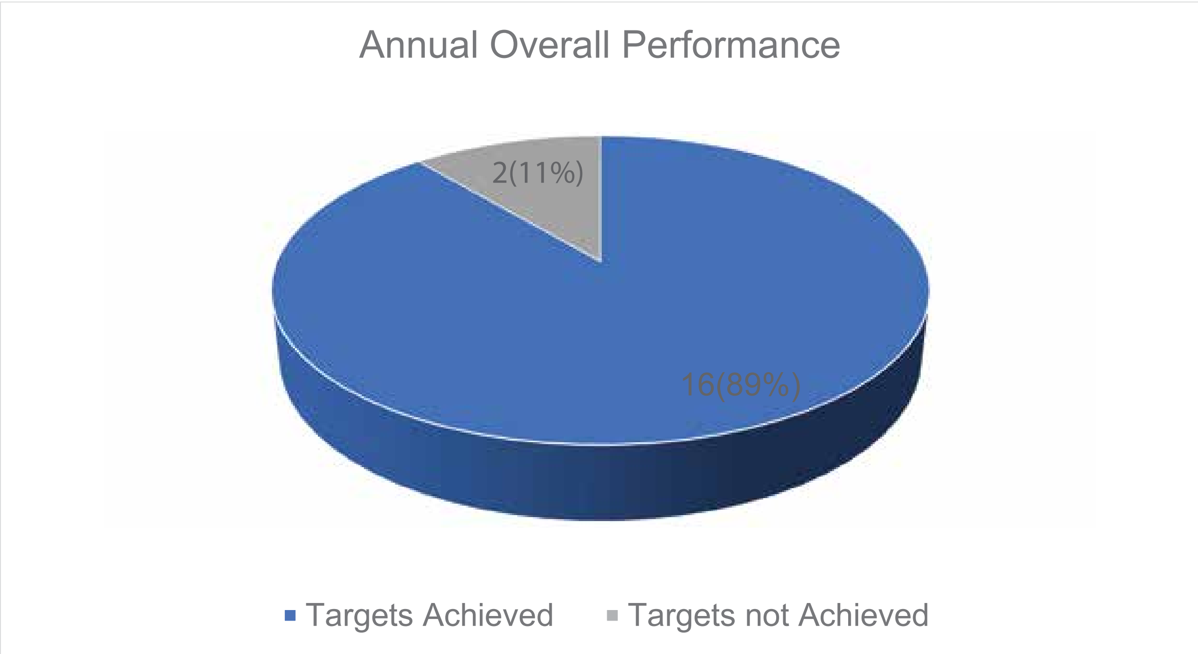
The MDDA is reporting against the Annual Performance Plan of 2020/2021 as tabled in Parliament on 18 March 2020. The Annual Performance Plan was developed to give effect to the MDDA Five-Year Strategic Plan for 2020/2021 - 2024/2025, which was also tabled on 18 March 2020. Both the Strategic Plan and Annual Performance Plan have been developed in terms of the Revised Framework for Strategic Plans & Annual Performance Plans as per National Treasury Instruction No 5 of 2019/2020.

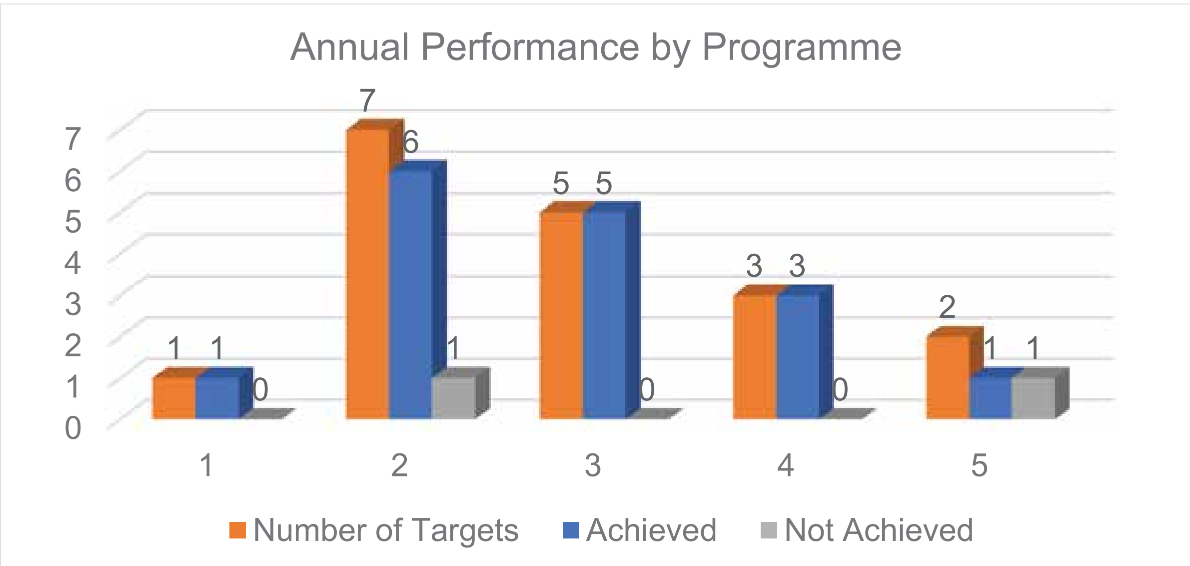
The 2020/2021 MDDA Annual Performance Plan has five programmes, with in total 18 output indicators.



Overview of the MDDA Performance

The MDDA set 18 annual targets for 2020/21FY. 16 of the annual targets were achieved and 2 were not achieved. The 16 targets achieved constitute 89% annual achievement. The target that was not achieved relates to the appointment of a Service Provider for the Sustainability Research wherein, the tender had to be advertised owing to unsuccessful bids received in January 2021. The bid is currently at the adjudication stage. The other target that was not achieved was elections training. The elections training did not occur during the period under review. The country was on level 3 lockdown restriction during quarter four (4) which prohibited face to face training as per Disaster Management Act. The contract was not signed either with the service provider. The MDDA legal unit is still vetting the contract. The research committee suggested that the research unit must conduct the elections training during the financial year 2021/22.





PROGRAMME 1: GOVERNANCE AND ADMINISTRATION

Purpose: The programme ensures effective leadership, strategic management and operations, through continuous refinement of organisational strategy and the implementation of the appropriate legislation and best practice.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	**OUTPUTS**	**OUTPUT INDICATOR**	**2018/2019**	**2019/20**	**TARGET 2020/21**	**ACTUAL 2020/21**	**VARIANCE**	**REASON FOR VARIANCE**
Capable, effective and efficient organisation in support of the delivery of the MDDA mandate by 2024	Unqualified audit with no significant findings	1. Unqualified audit with no significant findings	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	0	Annual target achieved.

PROGRAMME 2: GRANT AND SEED FUNDING

Purpose: The programme promotes media development and diversity through financial and non-financial support for community broadcasting as well as community and small commercial print projects. The programme consists of two strategic objectives, encapsulated in two sub-programmes.

Sub-Programme 2.1: Community and Small Commercial Media

Purpose: The purpose of this sub-programme is to facilitate ownership, control and access to information and content production of community and small commercial media by historically disadvantaged communities by 2024.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024	Community Media Sustainability Model	2. Community Media Sustainability Model developed	-	-	Service provider appointed	Service provider not appointed	Service provider appointed	Annual target was not achieved. The tender was advertised in December and closed in January 2021, after the evaluations by the Bid Evaluation Committee (BEC), it was reported that the tender was non-responsive. The tender was re-advertised in February 2021 but, due to the Government printers been offline it delayed the advert for up to 3 weeks, this compromised the conclusion of the Tender before the year end. As at 31 March the BEC has made a recommendation to the BAC for submission to the Board.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024	Community broadcast project funding	3. Number of community broadcast project funding proposals submitted to Board	29	18	20	25	5	• Multichoice our main funder gave MDDA more funds than what the Agency was expecting; • There is a high demand for funding from the community broadcast sector and the Agency had to rationalise in its funding approach.
	Small Commercial Media project funding	4. Number of funding proposals for Small Commercial Media projects submitted to Board	8	6	5	5	0	Annual target achieved.
	Community print/digital media funding	5. Number of funding proposals for Community print/digital media submitted to Board	4	4	3	4	1	The reason for overachievement is because of the budget for the community/digital and small commercial print was augmented from R2m to R3,2m due to previous year roll over, and as a result, an additional project was accommodated in the funding cycle.

SUB-PROGRAMME 2.2: MONITORING AND EVALUATION

Purpose: The purpose of this sub-programme is to monitor and evaluate input, output and compliance to MDDA grant-in-aid contracts to measure the effectiveness and efficiency of MDDA support by 2024.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE Annual target achieved.
Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024	Annual evaluation of M&E reports	6. Annual evaluation of funded projects to identify thematic findings from M&E reports submitted to Board	- -	Final annual evaluation report submitted to Board for approval	1	1	0	Annual target achieved.
	Monitoring reports on input, output and compliance to MDDA grant-in-aid contracts	7. Number of monitoring reports produced on input, output and compliance to MDDA grant-in-aid contract	86	80	80	80	0	Annual target achieved.
	Evaluation reports	8. Number of evaluation reports produced	10	2	2	2	0	

PROGRAMME 3: PARTNERSHIPS, PUBLIC AWARENESS AND ADVOCACY

Purpose: This programme seeks to position the MDDA as a leading influencer and authoritative voice in the community and small commercial media, by playing a key role in the national dialogue on the sector, through implementation of strategic partnerships to carry out media development and diversity interventions.

Sub-programme 3.1: Strategic programmes

Purpose: The purpose of this sub-programme is to position the MDDA as an authoritative leader and voice on community and small commercial media by proactive advocacy and lobbying interventions and established stakeholder relationships by 2024.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024	Stakeholder engagement policy	9. Stakeholder engagement policy reviewed and submitted to Board	Reviewed stakeholder engagement policy approved by Board in last quarter of financial year	Reviewed stakeholder engagement policy submitted to Board for approval	Reviewed stakeholder engagement policy submitted to Board	Reviewed stakeholder engagement policy submitted to Board	0	Annual target achieved.
	Stakeholder engagement strategy	10. Stakeholder engagement strategy reviewed and submitted to Board	Reviewed Stakeholder engagement plan approved by Board in last quarter of financial year	Reviewed stakeholder engagement strategy submitted to Board for approval	Reviewed stakeholder engagement strategy submitted to Board	Reviewed stakeholder engagement strategy submitted to Board	0	Annual target achieved.
	Community Media digital migration strategy	11. Community Media digital migration strategy submitted to Board	-	Community Media digital migration strategy commissioned	Reviewed community Media digital migration strategy submitted to Board	Reviewed community Media digital migration strategy submitted to Board	0	Annual target achieved.

SUB-PROGRAMME 3.2: MDDA BRAND BUILDING

Purpose: The purpose of this sub-programme is to expand our footprint as MDDA by creating a positive image in pursuance of MDDA's mandate to grow the community and small commercial media by 2024.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Media diversity promoted through the growth of sustainable community-based media in South Africa by 2024	Communications policy	12. Communications policy, reviewed and submitted to Board	-	Reviewed communications policy submitted to Board	Reviewed communications policy submitted to Board	Reviewed communications policy submitted to Board	0	Annual target achieved.
	Communications strategy	13. Communications strategy reviewed and submitted to Board	Reviewed communications strategy approved by end of last quarter of financial year	Reviewed communications strategy submitted to Board for approval	Reviewed communications strategy submitted to Board	Reviewed communications strategy submitted to Board	0	Annual target achieved.

PROGRAMME 4: CAPACITY BUILDING AND SECTOR DEVELOPMENT

Purpose: One of the objectives of the Agency outlined in the MDDA Act of 2002 is to "encourage the development of human resources, training and capacity building within the media industry, especially amongst historically disadvantaged groups". In response to this, the Agency has developed capacity building programmers, which aim to provide community and small commercial media with necessary skills needed for effective performance in day-to-day work.

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Capacitated, digital responsive community-based media sector by 2024	Capacity building strategy for community and small commercial media projects	14. Capacity building strategy for community and small commercial media projects developed and submitted to Board	-	Baseline skills assessment of community media completed	Capacity building strategy for community and small commercial media projects developed and submitted to Board	Capacity building strategy for community and small commercial media projects developed and submitted to Board	0	Annual target achieved.
	Training interventions aimed at capacitating the community media with skills aligned to sector specific needs	15. Number of training interventions aimed at capacitating the community media in key sustainability skills	9	6	6	6	0	Annual target achieved.
	Media literacy workshops	16. Number of media literacy workshops conducted	1	3	3	3	0	Annual target achieved.

PROGRAMME 5: INNOVATION, RESEARCH AND DEVELOPMENT

Purpose: The MDDA Act 14 of 2002 on Section 3 (VI) outlines the objectives of the Agency to include (amongst others) to "encourage research regarding media development and diversity". There is also a lack of research and information specific to the sectors that inform programme development and strategic focus (e.g., not much information on the number of indigenous language newspapers in SA, number of readers of such newspapers, etc.). The purpose of this programme is therefore

			AUDITED/ACTUAL PERFORMANCE		ACTUAL PERFORMANCE AGAINST TARGET			
OUTCOME	OUTPUTS	OUTPUT INDICATOR	2018/2019	2019/20	TARGET 2020/21	ACTUAL 2020/21	VARIANCE	REASON FOR VARIANCE
Capacitated, digital responsive community-based media sector by 2024	Research strategy to address key issues impacting on sustainability of community media sector	17. Research strategy developed and submitted to Board	-	Research strategy developed and submitted to Board	Research strategy developed and submitted to Board for approval	Research strategy developed and submitted to Board	Service provider appointed	Annual target achieved.
	Research projects on key trends/developments impacting on community media sector	18.Number of Research projects funded on key trends/developments impacting on community media sector	3	1	3	2	-1	Annual target was not achieved. The elections training did not occur during the period under review. South Africa was under level 3 lockdown restriction during quarter four (4) which prohibited face to face training as per disaster management act. The contract was not signed with the service provider by the end of the financial year.

2.5 **REVENUE** COLLECTION

	2020/21			2020/21		
Sources of revenue	**Final Approved budget**	**Actual Amount collected**	**(over) /Under Collection**	**Final Approved budget**	**Actual Amount collected**	**(over) /Under Collection**
Government grants & subsidies	32 659 000	39 801 706	(7 142 706)	51 623 906	44 149 793	(60 106)
Broadcast funders contributions	61 994 784	60 915 177	1 079 607	56 337 519	56 313 833	23 686
Interest received - investments	3 600 000	4 050 101	(450 101)	5 110 522	6 659 515	(1 548 993)
Total	**98 253 784.00**	**104 766 984.00**	**-6 513 200.00**	**113 071 947.00**	**107 123 141.00**	**-1 585 413.00**

Departments budget in terms of clearly defined programmes. The following table summarises final revenue collection. It provides an indication of the revenue by the Agency. The over collection based on the budget was due to increased contribution from broadcast funders, this was achieved through the annual funders breakfast used to lobby funders to fund the entity.

2.6 **CAPITAL** INVESTMENT

	2020/21			2020/21		
Infrastructure projects	**Final Approved budget**	**Actual Amount collected**	**(over) /Under Collection**	**Final Approved budget**	**Actual Amount collected**	**(over) /Under Collection**
New replacement assets	**1 000 000**	832 335	167 665	0	60 106	(60 106)
Total	**1 000 000**	**832 335**	**167 665**	**0**	**60 106**	**(60 106)**

Departments budget in terms of clearly defined programmes. The following table summarises final capital expenditure. It provides an indication of the amount spent on the capital assets within the Agency. The under expenditure based on the budget was due to an attempt to save costs and reallocate to other programmes. The assets have been fully implemented.

2.7 **SUMMARY OF PROJECTS** SUPPORTED FOR THE FINANCIAL YEAR

Grant and Seed Funding

Summary of projects supported in 2020/21 financial year					
Description	**Broadcast**	**Research**	**Print**	**Covid-19 Emergency**	**Total**
Opening Balance	81 155 925.95	535 111.62	5 668 730.00	14 735 000.00	102 094 767.57
Approvals	52 228 308.79	-	3 295 945.55	-	55 524 254.34
Payments	- 41 408 868.15	- 429 248.00	- 4 690 315.20	- 11 350 210.00	- 57 878 641.35
Write backs	- 8 236 883.04	-	-	-	- 8 236 883.04
Closing Balance	83 738 483.55	105 863.62	4 274 360.35	3 384 790.00	91 503 497.52

PROJECTS FUNDED

The MDDA mandate is to support community and small commercial media projects as well as projects targeting historically disadvantaged communities, the support was weighted heavily towards media projects in rural areas.

Project type	Project name	Amount approved current year
Community Broadcast Radio	Aganang	2 044 500.00
Community Broadcast TV	Bodumedi	2 369 500.00
Community Broadcast Radio	Barberton CRS	2 124 500.00
Community Broadcast Radio	Engcobo FM	3 267 061,00
Community Broadcast Radio	Giyani CR	2 823 873.00
Community Broadcast Radio	Good News CRS	320 290.00
Community Broadcast Radio	Intokozo FM	2 454 000.00
Community Broadcast Radio	Kurara FM	1 988 200.00
Community Broadcast Radio	KZN FM	2 775 163.70
Community Broadcast Radio	Kathorus FM	2 178 500.00
Community Broadcast Radio	Mash FM	2 499 874.00
Community Broadcast Radio	Mdantsane FM	1 600 805.00
Community Broadcast Radio	Moletsi CR	994 462.05
Community Broadcast Radio	Motheo FM	1 895 000.00
Community Broadcast Radio	Radio Riverside	1 700 000.00
Community Broadcast Radio	Radio KC	1 388 620.00
Community Broadcast Radio	Thetha FM	2 434 552.00
Community Broadcast Radio	Vision FM	2 676 000.00
Community Broadcast Radio	Voice of Wits	614 101.00
Community Broadcast Radio	Vukani Community Radio Station	1 700 000.00
Community Broadcast Radio	West Coast Radio	1 575 944.00
Community Broadcast Radio	Zebediela CR	2 566 480.00
Community Print	Garankuwa Voice (Malatsi Media)	394 200.00
Community Print	Kasi Voice	212 405.71
Community Print	Mabopane Sun	361 200.00
Community Print	Mamre News	343 200.00
Community Print	Namakwalander	461 200.00
Community Print	Puisano News	288 000.00
Community Print	Soshanguve Sun (Arts of Hope)	400 200.00
Community Print	The Youth Voice	478 339.84
Community Print	Umjindi-Elukwatini Guardian (MD Publishing)	357 200.00


Dizindaba
Iphephandaba lesiXhosa
KONYULWE ININA NJENGENGQONYELA (CEO) KWA MDDA

The above projects were approved during quarter 4 of 2020-2021 financial year and to be disbursed in the first quarter of 2021-2022 financial year.

2.7.1 PRINT AND DIGITAL MEDIA
APPROVED PROJECTS

FREE STATE

Puisano News

Approved for R288 000 (Strengthening)

Puisano News is a bilingual (Sesotho 60% & English 40%) Small Commercial newspaper which was started in 2006 as People's Agenda Newspaper before changing its name to Puisano News in 2008. Lema Printing and Media House started out with the idea of starting a printing company, however due to financial constraints the team had to review their strategy and the idea of producing a newspaper was initiated and a gap in the market for such a publication was identified.

Since its inception in 2008, the project has been consistently printing and distributing 5 000 to 10 000 copies fortnightly in the Fezile Dabi District Municipality. The district municipality comprises of four local Municipalities (Metsimaholo, Ngwathe, Mafube and Moqhaka). According to the last census statistic, the district municipality has the total population of 312 962, and 68% of the population in the area is mostly Sesotho speaking

Supplied by Puisano News

Kasi Voice News

Approved for R212 405.71 (Emerging)

Kasi Voice News is a small commercial online publication based in Welkom in the Lejweleputswa District Municipality in the Free State Province. The project provides information and news that is accurate, inspiring, interactive, and educational to the community of small businesses around Lejweleputswa District. The digital publication covers stories that will be deemed valuable to different economic sectors.

Kasi Voice News is published in the following languages, 75% English and 25% Sesotho. Kasi Voice News targets the whole Lejweleputswa District Municipality, and plays a vital role in disseminating news, educating, and updating masses with latest information and news as it happens in the surrounding areas. The publication also acts as a centre of skills transferring by offering recent graduates or students seeking in-service training with an opportunity to sharpen their skills and prepare them for their future workplace.

.

GAUTENG

Garankuwa Voice Malatsi Media

Approved for R394 200 (Strengthening)

Garankuwa Voice is a community newspaper that was established by the youth of Garankuwa in 2015 through an organisation called Malatsi Media Institute. The paper was established after realising the need to have a local newspaper in the area that will focus primarily on local news, businesses, and entertainment.


Ga-Rankuwa Voice

A LOOTER CONTINUA

BUS FOR HIRE

Supplied by Garankuwa Voice Malatsi Media

Garankuwa Voice is produced in both Setswana and English. The publication is printed monthly and distributed free of charge to the community of Garankuwa. The primary aims, and objectives of the project are to provide training to a substantial number of young people every year, promote the use of indigenous languages in the media, conduct research on media development and diversity in the country, assist media graduates find employment, and to mentor and guide young media graduates.

Mabopane Sun

Approved for R 361 200 (Emerging)

Mabopane Sun is a community newspaper that was established by the youth of Mabopane in 2013 through an organisation called Young Artists Unite. The paper was established after realising the need to have a local newspaper in the area that will focus primarily on local news, businesses, and entertainment.

The primary goals of the project are to create job opportunities for the youth, promote the use of indigenous languages in the media, and to promote a culture of reading and writing amongst young people in Mabopane.


NO FEAR . NO FAVOUR

MABOPANE SUN

Progress made in COVID-19 jabs in education sector

FOR SALE

0825438012

Supplied by Mabopane Sun

2.7.1 PRINT AND DIGITAL MEDIA
APPROVED PROJECTS

Soshanguve Sun-Arts of Hope

Approved for R 400 200 (Emerging)

Soshanguve Sun is a community newspaper owned by an organisation called Arts of Hope, which is based in Tshwane, Gauteng. The newspaper is published fortnightly in English, Sepedi, and Xitsonga. The Soshanguve Sun's areas of distribution are Soshanguve , Hammanskraal. And stretches all the way to Eersterus.

The community newspaper focuses on hard hitting local news, relevant political news, crime stories, business, entertainment, and sports news. The owners of Soshanguve Sun identified a need for a local paper that covers local news and the indigenous languages spoken by the surrounding communities.

Soshanguve Sun it is printed two times in a month (forth nighty) and in every edition The total number of pages print for every edition depends on the number and size of advertising spaces sold.


Soshanguve sun
mdda
ENGLISH/SEPEDI
12 JULY 2021
Afrika Borwa e theošeditšwe maemong a bone
Join AVON
AVON
Call your area manager
on 0825059315
to sign up today
All are welcome
*No under 18s

Supplied by Soshanguve Sun-Arts of Hope

MPUMALANGA

Umjindi – Elukwatini Guardian

Approved for R357 200 (Strengthening)

The Project (Umjindi-Elukwatini Guardian) is a Small Commercial Pint project, which is distributed in the neighbouring communities of Umjindi (Barberton and Elukwatini). Both communities combined have a population of roughly 200 000+/-. However, while Umjindi (Barberton) can be described as semi-rural, Elukwatini is predominantly rural.

The employment levels are on par with national statistics of 25 to 30 % unemployment especially among the youth, however both communities have thriving retail sectors and are homes to mining, especially Umjindi (Barberton). Prior to Umjindi – Elukwatini Guardian, both communities did not have the service of a locally focused print publication, nor digital. This led to the community relying a lot on social media, unfortunately these platforms can sometimes carry a lot of fake news.

Umjindi-Elukwatini Guardian is a monthly 12-page tabloid newspaper and is also complimented by a digital version. Since it started publishing, it has been carrying a lot of stories about health matters, which has helped the communities to learn more about the Covid 19 pandemic.


Umjindi Elukwatini Guardian
mdda
FIELD
3rd Wave
Stay Safe - It's up to you
Vaccinating a must
"Vaccinating saves mankind...people need to trust scientific experts"

Supplied by Umjindi – Elukwatini Guardian

The Youth Voice

Approved for R478 339.84 (Strengthening)

The Youth Voice is a Small Commercial Print Media publication. The newspaper is a 100% black owned and was founded in 2010 by Tumelo Lebambo. Although it was conceptualised in 2010, due to financial constraints, the paper only saw daylight in 2016 after receiving funding from the MDDA for the first time.


VOICE
ADVERTISE WITH US
Bushbuckridge and Hazyview residents protect their malls
Bushbuckridge Local Municipality demolishes houses in Marite

Supplied by The Youth Voice

The project targets the multiracial youth and Schools of the Ehlanzeni District Municipality which according to the previous census has a population of 1 523 296, which constitutes 41.9% of the province's population (Mpumalanga). The mission of The Youth Voice is to provide a quality newspaper that meets their customers' needs and requirements and unlocks the potential of the youth, women and the unemployed of this community.

The monthly publication is multilingual and is published in the following languages: 50% English, 15 SiSwati, 20% Xitsonga, 15% Sepulana. The main goal of The Youth Voice is to encourage the youth of Ehlanzeni district to take positive steps in life, encourage them to make informed career decisions as well as to assist in unifying the youth in the district. It also carries a lot of recruitment advertisements to make the youth and unemployed aware of job opportunities.

NORTHERN CAPE

Namakwalander

Approved for R461 200 (Emerging)

The project was established in September 2019. Namakwalander is a weekly small commercial newspaper. The project is distributed mainly in the Nama Khoi region and in some of the other municipalities in the Namakwa region.

It operates in The Namakwa district in the Northern Cape and consists of 4 to 5 A3 pages which folds to A4. Currently the newspaper is printed in black and white only and it sells for R5 and is distributed at the local shops and businesses on a weekly basis.


NAMAKWALANDER
SPRINGBOK OOGKUNDIGES
NAMAKWALAND OOGKUNDIGES
SAPD ARRESTEER ONWETTIGE DELWERS IN DIE PORT NOLLOTH EN KLEINZEE AREAS

Supplied by Namakwalander

The newspaper writes in both Afrikaans and English and are in the process to involve to other popular African languages in the province. Namakwalander already covers articles about the culture of some of the African people, it intended to have a weekly column that portrays the diversity of all the people living in the Northern Cape.

Mamre News

Approved for R343 200 (Strengthening)

Mamre News/Nuus or West Coast Way is a community newspaper that was established in 2012 when young unemployed people from Mamre community wished to have a community newspaper, which would give a voice to the community. The project aims to inform, educate, and entertain as well as instil a sense of pride in being the custodian of the Afrikaans language and culture in the Western Cape province.

Mamre is an isolated little unknown town on the Cape West Coast about 60kms from Cape Town CBD. As a result of the isolation, there are few economic opportunities taking place. Unemployment and alcohol abuse are the biggest challenges especially for young people.

The paper is distributed in Mamre, Atlantis, Century City, Dunoon, Joe Slovo Park Melkbosstrand and surrounding towns on the Cape West Coast. The project's aim is to bridge the communication and information gap that exists between the Mamre communities of the Western Cape province and the different spheres of government including the business community. The newspaper is specifically targeted at the Afrikaans-speaking communities largely found in the communities of Mamre and Atlantis.


BL. 8
MAART DRAF UIT VIR DIE LAND

Mamre NUUS•NEWS

ANY NEWS TO SHARE? CALL DAVID ON 061 429 9995.

GRATIS / FREE | JULIE / JULY 2021 | ONDERSTEUN DEUR SUPPORTED BY mdda

Roosbome, sierstene simboliseer oud-leerders 1993 - 2000

REUBEN ABELS, WAARNEMENDE SKOOLHOOF, PLANT 'N ROOS: Die roosboomtuin en gedenkmuur vir leerders, onderwysers en personeel in wording. **FOTO:** David Rossouw

DAVID ROSSOUW

Mamre Primêre Skool is in die proses om roosbome by die skool te plant.

Hierdie is weereens 'n bewys watter belangrike rol bome en plante in die bestaan van die natuur speel.

Die skool sal teen die einde van Augustus vir elke oud-leerder, vanaf 1993 tot 2000, 'n roosboom plant vir hulle bydrae tot die skool.

Volgens kenners simboliseer rose liefde.

Die verskillende kleure simboliseer ook verskillende emosionele begrippe.

Die projek sal as bewusmaking dien van die rol wat die natuur in 'n mens se lewe speel.

Dit sal ook terselfdertyd leerders opvoed oor die belangrike rol wat primêre onderrig in 'n kind se lewe speel.
Die oprigting van 'n gedenkmuur is vir alle oudleerders en opvoeders.

'n Siersteen teen 'n koste van R100 is te koop waar hom of haar naam op 'n naamplaatjie aan gebring kan word.

Dit sal ook die bydrae wat leerders en opvoeders tot die skool gemaak het, simboliseer.

Die fondse wat ingesamel word, sal gebruik word om die skool selfonderhoudend te maak vir die aankoop van opvoedkundige materiaal.

Volgens die waarnemende skoolhoof, Reuben Abels sal die projek deel uitmaak van erfenismaand in September.

Hy voeg by dat die idee van roosbome en die gedenkmuur is om skooltrots by die skool te versterk.

Supplied by Mamre News

Supplied by GCIS

Kathorus Community Radio Station aka (Kasi FM 97.1)

Approved for R2 178 500. 00 (Strengthening)

Kathorus Community Radio station is situated in Katlehong, Ekurhuleni. The main objective of the station is to.

- To educate, inform and entertain the community of Ekurhuleni.
- To be the main source of news and information for the community and to be the most trusted and reliable provider of development information to the community.
- To build trust companionship between the community and the station and to foster social cohesion amongst the diverse group of community members in the Kathorus region.

The station broadcast format is 40% talk and 60% music. The broadcast languages are 20% Sesotho, 30% English, 40% IsiZulu, and 10% for other languages spoken in the area. To ensure that the bulk of the stories carried come from within the communities it serves, Kathorus Community Radio, broadcasts 20 minutes of local news, fifteen of national and five minutes of international news per day.

Good News Community Radio (93.6 FM)

Approved for R 320 290.00 (Strengthening)

Good News Community Radio is a religious community radio station that was established in 1997. The Content of GNCR ultimately addresses the heart needs of the Community by helping them to regenerate morally. They have broadcasts of sermons prompting listeners to seek spiritual counselling which is freely available at Jivannadi Mission - The FBO/NPO which operated prior to the founding of GNCR.

The station broadcasts in Verulam, Phoenix, and surrounding areas in the eThekwini Municipal area. The broadcast languages are English 67%, isiZulu 25%, Hindi 3%, Tamil 3%, and Afrikaans 2%. The quota dedicated to Local news and Information is 25% on a daily basis.

Good News Community Radio also acts as a good training ground for media students around eThekwini municipality. The community radio station regularly takes in journalism students to do their Work Integrated Learning programs. The station's Training and Development Manager always provides mentorship for these students.

Voice of Wits (VOW FM 88.1)

Approved for R614 101.00 (Strengthening)

Vow FM is a 24-hour campus radio station broadcasting from the University of Witwatersrand (Wits) in Johannesburg, Gauteng. The community radio station was relaunched in 2010 and has access to the Wits community, which consists of about 40 000 students, academics, and staff.

VOW FM targets the youth market from the ages of 21 to 35 years, majority of whom are staying in the Johannesburg Metro. The station broadcasts in English and has a 50% split in music and talk. VOW FM is self-funded through advertising, sponsorships, activations, outside broadcasts and production.

Giyani Community Radio Station (GCR 106 FM)

Approved for R2 823 873.00 (Strengthening)

Giyani Community Radio Station was registered in 2013 with the aim of providing exciting state of community radio to the Giyani community. The aim of the station is to ensure that professionalism, innovative and effective ideas are employed in response to the diverse needs of clients and the target market.

The community radio station covers the Greater Giyani Local Municipality area, the Vhembe and Mopani District Municipality, Mutale Local Municipality, North of Kruger

National Park on the eastern side and Makhado Local Municipality the South, Southern, Eastern, Western and Northern parts.

GCR brings education, news, series, dramas, awareness campaigns and shows that educate the community as a whole. The community radio station's broadcast format is 40% talk and 60% music. GCR broadcasts in the following languages: 50% Xitsonga, 10% English, 20% Tshivenda and 20% Northern Sotho. GCR's also carries a minimum of 45% local news and information on a daily basis.

Intokozo Yeningzimu Community Radio Station (Intokozo FM 102.2MHz)

Approved for R2 454 000.00 (Strengthening)

Intokozo Yeningizimu Community Radio Station is station based in Umlazi Township, in the eThekwini Municipality in KZN. It was established by youth who had the same vision of voicing out their out their issues that the youth of South Africa face on daily basis. The station focuses on social issues affecting the community youth in particular, issues like high unemployment rate & teenage pregnancy.

Intokozo FM's geographic licence covers the areas around Durban South Coast and their broadcast format is 55% talk and 45% music. To ensure that their message is received by all members of their target market, Intokozo FM broadcasts in the following languages: 60% isiZulu, 35% English, and 5% isiXhosa. On a daily basis, local news and information are allocated 60% and the rest is 20% provincial news, 15% National news & 5% international news.

Radio Westcoast (RWC COMMUNITY 923 FM NPC)

Approved for R1 575 944.00 (Strengthening)

Radio Westcoast is a community radio station that is situated in the West Coast District of the Western Cape, covering the following municipal areas: Saldanha Bay, Berg Rivier, Cederberg and Swartland. The station is licensed to deliver broadcast services to Matzikama as well, but due to insufficient capacity, is unable to do so. The areas covered by Radio Westcoast have an unemployment rate of between 32% and 50% - depending on the municipal area. Although services are readily available in affluent areas, areas where the Previously disadvantaged (PDI's) still reside have to get by on the bare minimum and are still forced to live in sub-standard conditions. The area's where the PDI communities live constitutes for 85% of the population, yet 98.9% of businesses are owned, controlled, and managed by the white community.

The project's aim is to support the PDI community in their struggle to elevate their standard of living. The station does this by providing content (and projects) that will lead to individuals making informed and responsible decisions on how they manage their lives and, make contributions in their respective residential areas, is the main goal of the stations.

Radio Westcoast's broadcast format is 60% Talk and 40% Music, and the language split is 91% Afrikaans, 5% English, 4% isiXhosa. 54 minutes of the news per day is dedicated to local news and the rest is split between national and international.

Engcobo Religious Community Radio (Engcobo FM 99.6 MHz)

Approved for R 3 267 061. 00 (Emerging)

Engcobo Religious Community Radio trading as Engcobo FM is based at Engcobo local municipality which falls under the Chris Hani district. The station was registered as an NPO in 2015 and was issued with ICASA license in 2017; started online broadcasting in 2020. The project is not yet on air due to financial constraints.

The project aims to cover 70 admin area and the station is eager to mobilise the communities to move closer to the world of information that will be customised to suit their needs. Due to the mountainous terrain around the district the closest community radio station is unable to cover a large percentage of Engcobo local municipality hence the need for the area to have its own medium of communication that will advance the causes of the area.

The projects content aims to caters for everyone in the community as the area is diverse consisting of 93.92% African (798 000)1.84% white (600), 3.97% (33 700), 0.27% Asian (2 310) with English and Xhosa being the main languages aimed to broadcast in.

Vukani Community Radio (Vukani FM 99.9)

Approved for R1 700 000.00 (Strengthening)

Vukani Community Radio is presented as a community organ or tool for gathering, dissemination of relevant information to promote community development. The station was established in 1996 and is based in ECala town in Chris Hani District, which has 6 Local municipalities (Sakhisizwe, Engcobo, Intsika yethu, Enoch Migijima, Emalahleni and Inxuba Yethemba local Municipalities) in the Eastern Cape Province.

The geographic license covers the area around the Xhalanga Districts (Cala, Cofimvaba, Dordrecht, Queenstown, Indwe, Engcobo, Lady Frere and Elliot and the broadcast format is: 60% Talk and 40% Music. Vukani FM main broadcast languages are English 2%, Afrikaans 2%, and isiXhosa 96%.

Vukani FM broadcasts issues around; health, un-employment, poor service delivery, unacceptable levels of education, poor infrastructure which affects all ages. The community is encouraged to participate in both broadcasting matters and their own development. The station is broadcasting from Local Public Works Building in which they don't pay rent. Vukani FM has expanded its operation to extra two satellite stations in Queenstown and Cradock.

Vision FM (88.5/107.7 MHz)

Approved for R2 676 000. 00 (Strengthening)

Vision FM is the first Christian Radio Station in Limpopo. The station has been licensed to serve communities within the Mopani District and broadcast from their own building on 88.5 / 101.7 MHz in Mopani District Municipality, situated in Greater Tzaneen Municipality at Nwamitwa, Mbhekwana. Mopani District Municipality covers 354 rural villages and 16 urban areas with a majority of Xitsonga 44.3% and Northern Sotho 44.9 speakers.

The station started broadcasting in 2017 and believes that; a Vision inspires, directs, motivates, and practically guides every person to live life with a purpose that will lead in setting goals, objectives and making best decisions, because life without a vision and purpose is meaningless.

Vision FM broadcasts in three languages including 50% Xitsonga, 40% of Sepedi and 10% English with a content that is 65% talk and 35% music. Their news is broadcast for a total of 120 minutes per day, of which 60 minutes is local news, 45 minutes is national news and 15 minutes is international news.

The station plays different types or genres of Christian music, as well as some traditional music with the message of encouraging and building moral fibre and the spirit of Ubuntu.

Barberton Community Radio Station (BCR FM 104.1)

Approved for R2 124 500.00 (Strengthening)

Barberton Community Radio station broadcasts from Barberton to Siswati-speaking listeners, with a mix of music being 40% and talk 60%. Barberton Community Radio station's geographical license area is Ehlanzeni District Municipality, and the broadcasting area covers; Barberton, Mbombela Nelspruit, White River, Waterval Boven, Machadorp, Badplaas and Sabie in the Mpumalanga Province.

The community radio station's broadcast language split is 60% isiSwati, 20% English, 20% Afrikaans. 24 minutes of everyday is dedicated to local news.

Barberton Community Radio station has been on air since 1997 and was first approved for MDDA funding in 2004.

Motheo Multimedia Institute (Motheo FM 88.5 MHz)

Approved for R1 895 000.00 (Strengthening)

Motheo FM was launched in 2009 in the Bloemfontein CBD, and its geographic license area is the Motheo Municipal District in the Free State Province.

The community radio station's Broadcast Format is 60% talk and 40% music. It targets the Youth as their primary target market and the rest of their listeners is made up of the more than half of the population that is concentrated in the Bloemfontein area (52%), followed by Botshabelo (28%) and the rural areas, which have the lowest concentration of people.

Motheo FM's broadcast languages are 40% Setswana, 30% Sesotho, 25% English and 5% isiXhosa. The economy in Motheo's area of broadcast is strongly driven by the government sector, which has seen the fastest growth in the last five years as a result of increased government programmes in livelihoods improvement interventions. The finance sector is the second-fastest growing sector due to very active estate and construction activities.

Aganang FM (90.0 MHz)

Approved for R2 044 500 (Emerging)

Aganang FM is a community radio station that is situated in Potchefstroom and operates in JB Marks Municipality which was established by the amalgamation of Ventersdorp and Tlokwe Local Municipalities in the North West province. This is the first time for Aganang FM to access the MDDA grant funding.

The community radio station's broadcast format is 60% Talk and 40% Music. The language split is Setswana 44%, Afrikaans 29%, 12% Sesotho 12%, isiXhosa 11%, and Other 4%. Local news and information get the bulk of the quota dedicated to news per day, while 12 minutes goes to national and 7 minutes to international news.

The community radio station has managed to retain its talent and skills by paying decent stipends and salaries.

Bodumedi FM (105.2 MHz)

Approved for R2 369 500 (Start-up)

Bodumedi FM is a community radio station based in the small town of Schweizer Reneke under the municipality of Mamusa, North West province. Its geographic licence area covers Mamusi and Delareyville. Bodumedi FM's broadcast format is 60% Talk and 40% Music, while the broadcast languages used are Setswana, English, and Afrikaans. The bulk of the 30 minutes daily news programmes are dedicated to local news and Information, only 10% of it is national news and 5% international news.

The town has a population of just over 2500 while its nearest township, Ipelegeng has just over 30 000. Total eradication of poverty still remains a challenge in Mamusa as about 30% of the population is unemployed. In all its programming, Bodumedi FM's main objective is to create job opportunities within its community. The stations offer young people a chance to participate in various programmes, such as music, performing arts, radio presenting. These skills help the youth to market themselves locally and nationally.

Kurara FM (98.9 MHz)

Approved for R2 566.00 (Strengthening)

Kurara FM is the first community radio station to be established in the John Taolo Gaetsewe District Municipality in the Northern Cape province. It has been in operation since 2012 and is based in Kuruman, but it reaches as far as Siyanda and Frances Baard Districts and is heard in towns such as Kathu, Danielskuil, Posmansburg, Olifantshoek, Vryburg, Taung, Kimberly, and more than 204 villages.

The community radio station's broadcast format is 40% talk and 60% music. Since its programming caters for most of the ethnic groups within the Northern Cape, Kurara FM's broadcast language split is 50% Setswana, 30 % English and 20% Afrikaans.

It dedicates a total of 120 minutes per day to news, of which 60 minutes is local news, 45 minutes is national news and 15 minutes is international news.

KZN FM (93.6)

Approved for R2 775 163.70 (Strengthening)

KZN 93.6 FM is a community radio station based in Ixopo, a town situated on a tributary of the Mkhomazi River along the R56 highway in the midlands of KwaZulu-Natal, province. The station's main objective is to educate, inspire and develop the KZN community.

KZN FM has created a platform for community development by disseminating relevant information to the society in the local spoken languages, which are isiZulu and English.

Mdantsane FM (89.5 MHz)

Approved for R1 600 805 (Strengthening)

Mdantsane FM is a community radio station that was established in 2008 and registered as an NPC in 2006.The project is based in Mdantsane township under Buffalo City Metro in the Eastern Cape Province. Its geographic licence area covers; Buffalo City Metro including Great Kei, a portion of Emahlathini and Ngqushwa Area.

The project's target group is young and old between the ages of 12 to 60 years of both genders. Mdantsane Community Radio station's broadcast format is 60% Talk and 40% Music. The station's programming is inclusive of people living with disabilities, especially those living with high socio-economic challenges, they serve as their source of credible and reliable stakeholder information as well.

The broadcast language split is 60% IsiXhosa and 40% English. Mdantsane FM dedicates a total of 60 minutes per day to news broadcasts, of which 50% is local news, 30% national and 20% international news.

Mash FM (91.7 stereo)

Approved for R2 499 877.00 (Strengthening)

Mash FM 91.7 stereo is a community radio station broadcasting in Thaba Chweu Local Municipality and Ehlanzeni District Municipality in the Mpumalanga province. The station studios are situated in Mashishing, Mpumalanga Province. Mash FM's broadcast format is 50% talk and 50% music.

To cater for all its communities, Mash FM's broadcast language split is 20% isiSwati, 40% English, 20% Sepedi and 20 % Afrikaans. Mash FM dedicates 40 minutes to news per day, 80% of these are from issues affecting the local community, 15% national and 5% international news.

Moletsi Community Radio Station (98.6 MHz)

Approved for R994 462.05 (Strengthening)

Moletsi CRS is a geographically founded community radio station serving the news and information needs of Moletsi and surrounding villages in the north west of Polokwane in the Limpopo province. The station caters for areas within Polokwane, Blouberg, Lepelle Nkumpi, Molemole and Aganang municipalities in the Capricorn and part of the Waterberg districts.

Moletsi has four departments namely: print, TV, print and IT and Training. The radio station has been broadcasting for the past twelve years delivering 80% talk and 20% music. The broadcast language split is Sepedi 80%, 10% English, 0.5% Xitsonga and 0.5% Tshivenda. Moletsi Community Radio station dedicates a total of 41 minutes per day to news, with 20 minutes being local, 14 minutes national and 7 minutes international.

Radio Riverside (98.2 & 98.6 MHz)

Approved for R1 700 000.00 (Strengthening)

Radio Riverside is situated in a radius of 110 km to towns in and around Upington. Its broadcast licence covers the whole ZF Mgcawu District Municipality, with a footprint of Upington, Karos, Keimoes, Morning Glory, Nisikilelo, Currieskamp and Kakamas. The stations broadcast format is 40% talk and 60% music.

Through the station's programming and community activities, the station seeks to inform, entertain, and unite communities across Upington. Radio Riverside's broadcast language split is 20 % English,5 % Setswana, 15% IsiXhosa and 60% Afrikaans. The station broadcasts a total of 120 minutes per day, of which 60 minutes is local news, 45 minutes is national, and 15 minutes is international news.

Radio KC (107.7FM)

Approved for R1 388 620.00 (Strengthening)

Radio KC was established in 1996 and is situated in the Central Business District (CBD) of the Paarl area, which is part of the Cape Winelands District Municipality. The community radio station's broadcast language split is 50% English and 50% Afrikaans.

Radio KC 107.7 is a music driven radio station, but its key focus area is to deliver quality programming to its community. The station provides the community with a platform to share stories and to learn from one another at the same time locals are provided with the platform to access the airwaves.

Thetha FM (100.6)

Approved for R2 434 552 (Strengthening)

Thetha FM is a community radio station that was established in 1997 and is based in Sedibeng district under the City of Johannesburg Municipality, Gauteng province. Thetha FM's geographic licence area covers; Orange Farm, Evaton and other peri-urban areas, but also has listeners in North West, Free State and Mpumalanga provinces.

The community radio station's broadcast format is 60 %Talk and 40% Music, and the broadcast languages are 30% IsiZulu, 30% Sesotho,15% Setswana, 15% IsiXhosa and 10% English. The station broadcasts a total of 80 minutes of news per day, 40 minutes is dedicated to local news, 25 minutes to national news and 15 minutes to international news.

Zebediela FM (93.1)

Zebediela FM (93.1)

Approved for R2 566 480.00 (Strengthening)

Zebediela community radio station was founded in 1998 by the community of Zebediela, in the Limpopo province. Its geographic licence area covers the whole of the Capricorn District Municipality and places such as Lebowakgomo, Burgersfort, Mokopane, Polokwane, Sekhukhune, and Marble Hall.

Zebediela FM's broadcast format is 60% talk and 40% music. The language split is 45 % Sepedi, IsiNdebele 30%, Xitsonga 15%, 5% English, and 5% other Local dialects. Zebediela FM dedicates 40 minutes to news per day, 20 minutes is local news, 10 minutes provincial and 5 min national and 5 minutes international news.

2.7.3 FUNDING OF TRANSMISSION FEES AND DEBT

The community broadcast sector's spiraling debt with Sentech has been an ongoing challenge, with community broadcast stations having either been shut down or about to be shut down. While the MDDA, with its stakeholders, is urgently seeking a long-term resolution to unaffordable transmission costs, the MDDA assisted in 2020/2021 in approving signal distribution for beneficiaries including self-transmission. The Media Development and Diversity Agency (MDDA) issued a call for community broadcast projects across South Africa, holding a valid ICASA licence and with outstanding transmission fees, to apply for funding for the payment of such fees. Self-transmitting community broadcast projects with a valid licence were also invited to apply. In February 2021, the Board of Directors then approved the requisition to write back a total of R8,2 million to fund the transmission fees to some of the beneficiaries that made requisitions. 20 beneficiaries were approved with 18 transmitting through Sentech and 2 self -transmissions.

2.7.4 COVID-19 EMERGENCY RELIEF FUND

The MDDA recognises the critical role played by community media in dissemination of information to communities across South Africa. It therefore launched a COVID-19 emergency response fund to assist the projects continue to operate during the National Lockdown, and at the same time minimise the risk of their staff from potential exposure to the virus. The R10 million for phase 2 emergency fund was approved by the Board to cater for content generation, fuel, distribution costs for print, telecommunications and hygiene essentials after the lockdown was extended.

The fund closed by the end of October 2020, with R6.6 million having been disbursed to 89 community broadcasters and 94 community and SCM publications in different relief packages, per station/publisher and 2 TV Stations.

CAPACITY BUILDING				
Name	**Date**	**Partners**	**Amount funded**	**Number of attendees**
Youth Month Information Sharing Webinar – Community Media Funding, Partnership and Other Opportunities	22 June 2020	South African Arts & Culture Youth Forum (SAACYF)	R10000	119
Community Media Science Journalism Workshop	7 September to 11 September 2020	South African Agency for Science & Technology Advancement (SAASTA)	R4000	32
Community Media Data Journalism Workshop	14 to 17 September 2020	South African Agency for Science & Technology Advancement (SAASTA) and Human Sciences Research Council of South Africa (HSRC)	R4000	34
Grantee Orientation Workshop	28 September to 01 October 2020	SARS, ICASA, GCIS Department of Communications and	R61 110	61
Sector Engagement Workshop on the Draft Whitepaper on Audio and Audio-Visual Content Services Policy Framework	20 November 2020	Digital Technologies and GCIS	R 40 000	59
Community Media Masterclass on Effective Reporting on Gender -Based Violence	23 November 2020	Government Communications and Information System (GCIS), Wits Radio Academy, GIZ & UN women	R50 000	40
Community Media Workshop on Music and Video Rights Compliance and Licensing	16 February 2021	Lloyd Massif Projects	R150 000	96
Community Media Workshop on Print, Electronic and Digital Media training for content generation and research	24 March 2021	Seanokeng Media	R124 500	74
Online Safety and Newsletter Creation Media Literacy Workshop	26 to 27 March 2021	Moshesh Agricultural Tech High School, Film and Publications Board (FPB) and Pearson Training Institute	R45 000	50 learners from Moshesh Agricultural Tech High School

RESEARCH		
Research Project	**Partners**	**Amount**
Stakeholder Consultative Conference for drafting Terms of Reference for Community Media Sustainability Model Research	NAB, UNESCO, NCRF, DCDT, SENTECH, GCIS, SACRO	N/A
Community Media Coverage of Covid-19 Community Media Coverage of Gender Based Violence	Moonraises Strategic Solutions Pty Ltd	N/A
Coverage of the 2021 Local Government Elections by community and small commercial media (CSCM)		R438 600

YOUTH MONTH INFORMATION SHARING WEBINAR – COMMUNITY MEDIA FUNDING, PARTNERSHIP AND OTHER OPPORTUNITIES

On 26 June 2020, the MDDA and SAACYF partnered to host a Youth Month Information Sharing Webinar – Community Media Funding, Partnership and Other Opportunities. The SAACYF is a Non-Profit Organization established and registered to champion, promote and profile the rich diversity of arts, culture & heritage of our people. The forum is involved in the issues that affect youth development; the empowerment of artists; community development; and other issues on daily basis. The purpose of the Webinar was to inform SAACYF members and stakeholders on the role of the MDDA and the importance of community media. There were 119 participants following the seminar on ZOOM. The session was also broadcast on Facebook Live.

Community Media Science Journalism Workshop

Based on a partnership agreement with the South African Agency for Science & Technology Advancement (SAASTA), the Agency co-hosted a science journalism workshop with the aim of capacitating journalists especially community media journalists in science journalism. Thus, enabling them to communicate science and technology stories in all the South African indigenous languages and to promote interest in science and technology reporting in the community media space. The session was attended by 32 participants and the workshop was held over five days, looking at the following topics:

- Day 1: Introduction and Science and Society
- Day 2: How Science Works and Dissecting a Science Paper
- Day 3: Sources: the sweet, the sour and the yummy.
- Day 4: Science of Vaccines, the infodemic and debunking myths and fake news
- Day 5: How to Pitch a Story

Community Media Data Journalism

The Agency also partnered with SAASTA and the Human Sciences Research Council of South Africa (HSRC) in co-hosting a data journalism workshop. The training was held over a four-day period and covered the following topics:

- Day 1 – What is data-driven storytelling & the data pipeline
- Day 2 – Where to find data & scoping a data-driven story
- Day 3 – Preparing and analysing data
- Day 4 – Building your story

The workshop was attended by 53 participants.

World Press Freedom Day Webinar Series Part 3

On 05 May 2020,the Association of Independent Publishers and MDDA partnered to host a World Press Freedom Day Webinar Series Part 3. World Press Freedom Day was proclaimed by the UN General Assembly in December 1993, following the recommendation of UNESCO's General Conference.

It is an opportunity to:

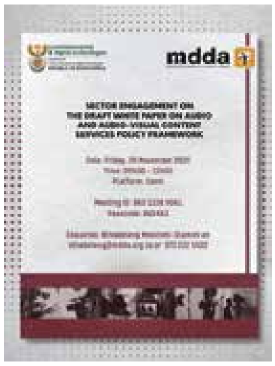
- celebrate the fundamental principles of press freedom;
- assess the state of press freedom throughout the world;
- defend the media from attacks on their independence;
- and pay tribute to journalists who have lost their lives in the line of duty

Grantee Orientation Workshop

The Grantee Orientation Workshop is designed for all new targeted at community broadcast and community and small commercial media (SCM) print / digital media entities that have been newly funded by the MDDA and existing grantees that need training. This workshop seeks to capacitate the newly funded and existing entities on management, corporate governance, compliance and MDDA reporting requirements. GOW further included in-depth presentations on signal distribution, tax compliance and government advertising spend. The entities were also trained on marketing and sales tactics as important levers for business growth.

Sector Engagement Workshop on the Draft Whitepaper on Audio and Audio-Visual Content Services Policy Framework

In partnership with the Department of Communications and Digital Technologies, the Agency held a Sector Engagement Workshop on the Draft Whitepaper on Audio and Audio-Visual Content Services Policy Framework on the 20th November 2020. The draft white paper seeks to create an enabling environment for the provision of inclusive audio and audio-visual content services (AAVCS) to all South Africans in a manner that promotes social-economic development and investment.



Community Media Masterclass on Effective Reporting on Gender -Based Violence

In partnership with Global Citizen, Government Communications and Information System (GCIS), Wits Radio Academy, GIZ & UN women. and Step It Up the Agency hosted a Community Media Masterclass on Effective Reporting on Gender -Based Violence on the 23rd November 2020. The workshop was conducted as a build-up to the 16 Days of Activism for No Violence Against Women and Children Campaign. The programme gave a global perspective on Gender-Based Violence as well as a detailed masterclass on effective reporting on Gender-Based Violence.

Community Media Workshop on Music and Video Rights Compliance and Licensing

On 16 February 2021, the Agency implemented a one-day virtual workshop on music and video rights compliance and licensing. The workshop was mainly targeted at community broadcasters and interested stakeholders. The workshop was attended by 96 participants from various sectors. The workshop covered the following themes:

- Copyright Basics: musical works and sound recordings
- Copyright Management Organisations (CMOs) in South Africa
- International CMO Network and 'Reciprocality'

The Unit further compiled a post-attendance survey of the workshop to measure the impact of the training and solicit views of other training interventions identified by stakeholders. Results from the survey showed that community radio constituted 50 percent of the participants whilst community television and those identified as other constituted 42.86 percent. The survey further showed that 50 percent of the workshop participants stated that the workshop content met their expectations whilst 43 percent stated that the workshop content exceeded their expectations; furthermore, 50 percent of the workshop participants stated that the facilitator met their expectations whilst 43 percent stated that the facilitator exceeded their expectations.

Community Media Workshop on Print, Electronic and Digital Media training for content generation and research

On 24 March 2020 the Agency held a Print, Electronic and Digital Media training for content generation and research. Key themes covered in the session included:

- Content Generation/Creation and Research for Multiple Platforms
- Online/Digital Content Strategy
- Digital Marketing Strategy
- Social Media Research and Analytics

Online Safety and Newsletter Creation Media Literacy Workshop

The Agency held a two-day media literacy programme Moshesh Agricultural Tech High School in Matatiela. The Agency partnered with the Film and Publications Board (FPB) to implement the workshop. On day one of the programme the FPB held a session on safe internet usage, awareness about cyberbullying and creating a positive digital footprint. On day two of the programme, we hosted a newsletter creation workshop where we trained the students on how to start their own newsletter/newspaper. The training was attended by students from grade 8-11. The programme was in line with Agency's mandate of promoting literacy and a culture of reading.

Stakeholder Consultative Conference for drafting Terms of Reference for Community Media Sustainability Model Research

On 13 to 14 August 2020, the MDDA hosted a virtual Consultative Conference on the Sustainability of Community Media in South Africa. The theme of the conference was: Building a Resiliant and Future-Forward Community Media Sector. The late honourable Minister Jackson Mthembu officially opened and delivered a keynote address at the conference, whilst honourable Deputy Minister Thembi Siweya provided the concluding remarks. The consultative conference comes as a result of findings and action plans from various engagements between government, the sector and relevant role players on challenges facing the community and small commercial media in South Africa. The consultative conference served as a pivotal milestone towards the development of a sustainability model for community media in SA.

Coverage of the 2021 Local Government Elections by community and small commercial media (CSCM)

The Agency commissioned Moonraises Strategic Solutions to do a content monitoring and analysis study on how the coverage of the 2021 Local Government Elections by community and small commercial media (CSCM). Monitoring cscm coverage of the elections is important in measuring the extent to which the training offered on best practice when reporting on elections was beneficial. There is little work done in analysing the media content produced by community media. This research is a step towards building a repository of work around community media. The research will also assist in gauging the extent cscm amplifies community voices.

Sections 3 (iv) and (vi) of the Media Development and Diversity Act of 2002 respectively require the Agency to raise public awareness with regard to media development and diversity issues; and encourage research regarding media development and diversity. There is however little research done in relation to community media particularly in relation to the content that is relevant to the communities they serve. Covid-19 and the Coronavirus has been dominating the media narrative around the world since the World Health Organisation announced the pandemic earlier this year. The Covid-19 pandemic has, since the first case was reported in South Africa in March 2020, grabbed the attention of the media. Stories ranging from mere announcements of new cases and the rate of infection and/or deaths, to impact of the pandemic on the economy and households, have featured in the media. We know that whoever holds power in the media, shapes narrative and opinion of public discourse and because of this, it is important to examine who exactly holds this power. It is for this reason that the Research and Training Unit conducted a content analysis study on community media to assess how the community media sector sets the agenda with regard to COVID-19 and to look at who is speaking, their gender and race representation and, affiliation

Community Media Coverage of Gender Based Violence

While the world is hit by Corona Virus Diseases of 2019 (COVID 19), there is a less spoken about social endemic issue of gender based violence (GBV) in the world. Since the outbreak of COVID 19, the United Nations Women has indicated that 243 Million women and girls between the ages of 15-49 have been victims of sexual/physical violence perpetrated by their intimate partners in the last 12 months. This means that 18 per cent of women globally have been victims of GBV. Another shocking statistic is that in 2017, the World Health Organisation (WHO) found that 38% of women killed globally were murdered by their husbands. What remains clear is that GBV is a global violation of human rights and has a great impact on the victims and their families. In South Africa in the year 2018/19, 2771 women were murdered and 3445 cases of attempted murder were opened (Africa Check, 2020). In the same year there were 36 597 recorded cases of sexual offences against women (Africa Check, 2020). Since the first week of the lockdown of the COVID 19 started in South Africa, from 26-31 March 2020, 2300 complaints of GBV have been recorded (Africa Check, 2020).

The media plays a vital role in raising awareness on GBV. It sets the agenda which gives it the power to dictate what people see, hear as well as shape their attitudes towards different aspects of life. However even in this era of an influx of multi-media tools to communicate, there is still a lack of awareness and dialogue on what comprises GBV, legislation frameworks in place for legal recourse, prevention mechanisms, where to go for help, care and rehabilitation. The media's core theme should then be about speaking out, education on GBV issues and leading dialogues on coming up with solutions and ideas for prevention and care. It is therefore important to examine who exactly holds this power. It is for this reason that the Research and Training Unit conducted a content analysis study on community media to assess how the community media sector sets the agenda with regard to coverage of GBV and to look at who is speaking, their gender and race representation and, affiliation.

PART C: GOVERNANCE AND LEGAL

The Board consists of nine members; six members are appointed on the recommendation of Parliament, after a public nomination process which is open, transparent, and with a publication of a shortlist of candidates for appointment. Three members are appointed by the President, taking into consideration the funding of the Agency, of whom one is from the commercial print media and another one from the commercial broadcast media. The President of the Republic of South Africa appoints one of the members as Chairperson of the Board. Members are appointed on a non-executive basis and are required to commit to fairness, freedom of expression, openness and accountability. Members take an oath or affirmation before performing duties, committing themselves to upholding and protecting the Constitution and the other laws of the Republic.

The Board acts as an Accounting Authority and appoints the Chief Executive Officer in terms of Section 13 of the MDDA Act to act as an Accounting Officer.

The Agency acts only through the Board and is required by law to be:

- independent;
- impartial; and
- exercise its powers and perform its duties without fear, favour or prejudice; and without any political or commercial interference.

Further, the Act provides for the Agency not to interfere in the editorial content of the media.

Code of Ethics

The Board is committed to a Code of Ethics to ensure each member acts with integrity when performing his or her responsibilities on behalf of the MDDA. The Code outlines the Board's fiduciary duties and defines its responsibilities towards stakeholders, staff members, and government.

All members of the Board have also taken an oath or affirmation committing them to the following principles:

- Fairness;
- Freedom of expression;
- Openness;
- Accountability; and
- Upholding and protecting the Constitution and other laws of South Africa.

A minimum of four Board meetings are held annually in accordance with Section 10 of the MDDA Act.

3.1.1 2020/2021 MDDA BOARD AND COMMITTEES

In line with Section 4 of the MDDA Act, the President of South Africa appointed four additional members to the Board of the MDDA namely Ms. Andiswa Ngcingwana, Ms. Brenda Leonard, Ms. Marina Clarke and Mr Hlengani Mathebula, who were nominated to office following a parliamentary process. On appointment and after taking an oath of office, an induction session was arranged for the newly appointed directors. The induction was aimed at equipping directors with sufficient knowledge and understanding of the operations of the MDDA, the opportunities and challenges facing the Agency, including the key risks, which would enable them to effectively contribute to strategic deliberations and exercise their duty of oversight over the Agency.

The Board therefore consisted of seven members during the period under review. Two Board vacancies occurred due to the departure of Ms. Martina Della Togna and Dr Nombeko Mbava in the third quarter. Ms. Martina Della Togna and Dr Nombeko Mbava's departure was due to the elapsing of their term of office. The filling of the two vacancies is currently being processed by the National Assembly.

After repositioning of the Agency from the Department of Communications to the Minister in the Presidency, the shareholder representative Mr Collin Mashile was replaced with Ms. Zanele Mngadi from Government Communications and Information System in the first quarter.

The Agency has continued to enjoy sustained support from the Executive Authority who provided guidance in terms of national policy priorities. The bilateral meetings between the Agency and the Ministry occurred on the 18th June 2020 and on the 20th March 2021. The engagements assist both the shareholder and the Agency in maintaining alignment of the strategic direction of the Agency and that of national government. The Board of Directors met seven times during 2020/2021.

The Board also held a Strategic Planning Session which took place on the 27th October 2020 and finalised its strategic planning processes on the 3rd December 2020. These fruitful sessions drew attention to strategic areas of focus for the Board as detailed in the 2021/22 Annual Performance Plan.

The Board also participated in the Community Media Sustainability Consultative Conference held on the 13th and on the 14th August 2020. The Board thereafter approved the draft terms of reference for the Community Media Sustainability Research which would then inform development of a sustainability model for community and small commercial media.

The MDDA Funders Breakfast is an annual event held with current and prospective funders to report on MDDA's key interventions, demonstrate how funds were utilised in the previous financial year and how future funding will be channelled to advance the mandate of providing an environment for community development and diversity. The annual Funder's Breakfast was held on the morning of the 25th February 2021 and Ms. M. Clarke and Ms. B. Leonard attended the engagement as Board representatives.

The Company Secretariat Office provides guidance to the Board of Directors as well as its committees on the duties and responsibilities of the Directors as well as on matters of ethics and good corporate governance. The Company Secretary also manages the provision of legal advice to the Board as well as the Agency at large.

The Company Secretary also ensures compliance with all statutory requirements as it pertains to governance.The Company Secretary also ensures that the Board is equipped with the required skill and knowledge to execute their tasks.

The Company Secretariat Office embarked on a training program for directors. This ongoing training includes development of corporate governance best practice, finance, ethics, risk management, and updates on implementation of strategy (amongst others). A board evaluation will be facilitated by the Company Secretary in order to ascertain areas of improvement and to ensure that the Board is functioning effectively. The findings from the board evaluation will be utilised to enhance the training program so that it is able to enrich the directors' skills and knowledge.

The appointment of additional Board members has translated to an improvement in the structuring of the governance committees of the MDDA. With additional members serving on the Board, the organisation has been able to better utilise its already established committees to improve decision making by the Board of Directors.

The Committees have provided the Board with recommendations and reports which ensure transparency and full disclosure of the Committees' activities. An independent Non - Executive Director serves as a Chairperson in each Committee.

The MDDA Board consisted of four Committees during 2020/2021: Audit and Risk Committee; Projects Oversight Committee; Research, Capacity Building, Monitoring and Evaluation Committee and the Corporate Affairs Committee.

The Audit and Risk Committee members term of office came to an end during the financial year and an ad-hoc Board committee was established to consider the recruitment of Audit and Risk Committee members, it met on numerous occasions and finalised the appointment of Mr Fortune Mkhabela, Ms. Margaret Phiri and Ms. Matseliso Shongwe, who were appointed as of the 1st April 2021.

MDDA BOARD AND COMMITTEES

The Board appreciates the exceptional work of the outgoing Audit and Risk Committee members; Mr Phuti Phukubje, Mr Mfanufikile Daza and Mr Moses Daza and welcomed the incoming members to the MDDA. It should be noted that the Shareholder Representative, Mr Simon Mankgaba still serves on the Audit and Risk Committee, together with the Board Representative, Ms, Andiswa Ngcingwana.

A second ad-hoc Board committee was formed, and it considered the draft Media Development and Diversity Amendment Bill, its report was submitted to the Board for further consideration.

Below are the meetings held by the Board of Directors and its Committees during the 2020/21 financial year.

2020/2021 MDDA Board of Directors Meetings

29 April 2020	Board Meeting
24 July 2020	Board Meeting
28 September 2020	Board Meeting
23 October 2020	Board Meeting
27 January 2021	Board Meeting
25 February 2021	Board Meeting
18 March 2021	Board Meeting

2020/2021 MDDA Audit and Risk Committee meetings

24 April 2020	Audit and Risk Committee meeting
16 July 2020	Audit and Risk Committee meeting
12 August 2020	Audit and Risk Committee meeting
14 September 2020	Audit and Risk Committee meeting
16 October 2020	Audit and Risk Committee meeting
18 January 2021	Audit and Risk Committee meeting
18 March 2021	Audit and Risk Committee meeting

2020/2021 MDDA Projects Oversight Committee meetings

7 May 2020	Projects Oversight Committee meeting
21 August 2020	Projects Oversight Committee meeting
25 September 2020	Projects Oversight Committee meeting
9 October 2020	Projects Oversight Committee meeting
13 January 2021	Projects Oversight Committee meeting
15 February 2021	Projects Oversight Committee meetinG

2020/2021 MDDA Corporate Affairs Committee meetings

15 January 2021	Corporate Affairs Committee meetings

2020/2021 MDDA Research, Monitoring & Evaluation and Capacity Building Committee

14 October 2020	Research, M & E and Capacity Building Committee meeting
12 January 2021	Research, M & E and Capacity Building Committee meeting

2020/2021 Meeting Attendance of MDDA Board Members

NAMES	NUMBER OF BOARD MEETINGS ATTENDED (INCLUDING SPECIAL MEETINGS) (7)	BOARD OF DIRECTORS STRATEGIC PLANNING) (2)	AUDIT & RISK COMMITTEE MEETINGS ATTENDED (8)	PROJECTS OVERSIGHT COMMITTEE MEETINGS ATTENDED (6)	CORPORATE AFFAIRS COMMITTEE MEETINGS ATTENDED (1)	RESEARCH, CAPACITY BUILDING, MONITORING AND EVALUATION COMMITTEE ATTENDED (2)
Ndivhuho Norman Munzhelele **(Chairperson) Appointed: 20/07/2018**	4/7	1/2	-	-	-	-
Dimakatso Collin Mashile **Appointed: 11/05/2019**	1/1	0/0	-	-	0	-
Moshoeshoe Nkgakga Monare **Appointed: 28/09/2017**	6/7	0/2	-	4/6	1	-
Marina Clarke Appointed:	5/5	2/2	-	-	1	1/1
Andiswa Ngcingwana	5/5	2/2	-	2/2	1/1	1/1
Brenda Leonard	5/5	2/2		-	-	-
Zanele Mngadi	5/6	2/2		-	-	-
Hlengani Mathebula	5/5	2/2		2/2	-	1/1
Nombeko Mbava **Appointed: 19/10/2017**	4/4	0/0	4/5	-	0	1/1
Martina Della Togna **Appointed: 19/10/2017**	4/4	0/0	-	3/3	-	-
Phuti Phukubje **Appointed 1/09/2018**	7/7	2/2	8/8	-	-	-
Mfanufikile Daza **Appointed 1/09/2018**	0	2/2	8/8	-	-	-
Moses Mbedhli **Appointed 1/09/2018**	0	2/2	8/8	-	-	-

**Other meetings including various stakeholder engagements such as radio interviews, events and meetings with Entities and Parliament's Portfolio Committee.*

BOARD AND COMMITTEE REMUNERATION

The Board was remunerated, in accordance with National Treasury Regulations. The Board's remuneration for 2020/21 until 31 March 2021 was as follows:

No	Name	Amount
1	Mr N Munzhelele	75 038,08
2	Dr N Mbava	80 190,00
3	Mr M Daza	43 375,00
4	Mr P Phukubje	157 218,00
5	Ms. M Della Tonga	131 079,00
6	Mr M N Monare	95 891,41
7	Ms. M Clarke	93 713,00
8	Ms. A Ngcingwana	123 476,00
9	Ms. B Leonard	97 740,00
10	Mr H Mathebula	117 554,00
Total		**1 015 274, 49**

3.2 RISK MANAGEMENT

The MDDA approach to Enterprise Risk Management (ERM) is aimed at evaluating, managing and optimising the opportunities, threats and uncertainties that the MDDA may encounter in its efforts to maximise sustainable shareholder value. Risk management is supported by the Audit and Risk Committee (ARC) and assured by external audits and the Internal Audit function.

ERM is designed to identify potential events that may affect the organisation, manage risks to within its risk appetite and ultimately provide reasonable assurance that the MDDA will achieve its objectives. ERM is applied throughout the organisation and the process is supplemented by the MDDA Risk Management Framework and a comprehensive set of risk policies and limits.

Embedding risk management techniques in day-to-day operations equips the MDDA to identify events that affect its objectives and manage risk in a manner consistent with the corporate strategy. Within this context, all risk to the Agency, including those associated with sustainability, are managed according to the 'three lines of defence' governance model, as outlined above.

The MDDA's ERM framework is based on the principles embodied in the Public Finance Management Act (PFMA), 1 of 1999, Public Sector Risk Management Framework published by National Treasury, Enterprise Risk Management Framework published by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, International Guideline on Risk Management (ISO 31000), King Code on Governance Principles (King III) and Batho Pele principles. The principles outlined in the framework are incorporated in risk management-related policies and procedures that support the Agency's ERM framework.

The objectives of this framework are to embed a uniform approach to ERM at the MDDA and identify and assess all the risks that could affect the achievement of the Agency's objectives, its people, reputation, business processes and systems, as well as its financial and environmental performance. It also serves to ensure that these risks are dealt with at an acceptable level.

MDDA undertakes a risk assessment annually, in compliance with PFMA conditions and aligned with the King III and Public Sector Risk Management Framework recommendations. The purpose of this process is to identify, measure and manage potential critical risks (Strategic, financial, governance, operational and IT governance) for the Agency to formulate appropriate risk strategies and action plans.

The entity's risk assessment was conducted and monitored every quarter. The management processes have focused on identifying, assessing, managing, and monitoring all significant risk across all operations in line with the risk management policy.

3.3 INTERNAL CONTROL UNIT

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor -General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports were submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the entity during the year under review.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor -General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

INTERNAL AUDIT AND AUDIT COMMITTEES

3.4

The audit committee is satisfied that the internal audit function is operating effectively and that the audit plan was risk based.
The audit committee reports that it has complied with its responsibilities arising from section 51(1) of the PFMA and Treasury Regulation 27.1.

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.

3.5 COMPLIANCE WITH LAWS AND REGULATIONS

The MDDA Code of Conduct states that all employees and stakeholders must comply with all laws and regulations which relate to their activities for and on behalf of the employer. The Employer will not condone violation of the law or unethical business dealings, at any level of the Agency. All employees and stakeholders are therefore expected to ensure that their conduct cannot be misinterpreted as being in contravention of this requirement.

3.6 FRAUD AND CORRUPTION

The MDDA does not tolerate any form of fraud or corruption either internal or from project partners, stakeholders and suppliers. These principles are echoed in policies and documents of the MDDA including the Code of Ethics for the Board, the Code of Practice for all staff and the Disciplinary Code.

An annual strategic risk assessment was conducted in 2020/2021 with the intention of identifying unwanted events (with negative impact on MDDA). Specific control measures were identified in order to reduce the likelihood and impact of the identified risks. The Risk Management process is a continuous process, and the risks and controls will be frequently revisited to improve the effectiveness of the control environment to enable achievement of company objectives.

A fraud and corruption prevention and awareness plan is in place, emphasising the importance of understanding how to identify, prevent and report fraud at the MDDA. A Fraud Hotline which is managed independently was also implemented in order to provide a mechanism for the reporting of complaints by both internal and external stakeholders.

In terms of these policies, any employee involved in fraud or corruption will be summarily dismissed. Any person found guilty of such charges will further be reported on as required by the Public Finance Management Act, (No.1 of 1999), have criminal charges laid against them and face legal action to recover the amounts involved.

3.7 MINIMISING CONFLICT OF INTEREST AND PROTECTION OF PERSONAL INFORMATION

In terms of the Board's Code of Ethics Code, each member of the Board must make an annual declaration of interests, in order to ensure decisions are fair and to protect the Agency against perceptions of bias or conflict of interest.

In addition, all employees of the MDDA are required to make a declaration of interests on joining the MDDA and annually while in the employ of the Agency. The Agency is implementing a Conflict-of-Interest Policy to assist MDDA employees and directors make sound decisions when confronted with a potential conflict of interest situation by providing specific guidelines, in accordance with the MDDA Code of Ethics and its guidelines. The policy states that the responsibility for evaluating, declaring and managing potential conflicts of interest lies with the employee or a director at the MDDA. The Agency expects all its stakeholders, which includes directors, grantees and employees, to actively demonstrate the moral obligation to do the right.

Going forward, the MDDA is implementing a Protection of Personal Information (PPI) policy in line with legislation, which dictates how and for what personal information can be used. It also dictates how data must be stored securely, and forces companies to tell people if their information has been breached.

3.8 CODE OF CONDUCT

The MDDA's Code of Conduct and Ethics Policy commits the Agency, its external partners and its employees to the highest standards of ethical conduct. The Ethics Policy comprises a short, aspirational summary outlining the Agency's core ethical values, ideals and principles. The Code of Conduct, on the other hand, is more directional in nature in that it is very specific in describing or forbidding specific behaviour. In essence, the Ethics Policy is value based, whereas the Code of Conduct is rules-based.

The MDDA combines the Ethics Policy and Code of Conduct for the Agency, thereby providing guidelines for all employees to do the right thing and behave at high standards at all times. It also provides employees with concrete ideas about what is right and what is not accepted in the workplace, without the need for constant management presence to supervise them.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES 3.9

The MDDA strives to foster and maintain a stable, healthy, safe and productive working environment and implements a wellness scheme, with regular wellness awareness days, that is available for all employees.

The Agency has a policy which does not unfairly discriminate against persons who choose to smoke. However, all general work areas have been designated as "smoke-free". Membership of the Discovery Medical Aid Scheme is compulsory for all employees, with the exception of those employees who are, and wish to remain members of an alternative scheme of which their spouse or partner is already a member.

In accordance with Agency's corporate responsibility to comply with Laws and Regulations, and its intent to provide its employees with a safe and secure working environment, the Agency takes all reasonable steps to provide secure premises and safe equipment. The controlled access to the Agency's work areas and general premises is maintained in accordance with relevant security and safety procedures to protect property, possessions and persons.

Environmental Responsibility

In terms of the Agency's public responsibility and its commitment to conserving resources used in its business operations, all stakeholders are expected to use their best efforts to make efficient and safe use of supplies and materials at their disposal. In the interests of the public, the community and preserving the environment, the management of any impact on the environment by business operations is integrated into all operating procedures.

3.10 COMPANY SECRETARY

Mrs. Yolanda du Preez was appointed as the Company Secretary of MDDA effective 1 July 2020. Mrs. Y du Preez holds the requisite knowledge and experience to fulfil the duties of Company Secretary. The Company Secretary provides a central source of guidance and support to the Board and within the Company on matters of good governance and legislation. The Board is aware of the duties of the Company Secretary and empowers her to fulfil those duties. As gatekeeper of good governance, the Company Secretary maintains an arm's length relationship with the Board and its Directors as far as is reasonably possible.

In ensuring that the Board is equipped with required skill and knowledge to execute their tasks, the Company Secretariat Office embarked on a training program for directors. This ongoing training includes development of corporate governance best practice, finance, ethics, risk management, and updates on implementation of strategy (amongst others). A board evaluation will be facilitated by the Company Secretary to ascertain areas of improvement and to ensure that the Board is functioning effectively. The findings from the board evaluation will be utilised to enhance the training program so that it is able to enrich the directors' skills and knowledge.

The Secretariat also reviews the compliance environment of the organisation and detailes this data in the Compliance Matrix.

3.11 SOCIAL RESPONSIBILITY

The mandate of the MDDA, as set out in the MDDA Act No. 14 of 2002, defines the core of the Agency's responsibility to social and economic transformation and community upliftment as: to help create an enabling environment for media development and diversity that is conducive to public discourse and which reflects the needs and aspirations of all South Africans.

MDDA Empowerment Strategy

The MDDA is committed to support objectives and initiatives as captured in concepts such as BEE and employment equity. Objectives of the MDDA empowerment strategy are to

- Accelerate empowerment of BEE, HDI and SMME for:
- Employment creation;
- Economic development;
- Wealth creation; and
- Poverty reduction.

3.12 AUDIT COMMITTEE REPORT

Media Development and Diversity Agency

(Registration number PE63)

Financial Statements for the year ended 31 March 2021

Audit and Risk Committee (ARC) Report

We are pleased to present our report for the financial year ended 31 March 2021.

Audit and Risk Committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Name of member	Number of meetings attended
Phuti Phukubje (Chairperson) Appointed 26/05/2018 retired 31/03/2021	7/7
Moses Mbedhli (appointed 31/08/2018 retired 31/03/2021)	7/7
Mfanufikile Daza (appointed 31/08/2018 retired 31/03/2021)	7/7
Simon Mankgaba (appointed 16/07/2020 to 15/07/2023)	6/7
Nombeko Mbava (appointed 19/10/2017 retired 18/10/2020)	4/5
Andiswa Ngcingwana (appointed 19/10/2020 to 18/11/2023)	2/2

Audit and Risk Committee (ARC) responsibility

The audit committee reports that it has complied with its responsibilities arising from section 51(1) of the PFMA and Treasury Regulation 27.1.

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.

Risk management

The entity's risk assessment was conducted and monitored every quarter. The management processes have focused on identifying, assessing, managing, and monitoring all significant risk across all operations in line with the risk management policy.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor -General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports were submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the entity during the year under review.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor -General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that the audit plan was risk based.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Media Development and Diversity Agency

(Registration number PE63)
Financial Statements for the year ended 31 March 2021

F Mkhabela
Chairperson of the Audit Committe

Date: 20|08|2021

3.13 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The MDDA is committed to support objectives and initiatives as captured in concepts such as BEE and employment equity. Objectives of the MDDA empowerment strategy are to accelerate empowerment of BEE, HDI and SMME for:

- Employment creation;
- Economic development;
- Wealth creation; and Poverty reduction.

MDDA has been graded as level 8 BBEE contributor.

3.14 LEGAL DISPUTES

MDDA dealt with an internal labor related dispute, which was settled at the CCMA by the parties. This was a nuisance settlement to avoid a protracted litigation process which may have resulted in further litigation fees for the Agency.

PART D: HUMAN RESOURCES

https://web.facebook.com/CommunityMediaDevelopment

@MDDA_Media @MDDA_Media

The key thrust of the MDDA Human Resources Management strategic imperative is to continue to build capacity and create the environment that enables the MDDA to achieve its mandate as specified in the MDDA Act of 2002.

MDDA prioritised four key thrusts to build organisational competencies and leadership capacity for longer-term growth:

1. Talent management and development
2. Leadership development
3. High-performance and engaging culture
4. Skills development

Our Human Capital Strategy is to develop and manage the organisational capabilities we need. The team ensures that every job is filled by a fully competent employee who enables the MDDA to deliver on its objectives An amended organogram, based on the 2020/2021 – 2024/2025 organisational strategy, was approved by the MDDA Board to bolster capacity in under-resourced areas, such as the Projects Unit. This organogram replaces the structure that has been in place since 2016/2017, as from the 1 April 2020. The staff complement on the new structure consists of 41 funded positions and features new positions that encourage growth at a junior level.

Non-market related staff remuneration has been an ongoing and major contributor to staff dissatisfaction. In addition, the MDDA has found it difficult to attract high performing candidates to fill vacancies at the MDDA. Following a major job grading exercise in order to bring the MDDA in line with the market and other similar entities, the MDDA Board approved a revised salary grading and associated financial implications, to be effective from 1 April 2020/2021. A further sliding scale for 2020/21 inflationary increases was approved to reduce the inherent salary gap between the levels. It is anticipated that the revised salary grading will assist significantly in raising staff morale and be a powerful tool to encourage both staff retention and attraction. The MDDA made good progress in ameliorating its high vacancy rate, having advertised twelve (12) of the thirteen 13 vacant positions The following ten (10) out of thirteen (13) positions were filled.

- Human Resource and Corporate Affairs Manager
- Company Secretary and Legal Affairs Manager
- Program Manager: Broadcasting
- Digital Media Specialist
- Strategic Planning Administrator
- Broadcasting Coordinators x 2
- Junior Project Administrators x 2
- Receptionist

The Communications and Strategy Manager position was advertised and the interviews were conducted in March 2021 and the successful incumbent will resume duties on the 01st May 2021 and the Executive Manager: Research & Training and Monitoring and Evaluation position was advertised and interviews were conducted in March, the successful incumbent will resume duties on the 01st July 2021.

The MDDA reacted swiftly to protect our staff at the outbreak of the COVID-19 pandemic, responding to Government's urgent call for the necessary precautions to be taken, including the National Lockdown from the 27 March 2020.

Immediate actions taken by the MDDA prior to the National Lockdown, to protect its staff, included hygiene adherence procedures and transport relief for public transport commuters for a month, to prevent and/or limit their contact with crowds. In addition, non-essential travelling was cancelled immediately, and essential meetings were conducted remotely, wherever possible during Level 5 lockdown restrictions as the government moved the restrictions from level 5 to level 1, staff began to return to work using a staggered approach in line with the MDDA's Pandemic Prevention and Response Plan. The plan was drawn up strictly in line with Government regulations on minimising possible exposure to SARS-CoV-2, the virus responsible for COVID-19. The aim of the approach is to ensure good health and safety of employees at work, as the Government seeks to return South Africa to full economic activity and recovery.

With the rising COVID-19 infections in South Africa, a further decision was taken to direct staff to work from home from 24 March 2020, to protect both the staff and the organisation from the pandemic. The MDDA activated its business continuity plans, with all staff switching to remote mode, working online from home, and ICT supporting staff from a virtual environment. The MDDA has had no notable outages during this transition, a testament to the strength of the plan in ensuring continuity at times of crisis.

Our objectives for 2020/2021

- Improving Corporate Culture
- Maintain a low vacancy rate
- Employee Wellness
- Building a high performance management culture

4.1 STAFF COMPLEMENT

There was a total permanent staff complement of 38 at the end of the period under review, out of 41 approved positions. This equates to a vacancy rate of 7.3%. This was an improvement when compared to 2019/2020 of a permanent staff complement of 28. There was one termination of a permanent employee who went on retirement, three end of contracts and ten permanent appointments during the FY 2020/2021.

Terminations

There were four (4) terminations in financial year under review, which consisted of the Communications and Strategy Manager who went on retirement on the 28 February 2021, Communications Consultant whose contract came to an end on the 31 March 2021, Junior project administrator and Receptionist.

The table below shows the distribution of staff by level, gender and race.

Employment equity profile

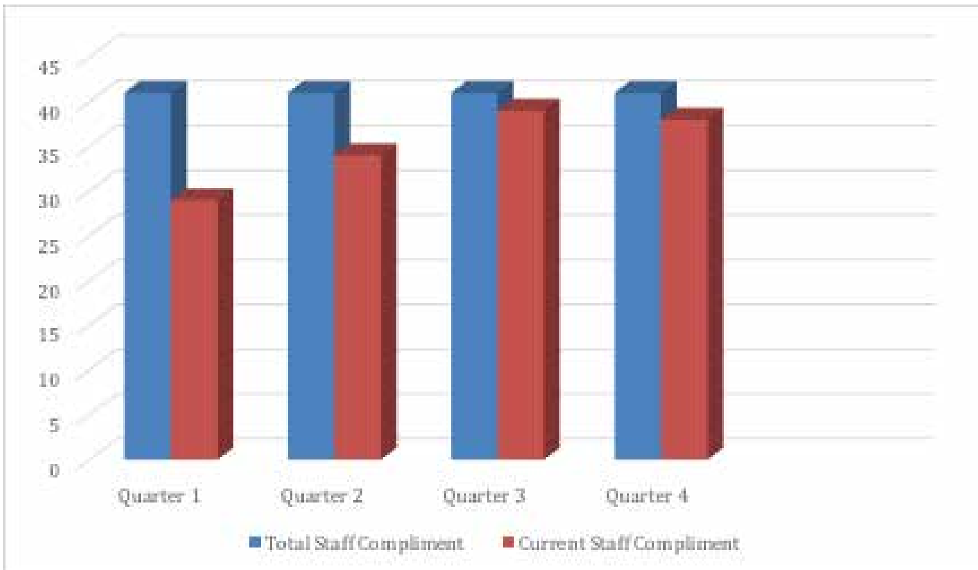
Occupational Levels	Male				Female				Total	Disability	Foreign Nationals	
	A	C	I	W	A	C	I	W		All	Male	Female
Top management	1	0	1	0	1	0	0	0	3	0	0	0
Management	5	0	0	0	3	0	1	0	9	0	0	0
Professionally qualified	8	1	0	0	11	0	0	0	19	0	0	0
Skilled level	2	0	0	0	2	0	0	0	4	1	1	0
Semi-skilled	0	0	0	0	1	0	0	0	1	0	0	0
TOTAL PERMANENT	16	1	1	0	19	0	1	0	38	0	0	0
TOTAL FIXED-TERM-EMPLOYEES	0	0	0	0	1	0	0	0	0	0	0	0
GRAND TOTAL	16	1	1	0	19	0	1	0	38	1	1	0

HUMAN RESOURCES

The MDDA is committed to the principles of equity, non-discrimination and diversity enshrined in the Constitution and the Employment Equity Act (1998) as amended. It aims to employ a diverse staff complement which is of a geographical representation of our society and create equal employment opportunities to all. The MDDA's Employment Equity Policy and Plan aims to advance and protect previously disadvantaged individuals by providing opportunities for career advancement, growth, training and development. The Executive Committee and the Board provide regular input into the organisation's employment equity practices, strategies, direction and initiatives.

The MDDA's Human Resources undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan.

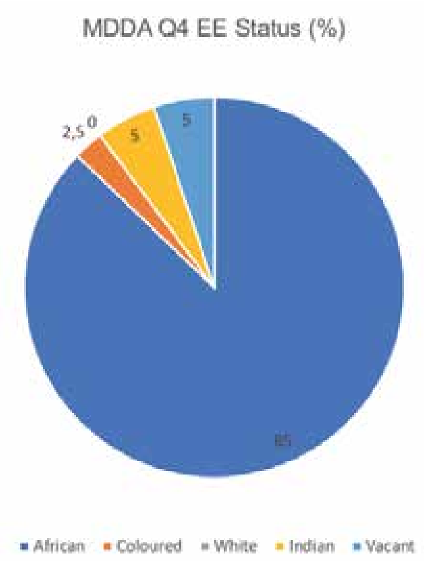
The current workforce is diverse ranging in age, race and gender. During the reporting period, 97% of our permanent employees were black (African, Indian and coloured), and 52% were women. One fixed term contract staff member was a person living with a disability. The total workforce at the MDDA is between ages 20–64 as at 31 March 2020.

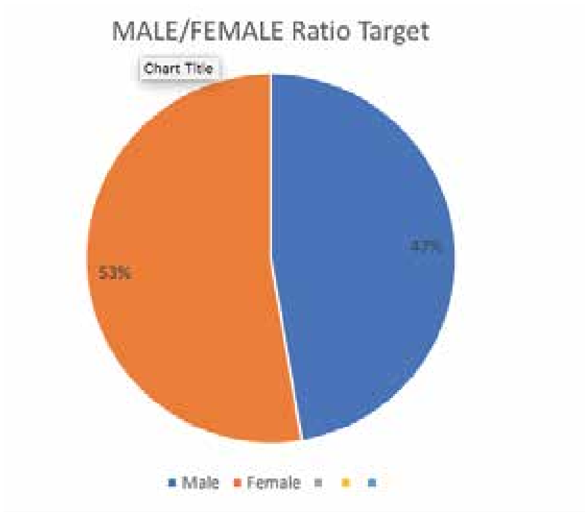


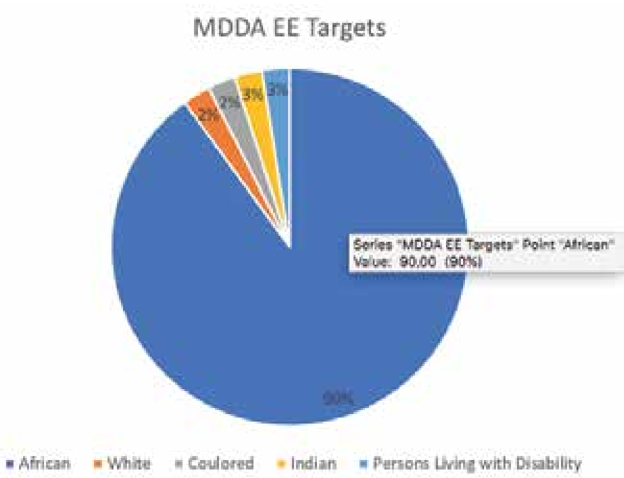
STAFF COMPLEMENT

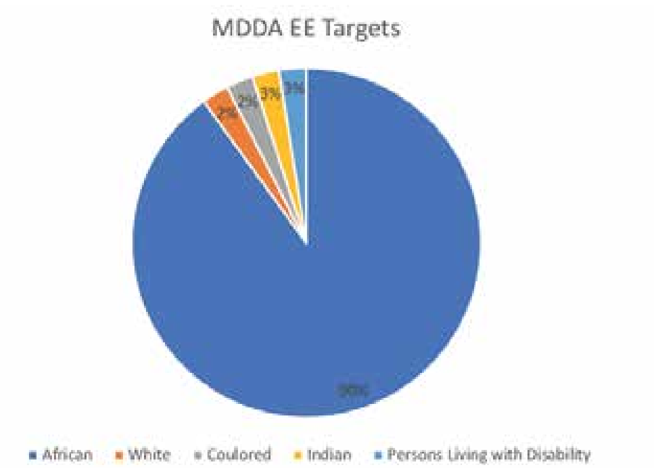
Employment Equity Status versus MDDA Targets

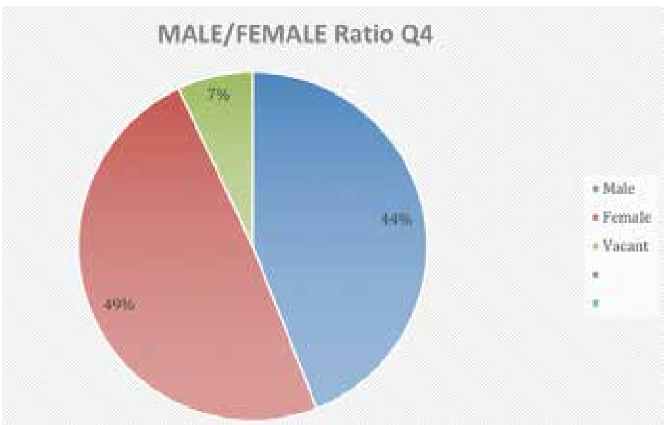
The graphic below shows the MDDA employment equity targets versus the MDDA's achievement as measured as a percentage of permanent staff against the full total number of funded posts (41) in the organogram.











4.2 EMPLOYEE RELATIONS

The MDDA engages with employees through a variety of platforms to identify and attend to their needs and concerns, as well as address any uncertainties arising from the changes in the organisation and policy matters.

The MDDA suite of Human Resource policies was extensively reviewed in consultation with staff and approved by the Board in 2020/2021. The manual includes a new approach to Performance Management, retention and succession, which is developmental in nature and aimed at assisting in driving a culture of high performance. It will be implemented from 2020/21, with managers and staff being inducted on how to implement it.

Performance management is a strategic objective and tool of the organisation and is aimed at:

- Identifying talented employees
- Encouraging a culture of learning
- Ultimately giving rise to an effective and efficient organisation

The MDDA completed its last Biannual performance review under the new Performance Management system, which was implemented effective from 1 April 2020.
In line with this new approach, which is developmental in nature, staff members were compliant and displayed a good understanding of the new performance policy and the new process.

4.3 SKILLS DEVELOPMENT

To achieve our strategic objectives, the MDDA requires multi-skilled employees enabled to deliver on our mandate. Developing our employees and enabling them with the platforms and opportunities to build their skills is critically important to us. It is fundamental to strengthening our succession coverage and ensuring our employees are able to perform in their current role and to get them ready for career progression.

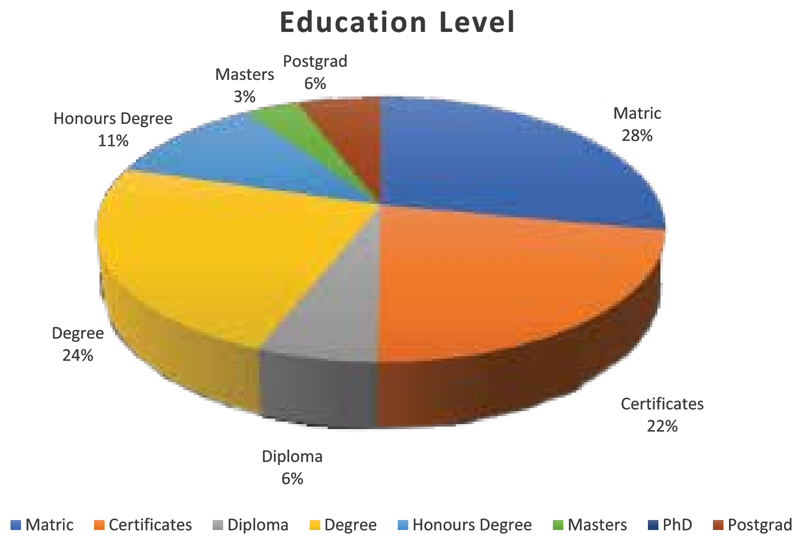
The MDDA's Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery.
- Assessment of the impact of learning interventions on overall company performance

Further, the MDDA invested R179 453.00 in various development programmes spanning bursaries and short courses.

The Internship programme provides an opportunity for learners to acquire practical work experience in their field of expertise, as well as all other operational areas of the MDDA. It also provides an opportunity for learners to get a practical feel of the work environment. It is for this reason that the MDDA fully supports and subscribes to a learnership program.

The following skills exist within the organisation.



4.4 REMUNERATION AND BENEFITS

Employees are remunerated on a Guaranteed Annual pay and benefits basis so as to facilitate greater salary package flexibility and competitiveness in the market, as well as paying at an equitable rate for services rendered. The principle applied is equal pay for work of equal value.

The MDDA offers benefits such as a provident fund, medical aid (Discovery) and study assistance. A medical aid subsidy of up to R5420 per month was offered for the 2020/2021 financial year. In this regard and in order to ensure that employees enjoy the full benefits of the service, it is compulsory for employees at the MDDA to join the medical aid scheme.

4.5 EMPLOYEE WELLNESS PROGRAMME AND OCCUPATIONAL HEALTH & SAFETY

At the MDDA, long-term success depends on ensuring the safety of our workers, visitors to our operations, and the public. We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. Our Health and Safety Policy requires that we take responsibility for maintaining a productive workplace in every part of our organisation by minimising the risk of accidents, injury and exposure to health hazards for all of our stakeholders. The CEO is ultimately responsible for the safety of employees.

The MDDA Employee Wellness Support Programme through Discovery offers a 24-hour telephonic counselling service, as well as face-to-face professional counselling. During the reporting period, MDDA conducted a successful Wellness Day and provided a free service of total check-up on all lifestyle diseases, including HIV screening tests.

4.6 TABULATED STAFF HEAD COUNT

Position	African (A)		Indian(I)		Coloured (C)		White (W)		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Chief Executive Officer		1							1
Executive Secretary to CEO		1							1
Chief Financial Officer			1						1
Finance Manager	1								1
Finance Admin Officer		1							1
Disbursement Officer		1							1
Supply Chain Management Officer	1								1
Risk Specialist									Vacant
Accountant	1								1
Company Secretary				1					1
Ass Company Secretary	1								1
Legal & Contracts Adviser	1								1
Strategic Planning Administrator	1								1
Internal Audit Manager		1							1
Internal Audit Officer	1								1
Executive Manager: Director	1								1
Projects Managers (x2)	1	1							2
Projects Officers (x5)	2	3							5
Projects Administrator		1							1
Junior Project Administrator	2								2
Administrative Assistance		1							1
Digital Media Co-ordinator		1							1
EM: Research & M&E									Vacant
M&E Manager		1							1
M&E Co-ordinator (x2)		2							2
Research & Capacity Building Manager	1								1
Research & Capacity Building Co-ordinator (x2)		2							2
HR & Corporate Affairs Manager	1								1
HR Officer					1				1
Receptionist		1							1
IT Manager	1								1
Communications & Branding Manager									Vacant
Communications Officer		1							1
TOTAL HEAD COUNT (38)	**16**	**19**	**1**	**1**	**1**				**38**

4.7 DECLARATION OF DIRECTORS EMOLUMENT (EXCLUDING NON-EXECUTIVE DIRECTORS)

Executive Management Emolument 2020/2021

Employee Name	Position	Time Period (Acting)	Annual Salary	Acting Allowance	Annual S&T	Bonus	Other allowances	Total
Zukiswa Potye	CEO	01/04/2020 – 31/03/2021	2 042 452		6 582	105 827	388 472	2 543 333
Yaseen Asmal	CFO	01/04/2020 – 31/03/2021	1 765 572	-	1 720	99 468	174 862	**2 041 622**
Mzuvukile Kashe	Projects Director	01/04/2020 – 31/03/2021	1 293 315	-	5 627	14 775	280 456	1 594 173
Cheryl Langbridge	Acting Director	01/04/2020 – 28/02/2021	808 385	352 320	7 777	71 010	335 307	**1 574 799**
TOTAL			**5 909 724**	**352 320**	**21 706**	**291 080**	**1 279 097**	

4.8 ALLOWANCES

There were no overtime or housing allowances. Acting, cell phone and travelling allowances were implemented.

4.9 EXPENDITURE

Departments budget in terms of clearly defined programmes. The following table summarises final audited expenditure by programme. In particular, it provides an indication of the amount spent on the personnel costs in terms of each of the programmes within the Agency.

Personnel Costs by Programme, 2020/2021

Programme	Personnel Expenditure	Professional & Special Services
Office of CEO	10 501 962.13 19	
Finance	6 510 710.22.32	229 040
Projects	11 832 722.94 42	-
Administration	2 162 777.94	77 948.71
TOTAL	**31 008 173.23**	**306 988**

Overtime

There was no overtime paid during the 2020/21 financial year.

4.10 EMPLOYMENT AND VACANCIES

Leadership development

The year under review brought with it changes to the executive and management leadership of the entity, as there is only one Executive position that is currently vacant and will be filled effectively from the 01st July 2021

The following tables summarise the number of posts in the Agency, the number of employees, the vacancy rate and whether there are any staff who are additional to the staff establishment of the Agency. This information is presented in terms of three key variables: programme, salary band and critical occupations. The Agency has identified critical positions that need to be monitored. The vacancy rate reflects the percentage of posts that are not filled.

Employment and vacancies by programme, 31 March 2021

Programme	Number of posts	Number of posts filled	Number of posts vacant	Vacancy rate	Number of posts filled additional to the Agency
CEO's office	6	5	1	14%	0
Finance	7	7	0	0%	0
Risk Management	1	0	1	33%	0
Internal Audit	2	2	0	0%	0
Strategy, Research and M&E	7	6	1	14%	0
Projects	11	11	0	0%	0
HR & Corporate Affairs	3	3	0	0%	0
Communications	4	4	0	0%	0
TOTAL	**41**	**38**	**3**	**7.14%**	**0**

4.11 EMPLOYMENT CHANGES

Turnover rates provide an indication of trends in the employment profile of the Agency. The following tables provide a summary of turnover rates by salary band and by critical occupations, as well as reasons why staff are leaving the Agency.

Annual turnover rates of permanently appointed staff by critical occupation for the period 1 April 2020 – 31 March 2021

Occupation	Number of employees per occupation as at 1 April 2020	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Turnover Rate
CEO & Legal and Contracts Manager	2	1	0	2.5%
CFO, Finance Manager, IT Manager	3	0	0	0%
Project Director and Project Managers	2	1	0	2.5%
HR & Corporate Affairs Manager	1	1	0	2.5%
TOTAL	8	3	0	7.5%

Reasons why permanently appointed staff are leaving the Agency

Termination type	Number	Percentage of total
Death	0	0%
Resignation	0	0%
Expiry of contract	3	7.2%
Dismissal – operational changes	0	0%
Dismissal - misconduct	0	0%
Dismissal - inefficiency	0	0%
Discharged due to ill health	0	0%
Retirement	1	2.4%
Transfers to other Public Services Departments	0	0%
Other	0	0%
Total	4	
Total number of employees who left as a % of the total employment as of 31 March 2021 (38)		9.6%

There were no promotions by critical occupations and one promotion by salary band.

4.12 PERFORMANCE REWARDS

To encourage good performance, the Agency granted the following performance awards during the year under review.

Salary Band	No of beneficiaries	Total Cost	Av Cost per employee
Staff	**29**	707 899	24 410
Management	14	541 270	38662
Executive	5	311 777	62 355
TOTAL	**48**	**1 560 946**	**32 520**

4.13 FOREIGN WORKERS

We do not have foreigners.

4.14 DISCIPLINARY MATTERS AND OUTCOMES

MDDA management continued to engage employees under the period 2020/21 as a positive way of communication improvement within the organization. With the staggered return to the office in line with the announcement of a National Disaster due to the Covid-19 pandemic, regular management, staff and business unit team meetings continued to be held via video conferencing tools such as Zoom and Microsoft Teams. Staff were issued with USB modems with preloaded data to enable them to participate fully in business related video conferencing.

IR Status

- There were no grievances lodged during 2020/21
- There were no disciplinary hearings during 2020/21

PART E: ENVIRONMENTAL LANDSCAPE AND FUNDING

@MDDA @MDDA_Media @MDDA_Media

5.1 GROWTH AND DEVELOPMENT OF LOCAL MEDIA

The MDDA Act No. 14 of 2002 established the MDDA to help create an enabling environment for media development and diversity that is conducive to public discourse and which reflects the needs and aspirations of all South Africans.

Despite the fact that transformation of the media remains a challenge for South African democracy, the media landscape has changed considerably since 2004, with the MDDA being the largest contributor to enabling access to, control of and management of the sector by historically disadvantaged individuals.

More than ever before, all the languages of South Africa are being actively used to communicate to and engage with communities, with the community broadcast sector far outstripping their mainstream counterparts in this regard.

The MDDA has invested significantly in the purchase of world class radio equipment, and to further enable quality productions, has commenced from 2019/2020, including an allocation for content production in the grant funding package.

Similarly, the community and small commercial print sector has grown significantly in recent years with South Africa now boasting more than 200 small publishers.

5.2 ADVERTISING REVENUE

MDDA has participated in community media airtime buying through GCIS during the financial year. The entity has contributed R727 000 in the 2020/21 financial year towards community media buying.

5.3 SOCIO-ECONOMIC IMPACT AND RETURN ON INVESTMENT

Item	Number (Cumulative to date)
Number of people trained	565

5.4 FUNDING OF THE AGENCY

Section 15 of the MDDA Act provides for funding of the Agency consisting of:

- money appropriated by Parliament;
- money received in terms of agreements contemplated in section 21;
- domestic and foreign grants;
- interest derived from any investments; or
- money lawfully accruing from any other source.

The money referred to above must be utilised to:

- fund projects and activities connected therewith, including project evaluation, feasibility studies, needs analyses, research and training; and
- defray expenses, including expenses regarding remuneration, allowances, pensions and other service benefits referred to in section 12 (6) of the Act, incurred by the Agency in the performance of its functions under the Act as long as such expenses do not exceed the prescribed percentage of the funds referred to above.

5.4.1 Funding of the Agency

Description	2015/2016 R	2016/2017 R	2017/2018 R	2018/2019 R	2019/2020 R	2020/2021 R
Total budget from DoC/GCIS	22 615 000	23 814 000	30 005 000	30 669 000	31 795 000	32 279 000
Broadcast Income	34 387 098	43 661 000	48 256 912	51 743 849	56 313 833	60 915 177
TOTAL	57 002 098	67 475 000	78 261 912	82 412 849	88 108 833	93 194 177

5.5 BROADCAST PARTNERS

- Algoa FM
- Capricorn FM
- Heart 104.9 FM
- Igagasi 99.5 FM
- Multichoice Africa (Pty) Ltd
- RADIO ALGOA (BRFM)
- Y FM
- E TV (Pty) Ltd
- SABC
- East Coast Radio
- Kaya FM
- Vuma FM
- Rise FM
- Cape Town TV
- Cape Talk
- RADIO 702 PRIMEDIA BROADCASTING
- Jacaranda FM

5.6 FOREIGN GRANTS

No foreign grants were received in the year under review.

5.7 ROLLOVER

For the period under review, the MDDA has requested R102 095 000 rollover of funds in respect to committed funds to be disbursed to project beneficiaries and services providers at a future date.

5.8 FUNDING CYCLES

The MDDA was funded by Government through the Department of Communications to 2019 and now through the GCIS with its move to reporting into the Presidency. The Agency is also funded by broadcast media companies as per funding agreements signed between the MDDA and these partners. The funding cycle from Government is in line with the Agency's financial year, which is April to March. However, the funding cycles for broadcast funds is November to November. Due to the different cycles of funding, the MDDA will always, at the financial year end, reflect funds from broadcast funders that still need to be approved.

5.9 REGULATORY AND CONTRACTUAL REQUIREMENTS

MDDA regulations state that:

- at least 60% of grant funds should go to community media projects;
- at least 25% to small commercial projects;
- 5% to research projects.

MDDA Expenditure Allocation 2020/21(Audited)			
Description	Audited 2020-21	Actual Percentage	Legislative Percentage
Total Expenditure	**105 590 501**		
Community media projects **	60 287 458	**57%**	**60%**
Research projects**	3 342 507	**3%**	**5%**
Small commercial projects (Print & Digital)**	11 321 551	**11%**	**25%**
Administrative costs (Salaries)	21 349 729	**20%**	**25%**
Operational costs	9 289 256	**9%**	

** Projects expenditure allocation include staff and support auxiliary services required to implement the projects as defined in section 15 (2) (a).

The Board may deviate from the percentage allocation Contemplated in sub regulation (1) of the MDDA ACT if it is reasonable and justifiable to do so.

PART E: FINANCIAL INFORMATION

https://web.facebook.com/CommunityMediaDevelopment

@MDDA_Media @MDDA_Media

6.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MEDIA DEVELOPMENT AND DIVERSITY AGENCY

Report of the auditor-general to Parliament on the Media Development and Diversity Agency

Report on the audit of the financial statements Opinion

Opinion

1. I have audited the financial statements of the Media Development and Diversity Agency set out on pages 119 to 169 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Media Development and Diversity Agency as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code. 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Responsibilities of the accounting authority for the financial statements

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

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

Auditor-general's responsibilities for the audit of the financial statements

8. 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.

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	
Programme 3 – Partnerships, public awareness and advocacy	50 - 51

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 3 – Partnerships, public awareness and advocacy.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 45 to 53 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

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

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor-General

Pretoria
31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. 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 by the accounting authority

- conclude on the appropriateness of the accounting authority's 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 Media Development and Diversity Agency 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

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

4. I also provide the 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.

Media Development and Diversity Agency

(Registration number PE63)

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity in South Africa, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and small commercial media in South Africa. It was established in 2003, in terms of the MDDA Act No. 14 of 2002 and started providing grant funding to projects on 29 January 2004.
Directors	Andiswa Ngcingwana Brenda Leonard Hlengani Mathebula Marina Clarke Moshoeshoe Monare Ndivhuho Norman Munzhelele Zanele Mngadi
Registered office	5 St Davis Place Parktown Johannesburg South Africa 2193
Postal address	P.O.Box 42846 Fordsburg Johannesburg South Africa 2033
Bankers	Absa Bank South African Reserve Bank
Auditors	Auditor-General South Africa
Secretary	Yolanda Du Preez

Index

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

CEO	Chief Executive Officer
GRAP	Generally Recognised Accounting Practice
CFO	Chief Financial Officer
DoC	Department of Communications
GCIS	Government Communications Information Systems
PFMA	Public Finance Management Ac No.1 of 1999

Directors' Responsibilities and Approval

The directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.
responsibilities, the sets standards for internal control are aimed at reducing the risk of error or deficit in a cost effective manner.
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on Government Communications Information Systems (GCIS) for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the GCIS has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have not been examined by the entity's external auditors.

The annual financial statements set out on page 119 to 169 which have been prepared on the going concern basis, were approved by the board on 28 July 2021 and were signed on its behalf by:

Hlengani Mathebula
Board Chairperson

Audit and Risk Committee (ARC) Report

We are pleased to present our report for the financial year ended 31 March 2021.

Audit and Risk Committee members and attendance

The audit committee consists of the members listed hereunder and should meet seven times per annum as per its approved terms of reference. During the current year seven meetings were held.

Name of member	Number of meetings attended
Phuti Phukubje (Chairperson) Appointed 26/05/2018 term expired 31/03/2021	7/7
Moses Mbedhli (appointed 31/08/2018 term expired 31/03/2021)	7/7
Mfanufikile Daza (appointed 31/08/2018 term expired 31/03/2021)	7/7
Simon Mankgaba (appointed 16/07/2020 to 15/07/2023)	6/7
Nombekbo Mbava (appointed 19/10/2017 term expired 18/10/2020)	4/5
Andiswa Ngcingwana (Appointed 19/10/2020)	2/2
The following new members have been appointed with effect from 01 April 2021	-
Fortune Mlungisi Mkhabela (Chairperson)	0/0
Margaret Mosibudi Phiri	0/0
Matseliso Shongwe	0/0

Audit and Risk Committee(ARC) responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

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.

Audit and Risk Committee (ARC) responsibility

The audit committee reports that it has complied with its responsibilities arising from section 51(1) of the PFMA and Treasury Regulation 27.1.

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 containedtherein

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Risk management

The entity's risk assessment was conducted and monitored every quarter. The management processes has focused on identifying, assessing, managing, and monitoring all significant risk across all operations in line with the risk management policy.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor -General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports were submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the entity during the year under review.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor -General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

F Mkhabela

Chairperson of the Audit Committe

Date: 20/08/2021

Board's Report

The members submit their report for the year ended 31 March 2021.

1. Incorporation

The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity in South Africa, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and small commercial media in South Africa. It was established in 2003, in terms of the MDDA Act No. 14 of 2002 and started providing grant funding to projects on 29 January 2004.

2. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 105 135 332 and that the entity's total assets exceed its liabilities by R105 135 332.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.(For the next 12 months)

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

Covid-19 lock down impact on the entity's going concern

In November 2019, the first cases of a new disease, later named COVID-19 by the World Health Organization (WHO), were reported by healthcare workers from Wuhan, China. In January 2020 the WHO declared COVID-19, as a public health emergency of international concern.

On the 5th of March 2020 the first case of COVID-19 was detected in South Africa.

On 15th March 2020 the State President of South Africa declared a national state of disaster on COVID -19, in terms of the Disaster Management Act which introduced several restrictions aimed to curb the disease. Despite these measures, the numbers of COVID-19 increased drastically, and, on the 26th March 2020, the first lockdown was declared in South Africa. The risk level based lock down approach was introduced from 23 April 2020. MDDA services are classified under level 2(Grant funding Financial services)

MDDA offices were closed during National lockdown (level 5 up until level 2). Operations continued while MDDA staff work remotely from their homes. MDDA processes were improved to allow working remotely, such improvements were:
- Data cloud storage
- Migrating accounting systems to virtual servers.
- Application for funding were done through a virtual platform.

Savings were realised on administrative expenditure, additional costs were incurred on data and cloud / virtual ICT platforms.

For lock down level 2 and below, MDDA offices were open and staff worked on a rotation bases. During rotational work cycle, preventative measures were observed such as: Deep cleaning and disinfection of the offices and equipment, pre-screening of workers before entering the facility, provision of personal protective essentials, provision of sanitizers, maintaining of social distancing.

3. Board members changes

Changes to the members of the entity during the year and to the date of this report are as follows.

- Andiswa Ngcingwana - Appointed Tuesday, 31 August 2020
- Brenda Leonard - Appointed Tuesday, 31 August 2020
- Collin Dimakatso Mashile - Term expired Wednesday, 30 September 2020
- Hlengani Mathebula - Appointed Tuesday, 31 August 2020
- Marina Clarke - Appointed Tuesday, 31 August 2020
- Martina Della-Togna - Term expired Sunday, 18 October 2020
- Patience Nombeko Mbava - Term expired Sunday, 18 October 2020
- Zanele Mngadi Appointed Monday, 01 June 2020

Board's Report

4. Corporate governance

General

The directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2019. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three month basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:
- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code;
- has established a Board directorship continuity programme.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Executive meetings

Non-executive directors have access to all members of management of the entity.

5. Auditors

Auditor-General South Africa will continue in office for the next financial period.

6. Board meetings

Non-executive directors attended meetings as follows during 2020-21 financial year.

- A. Ngcingwana 5/5
- B. Leonard 5/5
- CD. Mashile 1/1
- H. Mathebula 5/5
- M. Clarke 5/5
- M. Della-Togna 4/4
- M. Monare 6/8
- NN. Munzhelele 5/8
- N. Mbava 4/4
- Z. Mngadi 5/6

The annual financial statements set out on page 119 to 169 which have been prepared on the going concern basis, were approved by the board on 28 July 2021 and were signed on its behalf by:

Hlengani Mathebula
Board Chairperson

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Receivables from exchange transactions	7	1 434 467	5 460 079
Receivables from non-exchange transactions	8	36 006	43 290
Cash and cash equivalents	9	141 617 016	131 790 643
		143 087 489	**137 294 012**
Non-Current Assets			
Property, plant and equipment	4	1 666 201	1 191 035
Total Assets		**144 753 690**	**138 485 047**
Liabilities			
Current Liabilities			
Deferred lease liability	6	261 526	17 133
Payables from exchange transactions	12	3 021 911	1 831 815
Unspent conditional grants and receipts	10	34 761 792	29 575 124
Provisions	11	1 560 947	1 083 525
Other current liabilities	9	12 182	20 662
		39 618 358	**32 528 259**
Total Liabilities		**39 618 358**	**32 528 259**
Net Assets		**105 135 332**	**105 956 788**
Accumulated surplus		105 135 332	105 956 789
Total Net Assets		**105 135 332**	**105 956 789**

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Interest received - investments	14	4 050 101	6 659 515
Other income	15	2 061	9 000
Total revenue from exchange transactions		**4 052 162**	**6 668 515**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	39 801 706	44 149 793
Broadcast funders contributions	17	60 915 177	56 313 833
Total revenue from non-exchange transactions		**100 716 883**	**100 463 626**
Total revenue	13	**104 769 045**	**107 132 141**
Expenditure			
Grant cost expenditure	28	(65 153 588)	(52 660 827)
Employee related costs	18	(31 146 269)	(22 682 293)
Administration expenses	20	(8 933 476)	(9 733 234)
Depreciation and amortisation	4	(324 995)	(788 235)
Impairment loss /Reversal of impairments	19	(32 173)	(11 278)
Finance costs	21	-	(38 134)
Total expenditure		**(105 590 501)**	**(85 914 001)**
(Deficit) surplus for the year		**(821 456)**	**21 218 140**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019	**84 738 649**	**84 738 649**
Changes in net assets		
Surplus for the year	21 218 140	21 218 140
Total changes	21 218 140	21 218 140
Balance at 01 April 2020	**105 956 788**	**105 956 788**
Changes in net assets		
Surplus for the year	(821 456)	(821 456)
Total changes	(821 456)	(821 456)
Balance at 31 March 2021	**105 135 332**	**105 135 332**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Grants		44 988 374	42 462 031
Interest income		4 050 101	6 659 515
Other income		2 061	9 000
Broadcast funders contributions		60 915 177	56 313 833
		109 955 713	105 444 379
Payments			
Employee costs		(30 661 563)	(22 389 027)
Suppliers		(7 500 314)	(11 903 884)
Grant cost expenditure		(61 126 649)	(43 904 751)
Finance costs		-	(38 134)
		(99 288 526)	(78 235 796)
Net cash flows from operating activities	22	**10 667 187**	**27 208 583**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(832 334)	(60 106)
Net cash flows from investing activities		**(832 334)**	**(60 106)**
Cash flows from financing activities			
Finance lease payments		-	(549 565)
Net increase/(decrease) in cash and cash equivalents		**9 834 853**	**26 598 912**
Cash and cash equivalents at the beginning of the year		131 769 982	105 171 070
Cash and cash equivalents at the end of the year	9	**141 604 835**	**131 769 982**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	**-**	2 061	**2 061**	
Interest received - investments	5 418 000	(1 818 000)	**3 600 000**	4 050 101	**450 101**	
Total revenue from exchange transactions	**5 418 000**	**(1 818 000)**	**3 600 000**	**4 052 162**	**452 162**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	33 427 000	(768 000)	**32 659 000**	39 801 706	**7 142 706**	
Broadcast funders contributions	55 994 790	5 999 994	**61 994 784**	60 915 177	**(1 079 607)**	
Total revenue from non-exchange transactions	**89 421 790**	**5 231 994**	**94 653 784**	**100 716 883**	**6 063 099**	
Total revenue	**94 839 790**	**3 413 994**	**98 253 784**	**104 769 045**	**6 515 261**	
Expenditure						
Employee related cost	(33 481 252)	389 528	**(33 091 724)**	(31 146 269)	**1 945 455**	
Depreciation and amortisation	(488 710)	70 026	**(418 684)**	(324 995)	**93 689**	
Impairment loss/ Reversal of impairments	-	-	**-**	(32 173)	**(32 173)**	
Grant Expenditure	(48 418 403)	(5 880 996)	**(54 299 399)**	(65 153 588)	**(10 854 189)**	
Administration expenses	(12 451 425)	3 007 448	**(9 443 977)**	(8 933 476)	**510 501**	
Total expenditure	**(94 839 790)**	**(2 413 994)**	**(97 253 784)**	**(105 590 501)**	**(8 336 717)**	
Deficit before taxation	**-**	**1 000 000**	**1 000 000**	**(821 456)**	**(1 821 456)**	
Deficit for the year from continuing operations	**-**	**1 000 000**	**1 000 000**	**(821 456)**	**(1 821 456)**	
Capital expenditure	-	(1 000 000)	**(1 000 000)**	809 036	**1 809 036**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(12 420)**	**(12 420)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

See note No. 35 for budget variances explanation

Accounting Policies

Figures in Rand	Note(s)	2021	2020

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

1.4 Property, plant and equipment (continued)

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	10 - 18 years
Office equipment	Straight-line	5 - 10 years
IT equipment	Straight-line	3 - 5 years
Computer software	Straight-line	3 - 5 years
Leasehold improvements	Straight-line	3 - 8 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

1.4 Property, plant and equipment (continued)

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note No.4).

1.5 Intangible assets

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

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

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 - 5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.6 Financial instruments

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

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

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

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

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

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

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

Accounting Policies

1.6 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Accounting Policies

1.6 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.6 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalent	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Accounting Policies

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost

.
All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost
.
If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated

Accounting Policies

1.6 Financial instruments (continued)

future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit
.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting
.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
    - derecognise the asset; and
    - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any

Accounting Policies

1.6 Financial instruments (continued)
expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.7 Statutory receivables (continued)

Recognition

The entity recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

Accounting Policies

1.7 Statutory receivables (continued)

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.8 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

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

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

Accounting Policies

1.8 Leases (continued)

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

1.9 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

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

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

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

1.9 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Accounting Policies

1.10 Provisions and contingencies (continued)

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note No.23 .

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Accounting Policies

1.10 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

GRAP 17 requires disclosure of Property, plant and equipment related commitments. MDDA discloses commitments in relation to the grant expenditure even though they do not meet GRAP 17 disclosure requirement. The disclosure is for the purposes of attaining fair presentation since grant expenditure is the most significant part of MDDA operations and the commitment disclosure will give more insight to the users of the financial statements.

1.12 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

1.12 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

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

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

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

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

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

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.13 Revenue from non-exchange transactions (continued)

Taxes

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Concessionary loans received

Grants received with performance conditions attached to are recognized as current liabilities at a value of assets received. When the performance conditions are met the grant is then transferred into revenue.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Accounting Policies

1.15 Accounting by principals and agents (continued)

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.16 Comparative figures

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

1.17 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Accounting Policies

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

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

1.19 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.20 Related parties

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

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

Accounting Policies

1.20 Related parties (continued)

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

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

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

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

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

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

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

1.21 Events after reporting date

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

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

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

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

1.22 Prior period errors

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Prior period errors are omissions from, and misstatements in, an entity’s financial statements for one or more prior periods arising from failure to use/misuse of reliable information that:
- Was available when the financial statements for that period were issued
- Could have been reasonably expected to be taken into account in those financial statements.

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period)

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity restate the comparative information to correct the error prospectively from the earliest date practicable.

Accounting Policies

Figures in Rand	2021	2020

2. Changes in accounting policy

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

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2021	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2021	Unlikely there will be a material impact

Amendments to the following standards have been issued but do not have effective date as yet: (It is unlikely that there will be material impact)

- GRAP 25: Employee Benefits
- GRAP 104: Financial Instruments

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Furniture and fixtures	1 347 760	(611 537)	736 223	1 104 869	(615 333)	489 536
Office equipment	77 452	(58 521)	18 931	77 452	(43 030)	34 422
IT equipment	1 539 559	(719 986)	819 573	1 248 641	(696 403)	552 238
Leasehold improvements	1 471 491	(1 380 017)	91 474	1 471 491	(1 356 652)	114 839
Total	**4 436 262**	**(2 770 061)**	**1 666 201**	**3 902 453**	**(2 711 418)**	**1 191 035**

Reconciliation of property, plant and equipment - 2021

	Opening balance	**Additions**	**Depreciation**	**Impairment loss**	**Total**
Furniture and fixtures	489 536	315 050	(58 208)	(10 155)	736 223
Office equipment	34 422	-	(15 491)	-	18 931
IT equipment	552 238	517 285	(227 933)	(22 017)	819 573
Leasehold improvements	114 839	-	(23 365)	-	91 474
	1 191 035	**832 335**	**(324 997)**	**(32 172)**	**1 666 201**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Other changes, movements	Depreciation	Impairment loss	Total
Furniture and fixtures	555 325	-	(184)	(65 605)	-	489 536
Office equipment	38 695	11 144	-	(15 417)	-	34 422
IT equipment	751 065	48 962	-	(236 511)	(11 278)	552 238
Leasehold improvements	450 182	-	-	(335 343)	-	114 839
	1 795 267	**60 106**	**(184)**	**(652 876)**	**(11 278)**	**1 191 035**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General Expenses	8 857	109 934

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	-	-	-	568 098	(568 098)	-

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software, other	135 175	(135 175)	-

Other information

Intangible Assets consist of Computer Software which is amortised through straight line method over the useful lives.

6. Deferred lease Liability

Current liabilities	(261 526)	(17 133)

The operating lease costs for leasehold property were straight-lined from commencement of rental agreement.
The building rental contract is valid for a period of five years. The lease escalates at 8% per annum and no arrangements have been entered into for contingent rental

The entity also has the printing machinery rental agreement for a period of 24 months. There is no annual escalation.

Lease commitments are disclosed in note No. 23

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Receivables from exchange transactions

Deposits	665 890	665 890
Prepaid expenses	727 000	4 753 939
Other receivables	41 577	40 250
	1 434 467	**5 460 079**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Deposits relates to the deposit paid on occupation of the leased building

Prepaid expenses relates to advance payments made to service providers / service not rendered at year end.

Other receivables relates to fruitless and wasteful expenditure recoverable in relation to double payment made to the service provider in the prior financial years.

8. Receivables from non-exchange transactions

Staff debtors	36 006	43 290

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Staff debtors relates to recoverable relocation costs paid to a former staff member who did not serve the minimum employment period as required by the MDDA human resources policy

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 001	1 971
Bank balances	29 444 776	22 575 295
Short-term deposits	112 171 239	109 213 377
Credit card	(12 182)	(20 662)
	141 604 834	**131 769 981**

Current assets	141 617 016	131 790 643
Current liabilities	(12 182)	(20 662)
	141 604 834	**131 769 981**

Short-term deposits are the surplus funds deposited on the South African Reserve bank call account. Funds are immediately available for withdrawal.

The cash and cash equivalents balance includes R91 503 498 (2020 - R102 094 768) funds committed for the approved grant beneficiaries, refer to note No. 23 for commitment disclosure.

Figures in Rand	2021	2020

9. Cash and cash equivalents (continued)

Other current liabilities (Corporate credit card)	(12 182)	(20 662)

Other current liabilities relates to the balance on the corporate credit card. The balance is paid through a debit order on the 6th of each month.

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DoC Broadcast equipment roll-out	-	7 500 000
DoC - Programme production	5 802 470	5 802 470
Competition commission	28 959 322	16 272 654
	34 761 792	**29 575 124**

Movement during the year

Balance at the beginning of the year	29 575 124	31 262 890
Additions during the year	12 686 668	10 641 140
Income recognition during the year	(7 500 000)	(12 328 906)
	34 761 792	**29 575 124**

Broadcast equipment roll-out
During the 2016/17 financial year, MDDA entered into MoU with the Department of Communications for Broadcast Equipment support for broadcast projects for an amount of R21 million. R7.5 million was recognised as revenue in 2020-21 financial year when equipment was installed.

Programme Production
During the 2008/09 financial year, MDDA entered into MoU with the Department of Communications for Programme Production support for broadcast projects for an amount of R20 million. The remainder of R5.8 million will be realised as revenue as spending occurs.

Competition Commission
The Competition commission fines different role players within the media industry and request MDDA to implement remedial projects on its behalf. The remainder of the R28.9 (2019: R16.2 million) will be realised as revenue as spending occurs.

11. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Reversed during the year	Total
Employee costs - provisions	1 083 525	1 560 947	(1 083 525)	1 560 947

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Employee cost provisions	881 031	922 896	(720 402)	1 083 525

The provisions relates to the provision for staff performance bonuses. Bonuses are provided based on the projected staff performance.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

12. Payables from exchange transactions

Trade payables	773 928	959 725
Employee related - PAYE, UIF, SDL, Medical, Provident fund	1 132 128	389 679
Employee related - Leave accrual	1 115 855	482 411
	3 021 911	**1 831 815**

13. Revenue

Interest received - investment	4 050 101	6 659 515
Government Grants	39 801 706	44 149 793
Broadcast funders contributions	60 915 177	56 313 833
Other income	2 061	9 000
	104 769 045	**107 132 141**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	2 061	9 000
Interest received - investment	4 050 101	6 659 515
	4 052 162	**6 668 515**

The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	39 801 706	44 149 793
Broadcast funders contributions	60 915 177	56 313 833
	100 716 883	**100 463 626**

14. Investment revenue

Interest revenue		
Bank	4 050 101	6 659 515

The amount included in Investment revenue arising from exchange transactions amounted to R4 050 101 (2020: R6 659 515) .

15. Other revenue

Other income	2 061	9 000

2021 - Other income relates to insurance compensations

2020 - Other income relates to ancillary services rendered by the entity.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

16. Government grants and subsidies

Operating grants		
Department of Communications (DoC) - Unconditional	32 279 000	31 795 000
MICT : SETA Grant - Unconditional	22 706	25 887
	32 301 706	**31 820 887**
Capital grants		
DoC : Broadcast Equipment - Conditional	7 500 000	12 328 906
	39 801 706	**44 149 793**

Conditional and Unconditional

Included in above are the following grants and subsidies:

Conditional grants - Refer to note No.10	7 500 000	12 328 906
Unconditional grants received	32 301 706	31 820 887
	39 801 706	**44 149 793**

17. Broadcast funders contributions

Broadcasters Contribution	60 915 177	56 313 833

Broadcast media entities are required to pay Universal Service and Access Fund (USAF) Levy in terms of paragraph 3 of the Electronic Communications Act (Act 36 of 2005) USAF Regulations.
.
License holders have an option of paying USAF levy to ICASA or broadcasters contributions to MDDA.

License holders who have contributed to MDDA are exempted for USAF levy's portion equal to the amount paid to MDDA as broacast contributions.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

18. Employee related costs

Basic	23 054 443	16 592 834
Bonus	1 560 947	922 896
Medical aid - company contributions	1 074 676	793 207
UIF	65 242	55 487
SDL	190 513	175 236
Leave pay provision charge	723 573	482 411
Cell phone allowance	613 500	505 577
Provident Fund	2 485 515	1 462 519
Travel, motor car, accommodation, subsistence and other allowances	70 998	106 131
Overtime payments	-	15 877
Acting allowances	1 104 156	1 318 789
Staff Gratuity & Settlements	202 706	251 329
	31 146 269	**22 682 293**

Remuneration of CEO: Ms Z Potye (From 23 April 2018)

Secondment allowance	-	1 439 767
Basic salary	2 042 452	406 421
Performance Bonuses	105 827	-
Subsistence and travelling	6 582	9 622
Other allowances	388 472	89 823
	2 543 333	**1 945 633**

Remuneration of CFO: Mr Y Asmal (From 17 Sept 2018)

Basic salary	1 765 572	1 685 892
Performance Bonuses	99 468	55 153
Subsistence and travelling	1 720	7 871
Other allowances	174 862	235 013
	2 041 622	**1 983 929**

Remuneration of acting director M&E: Ms CA Langbrige (From 01 Oct 2018 to 28 Feb 2021)

Basic salary	808 385	737 446
Acting allowance	352 320	335 976
Performance Bonuses	71 010	62 909
Subsistence and travelling	7 777	16 269
Other allowances	335 307	212 089
	1 574 799	**1 364 689**

Remuneration of Projects Director Mr. M Kashe (From 17 Feb 2020)

Basic salary	1 293 315	231 158
Performance Bonuses	14 775	2 254
Subsistence and travelling	5 627	-
Other allowances	280 456	52 979
	1 594 173	**286 391**

Figures in Rand	2021	2020

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

19. Impairment of assets

Impairments		
Property, plant and equipment	32 173	11 278

Assets condition assessment was conducted at year end and items of property plant and equipment were found not to be in usable condition. Impairment expenditure was recognised on the carrying value of impaired assets.

20. Administration expenses

	2021	2020
Professional services	77 949	265 403
External audit	1 285 210	1 214 163
Internal audit	229 040	-
Board administration cost	299 237	449 489
Non-executive directors emoluments	954 293	531 942
Licenses	257 085	324 257
Legal fees	508 830	653 241
Telecommunication costs	323 653	335 579
Communications	546 962	524 032
Staff training and study assistance	330 776	454 120
Travel - local and foreign	189 246	698 232
Rental, water, electricity and other property expenses	3 179 783	2 775 554
Other administrative expenses	751 412	1 507 222
	8 933 476	**9 733 234**

Other administrative expenses includes:
- Staff wellness expenditure.
- Postal and courier services.
- Advertising services.
- Other general expenses.

21. Finance costs

	2021	2020
Finance leases	-	38 134

22. Cash generated from operations

	2021	2020
(Deficit) surplus	(821 456)	21 218 140
Adjustments for:		
Depreciation and amortisation	324 995	788 235
Impairment	32 173	11 278
Movements in operating lease assets and accruals	244 393	(117 144)
Movements in provisions	477 422	202 494
Other non-cash items	-	3
Changes in working capital:		
Receivables from exchange transactions	4 025 612	8 757 076
Receivables from non-exchange transactions	7 284	90 772
Payables from exchange transactions	1 190 096	(2 054 505)
Unspent conditional grants and receipts	5 186 668	(1 687 766)
	10 667 187	**27 208 583**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

23. Commitments

Authorised operational expenditure

Grant commitments		
• Opening balance of commitments	102 094 768	66 650 344
• Projects approved	55 524 254	76 940 218
• Payments to projects	(57 878 641)	(41 495 794)
• Write-backs	(8 236 883)	-
	91 503 498	**102 094 768**

Total operational commitments		
Projects commitments	91 503 498	102 094 768

The entity has entered into contracts to fund community radio, TV, print and digital projects. Commitments regarding the projects are shown above (All funding agreements are for periods up to 18 months) .

Other operational commitments

Open orders	541 928	689 433
Long term contracts	991 583	92 202
	1 533 511	**781 635**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 326 567	1 267 982
- in second to fifth year inclusive	4 376 324	5 702 890
	5 702 891	**6 970 872**

Printing machines
MDDA leases printing machines from Iteck Tiyende Pty Ltd for a period of 24 month. There is no annual escalation nor contingent rental on the lease.

Office building
MDDA office space is leased from Growthpoint. The lease agreement is for a period of 60 months. The lease has an annual escalation of 8%. There are no provision for contingent rental

Figures in Rand	2021	2020

24. Related parties

Relationships

Directors	Refer to members' report
Controlling entity	Department of Communications (up to 2020)
Shareholder with significant influence	Government Communication Information Systems
Members of key management	Refer to note No. 18

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
DoC - Salaries Payables	-	(45 134)
GCIS - Receivables	727 000	96 000
DoC - Conditional grants	(5 802 470)	(13 302 470)

Government Communications Information Systems
MDDA has received grants to the value of R32 279 000 from GCIS in the 2020/21 financial year.
MDDA has participated in community media airtime buying through GCIS during the financial year. The total transactions amounted to R83 580 (2020 - R396 840). The advance payments that were not yet utilised at year amounted to R727 000 (2020 - R96 000)

Department of Communications
MDDA has received grants to the value of R31 795 000 from DoC in the 2019/20 financial year.
The R5 802 470 relates to a conditional grant received in relation to programme production.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

25. Directors emoluments

Non-executive

2021

	Directors' fees	Total
Andiswa Ngcingwana	123 476	123 476
Brenda Leonard	97 740	97 740
Hlengani Mathebula	117 554	117 554
Marina Clarke	93 740	93 740
Martina Della-Togna	131 079	131 079
Moshoeshoe Monare	96 091	96 091
Ndivhuho Norman Munzhelele	75 038	75 038
Patience Nombeko Mbava	80 190	80 190
	814 908	**814 908**

2020

	Members' fees	Total
Martina Della-Togna	225 447	225 447
Moshoeshoe Monare	78 367	78 367
Ndivhuho Norman Munzhelele	117 491	117 491
Patience Nombeko Mbava	90 396	90 396
	511 701	**511 701**

** The following individuals served as MDDA board members, however they were not remunerated because they work for other organs of state. They were entitled to reimbursement of their travel and data expenditure.
- Colin Dimakatso Mashile
- Zanele Mngadi

Audit and Risk Committee (ARC)

2021

	Emoluments	Total
P Phukubje (Chairperson) Also represents ARC in Board	157 218	157 218
M Daza	43 375	43 375
	200 593	**200 593**

2020

	Emoluments	Total
P Phukubje (Chairperson) Also represents ARC in Board	88 737	88 737
M Daza	43 572	43 572
	132 309	**132 309**

** The following individuals served as MDDA ARC members, however they were not remunerated because they work for other organs of state. They were entitled to reimbursement of their travel and data expenditure.
- Simon Makgaba
- Tonie Mbhedli

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

26. Irregular expenditure

Opening balance as previously reported	49 055 159	49 055 159
Opening balance as restated	**49 055 159**	**49 055 159**
Add: Irregular Expenditure - current	-	-
Less: Amounts recoverable - current	-	-
Less: Amount written off - current	-	-
Closing balance	**49 055 159**	**49 055 159**

R9 929 000 relates to irregular expenditure discovered by the Auditor-General during the audit process in the 2017/18 and prior financial year. The transactions were declared irregular expenditure as a result of procurement which did not follow the Supply Chain Management legislation. Forensic investigations have been conducted, disciplinary hearings were conducted on officials that caused the expenditure. Processes are underway to attain condonation from the National Treasury.

R39 126 159 relates to the irregular expenditure discovered internally on the broadcast centralisation tender where the tender processes were conducted in contravention of the Supply Chain Management legislation. An internal investigation was conducted through the Internal Audit office. Value for money has been achieved since the equipment has been delivered and installed. Processes are underway to attain condonation from the National Treasury.

27. Fruitless and wasteful expenditure

Opening balance as previously reported	52 484	85 255
Opening balance as restated	**52 484**	**85 255**
Add: Expenditure identified - current	-	8 479
Less: Amounts recoverable - current	-	(41 250)
Less: Amount written off - current	-	-
Closing balance	**52 484**	**52 484**

2019/20 financial year
Fruitless and wasteful expenditure has been incurred on the Workmen's Compensation account. This was as result of interest and penalties levied on incorrect return of earnings filed in prior financial years.

Prior years
Prior years fruitless and wasteful expenditure has been investigated and processes are underway to attain condonement from the National Treasury. The recovery process is also on-going on recoverable portion.

28. Grants cost expenditure

Operational grants		
Grant disbursement	63 803 002	50 764 181
Projects tracking expenses	252 310	66 154
Workshop and travelling costs	1 098 276	1 830 492
	65 153 588	**52 660 827**

Grant disbursements relate to the funds paid to beneficiaries.

Project tracking expenses relates to the projects management system costs.

Workshop and travelling costs incurred by the projects managing and monitoring units are classified as workshop and travelling costs.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

29. Change in estimate

Property, plant and equipment

The useful life of furniture and fitting was estimated to be 10 - 16 years. In the current period management have revised their estimate to 10 - 18 years as a result of prolonged use of furtniture and fittings. The effect of this revision has increased the depreciation charges for the future periods by R 736 223

The change in useful life has been applied prospectively.

30. Reclassification

Administrative expenses
Other administration expenses in Note No.20 have been broken down to include additional subcategories. This will result in more clarity on items that were previously grouped under other administrative expenses.

There were no changes on the total administrative expenses amount, only additional subcategories were added.

Employee cost
Other employee cost in Note No.18 has been broken down to include additional subcategories. This will result in more clarity on items that were previously grouped under other employee cost.

There were no changes on the total employee cost amount, only additional subcategories were added.

31. Events after the reporting date

Management has made an assessment on events that have occurred during the period between the financial year end date and the authorisation of financial statements for publishing. there were no material events that require disclosure as subsequent events after the reporting period.

32. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 105 135 332 and that the entity's total assets exceed its liabilities by R105 135 332. We would also draw your attention to the fact that R91 503 498 has been committed to projects for grant funding. The statement of financial performance shows a deficit of R821 456

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.(For the next 12 months)

The ability of the entity to continue as a going concern is dependent on a number of factors including the fact that the Government Communications Information Systems has no intentions to discontinue MDDA operations and will continue funding in the foreseeable future.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

33. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2021	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
• Payables from exchange transactions	3 021 911	-	-	-
• Provision	1 560 947	-	-	-
• Deferred lease liability	261 526	1 326 567	4 376 324	-

At 31 March 2020	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
• Payables from exchange transactions	1 831 815	-	-	-
• Provisions	1 083 525	-	-	-
• Deferred lease liability	17 133	1 267 982	5 702 890	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivables, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Interest rate risk

As the entity only has cash and cash equivalent as a significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk						
Receivables from exchange transactions	- %	778 577	-	-	665 890	-
Receivables from non-exchange transactions	- %	36 006	-	-	-	-
Cash in current banking institutions	3.64 %	141 617 016	-	-	-	-

Fair Value interest rate risk

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

34. Budget differences

Material differences between budget and actual amounts

Interest on Investments
Additional surplus funds invested resulted in more than budgeted interest income

Government grants
R7.5 million conditional grant income was earned when studios funded by DoC equipment conditional grant were completed.

Employee cost
The lower than budget spending on employee cost is as a result of vacant positions.

Grant cost expenditure
- MDDA had commitments amounting to R102 094 768 carried over from 2019-20 financial year to be disbursed in 2020-21 financial year.
- MDDA board has approved emergency grants spent in the 2020-21 financial year.

Administrative expenditure
The outbreak of the pandemic has resulted in reduced spending on administrative costs.

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