mdda

MEDIA DEVELOPMENT & DIVERSITY AGENCY

ANNUAL REPORT 2019/2020

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.

Board:	Ndivhuho Norman Munzhelele Moshoeshoe Nkgakga Monare Patience Nombeko Mbava Martina Della Togna Collin Dimakatso Mashile
Registered office:	5 St Davids Place Parktown Johannesburg South Africa 2193
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Bankers:	Absa Bank South African Reserve Bank
Auditors	Auditor-General South Africa
Secretary	Yolanda Du Preez

This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2019 to 31 March 2020.

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.

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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.

PART 1
INTRODUCTION

1.1 MINISTER IN THE PRESIDENCY FOREWORD

It is with great sense of achievement that I present to you the MDDA's Annual Report for the financial year 2019/2020, as its Executive Authority. From the onset, let me restate a very important Legislature intent on establishing the MDDA, that it is a juristic person in terms of the MDDA Act of 2002, which acts through its Board and is independent, obliged by the Act to be impartial, exercise its powers and perform its duties without fear, favour or prejudice. Section 2 of the MDDA Act prescribes that it must act without any political and/or commercial interference; further, the Agency must not interfere in the editorial content of the media it funds and support. These values were emphasized in the Act to deepen our democracy and are in line with media freedom principles protected by the Constitution of South Africa. The Executive Authority role is therefore affirmed as providing policy direction and oversight in terms of the PFMA Act.

The electoral mandate, as set out by the President of South Africa in his State of the Nation Address in July 2019, read with the Government's commitment to the recently launched District Development Model (DDM), has underscored the invaluable work the MDDA has done in the nearly 20 years of its existence.

Looking back to 1994, South Africa emerged from the apartheid government system with a highly monopolised media industry, characterised by very limited diversity of news or opinion, and suppression of the voice of Black, working class people and women. The new South Africa recognised the urgent and critical need for the transformation of the media environment based on the key principles of freedom of expression, the critical role of the media in a democratic state and access to information, as cornerstones of our democracy.

Diversity was then and is still seen - as a way in which new voices / sources could be incorporated in the media environment, providing wider access and choice of the media. It goes without saying that the media, and particularly community and small commercial media, was and is a critical tool through which the engagement of especially the poor and the marginalized can be ensured. Only through open dialogue and engagement among all stakeholders can a sustainable and healthy democracy and future, be built.

Today, the need for media diversity and plurality of voices remains as critical as, more than before, the media has become more concentrated, limiting access, expression of diverse views and opinions and choice of sources of news and information. Furthermore, indigenous languages the world over are under threat of disappearing completely and the role of community and the small commercial media in language preservation must not be underestimated. Such media raises the prestige of a peoples' heritage, language and instills pride in younger generations, solidifying the fact that their language is relevant, living and useful.

While the future holds many exciting possibilities, particularly with the advent of the Fourth Industrial Revolution, which has the potential to radically expand our communities' access to information, there are numerous challenges facing the sector. Besides the misuse of media to spread fake news and the disruption to all aspects of their business from the advent of the digital era, the chronic battle for survival is the biggest concern for most community and small commercial media projects. This is especially so for those serving poor, rural communities, and was brought into sharp relief towards the end of the financial year under review with the economic upheaval caused by the Covid-19 pandemic.

Structurally, the sector is beset by factors such as the well known governance, compliance, financial challenges, lack of training, location in the poorer communities, reliance on volunteerism and lack of access to important marketing tools, such as reliable audience figures. During 2019/2020, the MDDA therefore continued its vital work of supporting the establishment and development of community and small commercial media both through funding and capacity building support. This work took cognisance of the DDM, which requires the MDDA to ensure that all 52 district and metropolitan municipalities are serviced by sustainable and people-centred community and small commercial media.

Furthermore, the MDDA carried out its mandate while maintaining the highest levels of governance and compliance. In 2019/2020, it was awarded an unqualified audit with findings for the 2018/2019 financial year. More importantly, as this annual report goes to print, the MDDA has just been awarded a clean audit by the Auditor-General of South Africa (AGSA) for the year under review. This is a sign of good governance and leadership; I must recognise and appreciate the hard work of the Board, the CEO and the team. Theirs now, is to ensure they sustain this great path and ensure it translates to impacting more positively on the realisation of its mandate in terms of the Act.

The Annual Report reflects on the Agency's pursuit of its mandate of supporting the community and small commercial media sector, the societal benefit of which should not be underestimated. Apart from keeping people informed and connected, they also provide employment and job creation opportunities.

I hereby formally table this Annual Report to Parliament.

Jackson Mthembu (MP)
Minister in The Presidency
Executive Authority

1.2 DEPUTY MINISTER IN THE PRESIDENCY FOREWORD

This Annual Report details the activities of the Media Development and Diversity Agency (MDDA) for the period 1 April 2019 to 31 March 2020. These activities were informed by the MDDA Act and the Constitution Act, 1996 (Act No. 108 of 1996). The MDDA Act was enacted specifically to support and promote media development and diversity. This law creates an enabling environment to deepen democracy, ensure the enjoyment of media freedom, and all principles in our Bill of Rights.

We are pleased that the MDDA continued to deliver on their mandate as derived from these pieces of legislation and national policy priorities despite perennial challenges related to limited budget and later in the financial year the emergence of COVID-19. The groundwork for establishing a diversified landscape is increasingly becoming a reality and many citizens are able to actively participate in shaping their communities. In the implementation of its mandate, the MDDA continues to contribute in providing opportunities for skills development and creation of opportunities for employment.

The MDDA also recognises that it operates in an environment that is ever changing with new technologies emerging at a rapid rate. Covid-19 has had an impact on virtually all sectors of our society and necessitated for the adoption of new approaches to business operations. The changing environment has an impact on the sustainability of the sector.

This dynamic environment has however provided a valuable opportunity for the MDDA and the community media to review the contribution of this sector to the country's transformational agenda. However, the MDDA has commenced the process of reassessing its contribution to the sector and seeks to work with stakeholders to create a sustainability model. While the focus of the MDDA, in line with its mandate, has been on funding start-ups or to strengthen existing community and small commercial media projects, engagements and studies in recent years have sharply highlighted the importance of sector capacity building and research for sustainability.

The work of the MDDA to champion the course for sustainability of the community media will greatly benefit from the support of all stakeholders. We therefore call on the private sector, civil society and community leaders to continue to provide support and assist in dealing with the many challenges that continue to haunt this sector. These platforms never have to collapse because of the shortage of skills, administrative inadequacies that give rise to non-compliance, licensing, funding and inability to generate relevant content and develop compelling programmes.

The sustainability of these platforms is largely dependent on their rootedness to the communities that they serve. The MDDA must lead the process to ensure that these platforms are wholly owned, supported and if necessary defended by the communities they serve.

We continue to encourage our counterparts in government to use community media to disseminate information. It is important that all of us continue to play our role in the development and sustainability of the community media sector for our democracy to flourish.

Thembi Siweya (MP)
Deputy Minister in The Presidency

1.3 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 2019 to 31 March 2020.

The past year ended on a positive note for the Agency, as it saw a continuation in the improved performance of the previous year. In total, it achieved 84 percent of the targets set for the key performance indicators (KPIS) outlined in the MDDA's Annual Performance Plan for 2019/2020. Key positions such as that of the Chief Executive Officer were also filled, bringing greater stability to the Agency.

Mandate

The call for social cohesion and the need to address unemployment, poverty and inequality guides the MDDA's commitment to the transformation of South Africa's media landscape. A diverse media in society reflects diverse views and opinions in a language of the citizen's choice and, we believe, will promote an informed and knowledgeable society, which in turn sustains and deepens a people-driven democracy.

The MDDA's mandate, as set out through the Media Development and Diversity Act No. 14 of 2002, speaks to such principles of active citizenship, which are critical to the achievement of the National Development Plan objectives of social cohesion and nation building.

The purpose of the MDDA Act of 2002 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."

The mandate is encapsulated in Section 3 of the MDDA Act of 2002 and Section 16 and 32 of the Constitution Act No. 108 of 1996, thereby providing for freedom of expression and access to information. The mandate requires that the MDDA encourages the ownership and control of, and access to media by historically disadvantaged communities as well as by the historically diminished indigenous language and cultural groups.

Matters of Governance

The MDDA is a juristic person, is independent and must be impartial, exercising its powers and performing its duties without fear, favour or prejudice and without any political or commercial interference. In 2019/2020, the Agency not only continued its unbroken record of unqualified audit opinions but achieved a clean audit. This is testimony to the good corporate governance and prudent management of the Agency since its inception.

The Board constitutes the fundamental base of corporate governance in the MDDA, giving strategic direction to the MDDA, whilst the Chief Executive Officer (CEO) is entirely responsible for the implementation of the strategic business and annual performance plans.

The Board of the MDDA has absolute responsibility for the performance of the entity and is accountable for such performance. Accordingly, the Board is ultimately accountable and responsible to the Minister in the Presidency for the performance and affairs of the MDDA.

During 2019/2020, the Audit and Risk Committee fulfilled its responsibilities for the year, complying with section 38(1) (a) of the PFMA and Treasury Regulation 3.1. I would like to express the Board's appreciation to Mr Phuti Phukubje who chaired the Audit and Risk Committee (ARC) for the full 2019/2020 financial year and to thank him for his continued valued input and guidance to the committee.

Executive Authority

The MDDA saw changes in its Executive Authority during 2019/2020, with the Agency moving from reporting into the Department of Communications to reporting to the Ministry in the Presidency, following the National Elections of 8th May 2019. The Deputy Minister in the Presidency was assigned specific responsibility for oversight of the Agency.

The MDDA has enjoyed a high level of engagement with the Ministry in the Presidency with regular bilaterals held with the MDDA Board. On behalf of the Board of the MDDA, we are grateful for the commitment shown immediately by our newly appointed Executive Authority, to the promotion of a vibrant and diversified media in South Africa. This speaks directly to the achievement of the transformational agenda outlined in the country's National Development Plan, as well as to the principle of freedom of expression as encapsulated in the Constitution of South Africa.

I would like to thank the Minister of Communications, the Honourable Stella Ndabeni-Abrahams, and Ms Pinky Kekana, the Deputy Minister of Communications, for their invaluable guidance and enthusiasm in support of the community media sector when the MDDA reported to them.

Strategic Plan 2020/2021 – 2024/25 & Annual Performance Plan 2020/2021

The MDDA submitted the final drafts of its Strategic Plan for 2020/2021 – 2024/25 and Annual Performance Plan for 2020/2021, 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 for 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

The third decade of the 21st century started with the community media sector in the midst of exciting changes in South Africa's media landscape, brought about mainly as a result of the Fourth Industrial Revolution (4IR). These developments are not only having a significant impact on community media, but they also reinforce the role of the MDDA in leading the discussions on and championing the necessary changes for the sector. Going forward, the MDDA intends to strengthen its position as a change and innovation agent for the sector, providing the leadership that will ensure the sustainability of community media in such dynamic times.

As a result, while the core activity of the MDDA remains grant and seed funding for community media projects, the Agency has reviewed and is reinforcing its research, capacity building, training, advocacy and lobbying roles. For example, the MDDA commissioned a study to assess the skills levels and gaps of the community media sector, and the findings, together with other input, such as the MDDA monitoring and evaluation reports, will be used to develop a robust capacity building strategy for the coming five years.

Underpinning the MDDA's support to the community media sector, both grant funding and capacity building, is a greater focus on research that will assist the Agency work towards building a Sustainability Model for the sector. Development of such a model will need thorough research on various elements, for example a funding model analysis, cost effective and viable signal distribution mechanisms, an audience measurement tool and which innovative strategies can be implemented to take the sector forward.

Our stakeholder management processes have also been strengthened. We work closely with our Executive Authority, Government entities and other sector stakeholders to support and engage the community and small commercial media in their initiatives. The MDDA is also be more active in the sector, playing a stronger lobbying and advocacy role on the many issues facing the community media sector. Mobilising greater funds and resources for community and small commercial media, together with initiatives, such as establishing relevant partnerships with other sector stakeholders, will serve to strengthen the sustainability of the sector.

Future Directions

While the power of digitisation and the Fourth Industrial Revolution presents the community media sector with incredible opportunities for enhanced information dissemination and a greater reach, the many challenges facing the sector encompass both the potential cannibalization of traditional media platforms by online news sites and social media platforms and the digital dividend, which remains a stark reality in South Africa. South Africa still has an urban-rural divide on media consumption, particularly as many people remain offline due to high data costs.

A key challenge for the MDDA's community and small commercial media is therefore how to harness the advantages of the digital era and at the same time lessen the impact of the digital dividend on communities. Media, like the rest of society, has had to undergo profound changes whilst striving to be relevant in a fast-changing world brought about by globalisation and technological developments.

These developments have only reinforced the critical role of the MDDA, which is vital before, during and after migration to ensure that community media's interests are identified, fought for and maintained.

The entity operates in terms of the MDDA Act, No. 14 of 2002. The Executive Authority has indicated its intention to review the Act in light of the radically different media landscape now facing us and the Agency is committed to supporting the review. The MDDA regulations also require review, while the Agency itself recognises that it cannot be "business as normal".

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 newly appointed Chief Executive Officer, Ms Zukiswa Potye, and wish her and her team success in the coming years.

As we enter a new five-year cycle, the MDDA will build on the achievements of the past years to continue and enhance the delivery of its mandate and thereby contribute to the achievement of the Electoral Mandate of May 2019.

Ndivhuho Norman Munzhelele
Chairperson

1.4 CHIEF EXECUTIVE OFFICER'S EXECUTIVE SUMMARY AND OVERVIEW

The 2019/2020 financial year ended on both a positive and negative note for the Agency. On the positive side, the year saw increased stability being brought to the Agency while it also achieved a strong performance against its 2019/2020 Annual Performance Plan. On the negative side, South Africa, following on from the rest of the world, was plunged into a frightening pandemic caused by the Covid-19 virus, which threatened both the health and economic livelihood of all our citizens. The Government of the country and the Board of the MDDA itself reacted quickly to this pandemic and it is hoped by all that the devasting effects of this national disaster have been contained as much as possible.

This pandemic, which still rages at the time of writing this report, has however highlighted the critical role of media and in particular community and small commercial media in providing much needed information to the people of our country – in the languages of their choice. Government and other stakeholders have relied heavily on our community and small commercial media sector to spread their vital messaging around the safety and health precautions that critically must be taken to fight this Covid-19 'war'. It has also been pleasing to note how community and small commercial media have stepped up to assist, while facing their own health risks as well as economic challenges from loss of advertising revenue during the National Lockdown imposed by Government to limit the spread of the Covid-19 infection.

Interestingly, as businesses, including the MDDA, moved to working remotely from home as a precautionary measure against transmission of the virus, the benefit of digital technologies came into sharp focus. There can be no more doubt that the increasing trend for South Africa is to adopt the Fourth Industrial Revolution throughout all its sectors, including importantly the media.

This pandemic has reinforced the value of the Government and the MDDA's commitment to establishing a robust and people centred community and small commercial media sector. However, it has also sharply highlighted the fragility of this sector in terms of sustainability challenges, challenges that have been recognised by the MDDA and sector stakeholders for many years.

While the MDDA can look back with pride at the good footprint of community and small commercial media projects it has helped establish across the country, it is clear that, going forward, the Agency, alongside other industry players, carries a sizeable responsibility towards ensuring the viability and sustainability of the community and small commercial media sector in South Africa. As the MDDA approaches its 20th anniversary in January 2023, the Agency is therefore planning to invest in comprehensive and wide ranging research into Community Media sustainability, culminating in the launch of a sustainability model in 2023.

It is envisaged that the sustainability model will categorise community media into their ability to self-sustain (depending on factors such as socio-economic status of location, etc), partially self-sustain or not be self-sustainable at all. The model should identify interventions such as funding, training, etc. for each of these categories to ensure survival of the sector.

Returning to the year under review, during 2019/2020 the MDDA continued to deliver on its mandate as set out in the MDDA Act of 2002, achieving 84 percent of the targets for the key performance indicators in its annual performance plan. In addition, the MDDA achieved a clean audit opinion for 2019/20, the first this decade.

Operating Environment

Considerable progress was made in stabilising the operating environment within the MDDA – with interventions to address the high vacancy rate and low staff morale. The financial year 2019/2020 ended with the MDDA having made good progress in ameliorating its high vacancy rate, following the lifting of the moratorium by the Minister in the Presidency in July 2019. Particularly encouraging were the two key executive positions that were filled by the year end, that of the Chief Executive Officer and Projects Director. The Projects Director commenced at the MDDA on 17 February 2020. At the end of the year, the vacancy rate stood at 26% and the MDDA anticipated a rapid decrease early in 2020/2021 as vacant positions were about to be filled or candidates interviewed.

An organisational climate that fosters high staff morale and work satisfaction, and therefore productivity, is crucial to the MDDA in the successful delivery of its mandate. Towards the end of 2019/2020, the MDDA engaged staff on interventions that will improve the organisational culture to a desirable state. A dipstick and anonymous staff survey pointed to three main issues, viz. inadequate organisational culture, lack of openness and transparency and inadequate salaries and benefits. This information will be used to develop strategies or plans to effectively address staff morale.

An extensive job grading exercise by the MDDA culminated in Board approval of a regraded structure and the financial implications. It is anticipated that implementation of the regraded structure will go some way to ameliorating staff dissatisfaction, particularly around remuneration that is not deemed market related.

The MDDA suite of Human Resource policies was extensively reviewed in consultation with staff and approved by the Board for implementation in 2020/2021. This includes a revamped Performance Management Policy, which is aimed at assisting in driving a culture of high performance.

An amended organogram, based on the 2020/2021 – 2024/2025 organisational strategy, was approved by the Board for implementation in 2020/2021. This organogram, which replaces the structure that has been in place since 2016/2017, consists of 41 funded positions and features new positions that encourage growth at a junior level.

Performance

The MDDA achieved 84 percent (16) of the annual targets for its 19 key performance indicators for 2019/2020. This is an increase of four percent over the previous year and the best performance of the Agency over the past six financial years.

The entity has three strategic outcome orientated goals, 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.

Two of the KPIs that were not achieved fell under Programme 2: Grant and Seed Funding, under Sub Programme 2.1 Community Broadcast Media – "Study into ownership and control in the media in South Africa completed"; and Sub Programme 2.2 Print and Digital Media – "Study into ownership and control in the media in South Africa completed". Commissioning of the study, which would have had separate sections addressing the broadcast, digital and print media sectors, was delayed to the 2020/2021 financial year as suitable proposals received from service providers exceeded the threshold of R500k. A full tender procurement process is therefore required in 2020/21 when suitable budget will be available.

The third KPI for which the annual target was not achieved fell under Programme 5: Innovation, Research and Development – "Number of Research projects funded on key trends/developments impacting on community media sector" (3). Only one research project was funded as the other two research projects intended to be commissioned were impacted by the fact that suitable proposals received from service providers exceeded the tender threshold and a call for tenders therefore needed to be issued.

Three KPIs exceeded their quarterly and hence annual targets. These KPIs also fell under Programme 2: Grant and Seed Funding - Sub Programme 2.1 Community Broadcast Media and Sub Programme 2.2 Print and Digital Media. They concerned the number of funding proposals submitted to the Board for community broadcast (18) and community and small commercial media (SCM) print and digital publications (4). The community broadcast funding target was exceeded (22 approved) as a result of the additional funding made available in the course of the year from commercial broadcasters, in particular Multichoice, while roll over funds made it possible to fund more print and digital publications (10 approved).

Programme 2 is the core activity of the Agency in the delivery of its mandate. The purpose of the programme is to promote media development and diversity through providing financial and non-financial support for community and small commercial media projects – across broadcast, print and digital media.

Service Delivery Environment

In a major milestone for the MDDA and its transparent and efficient delivery of its mandate, the Agency's first funding policy was approved by the MDDA Board in 2019, with immediate implementation in the second quarter of the financial year. With the objective of strengthening the selection and funding criteria for projects, the policy has also overcome a major challenge in the process, the enormous backlog of projects caused by the open-ended period for submission of applications that the MDDA had followed. The backlog (some R800 million in value) and the principle of 'first come first serve' had meant that in some cases the MDDA was required to select projects for approval that had applied in 2012, which may no longer be compliant or have relevance to the current landscape.

In terms of the new funding policy, the MDDA instituted an annual call for proposals, with the call for the 2019/2020 funding cycle opening on in August 2019 and closing in October 2019. The launch of the MDDA's new funding policy was supported by the Deputy Minister through interviews on community radio, via a 65-radio link up, and commercial radio, and through social media.

The MDDA had received a final figure of 176 submissions by the closing date. Of concern was the exceptionally low number of applications with all the required documentation and the MDDA will, for the next call for applications, implement an outreach programme to assist projects with compliance.

Community and small commercial media projects on the application backlog were advised prior to the opening of the call for proposals that, if they still were seeking MDDA funding, they should reapply when the call for proposals was opened.

Following rigorous internal review and site verification, 22 community broadcast projects and 10 community and small commercial media print and digital projects were approved by the MDDA Board for funding for 2019/2020.

The community broadcast sector's spiralling 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 is assisting in settling some of the debt as a short term solution. In early March 2020, the MDDA issued an invitation to beneficiaries for applications for assistance with settling signal distribution fees/debt. Twenty respondents qualified for this assistance to an amount of R11,7 million. In addition to this, the 22 broadcast projects approved for the MDDA's normal grant funding will have their Sentech debt cleared and a further 12 months subscription paid. This amounts to R6,6 million for the 22 broadcast projects. As a result, over 18 million will be paid over to Sentech.

Containing costs of signal distribution and identifying more costs effective methods are one of the planned areas of the sustainability research to be carried out by the MDDA, as such debt is an ongoing problem if the status quo remains as is.

Covid-19 Emergency Response

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.

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. To date, 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.

Recognising the critical role played by community media in dissemination of information to communities across South Africa, the MDDA Board approved 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. A first phase R10 million emergency fund approved by the Board to cater for content generation, fuel, distribution costs for print, telecommunications and hygiene essentials, was launched at the end of March 2020. The MDDA Board also agreed to approve another R10 million for phase 2, should the lockdown be extended and to monitor further developments through the 2020/2021 financial year.

In other initiatives, the MDDA facilitated interviews around COVID-19 with the Minister in the Presidency on community radio stations across South Africa and has distributed government messages and radio adverts to MDDA beneficiaries, for publishing and broadcast.

Sector Capacity Building

Upskilling of community and small commercial media projects is crucial to sustainability of this sector and the MDDA continues to place emphasis on relevant trainings and workshops. During the year under review, the Agency partnered with Africa Check on a training programme to help improve the skills of community media journalists, editors and publishers on fact-checking, verification and research. These skills are crucial to accurate, fair and unbiased reporting, and more particularly so in this era of fake, mis- and dis- information.

An MDDA funded skills assessment of the sector was completed by year end and it is anticipated that the findings will prove invaluable in assisting the MDDA provide more targeted capacity building in the future. In 2020/21, training interventions will be driven by sector needs, using the results of this study, as opposed to the current process where the entity accepts and implements proposals received, unsolicited. This latter method does not always ensure value for money and does not always yield results beneficial to the entity and the community media sector as proposals are not tailormade for the MDDA's needs.

Research was also commissioned into the development of a digital migration strategy to assist the MDDA in supporting the community and small commercial media sector transition into the digital era.

Executive Authority

The MDDA reports into the Ministry in the Presidency, having moved from reporting into the Department of Communications following the National Elections of 8th May 2019, with the Deputy Minister in the Presidency having been assigned specific responsibility for oversight of the Agency.

The MDDA has subsequently enjoyed a high level of engagement with the Ministry in the Presidency. For example, indicative of the Executive Authority's support for the promotion of a vibrant and diversified media in South Africa, a number of engagements were held between the Ministry, the MDDA and both the community media and stakeholders to the sectors, such as existing and potential funders. These included a community media engagement held in Cape Town in August 2019 to respond to a petition given to the Minister by the sector. The engagement was attended by some 100 community media representatives and stakeholders. The keynote address was delivered by the Minister in the Presidency, with the Deputy Minister providing the closing remarks. This engagement generated valuable information regarding issues, and potential solutions, facing the sector. The output, combined with that of the sector-wide Community Media Summit held in July 2018, enhances and strengthens the Community Media Sustainability Action Plan.

The Deputy Minister in the Presidency gave the keynote address at an MDDA Funders Breakfast held in September 2019 in Johannesburg, attended by some 50 existing/potential funders and stakeholders. The support expressed by the attendees to the MDDA and the continued sustainability of the community media sector was highly encouraging.

In acknowledgement of Radio Awareness Month (November 2019), the Deputy Minister was the keynote speaker at an MDDA outreach held in Colesberg, Pixley ka Seme District Municipality in the Northern Cape. The outreach was held to create awareness around the importance of access to the media by historically disadvantaged communities. The outreach was part of an ongoing media awareness campaign by the Deputy Minister and the MDDA to support and drive the sustainability of community media.

Reaching Out

Continued stakeholder engagement and lobbying initiatives are required if the MDDA is to continue to be financially empowered to achieve and make significant impact in line with its mandate. Currently, the Agency receives funding from the Government and from the commercial broadcast unit via the USAF levy, with the commercial print media last contributing in 2014 for various reasons, including the economic environment and concerns over governance issues at the Agency. The MDDA, with the support of the Deputy Minister in the Presidency, has been actively lobbying the print media to resuscitate support, both financial and non-financial, recognising the economic challenges facing the sector. Engagements were held with Media24, Caxton and Independent Media, with all three displaying willingness to work again with the MDDA. However, the sector informed the MDDA that it would not be in a position to support the community print media financially, but, it would, in kind. These will be consolidated into a support basket, to be made available to the beneficiaries of the MDDA.

The MDDA is also engaging with other sectors with a stake in the media sector, such as the telecommunications sector.

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 a major broadcast funder.

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

The year ended on a frightening note for South Africa as the Coronavirus pandemic, which had swept across Asia and Europe, started to gain traction closer to home. This pandemic brought into sharp relief the dedication of the sector and the MDDA and I thank the staff of the MDDA and our community media beneficiaries for the work they do, under testing conditions, to enrich the communities we serve. A special word of thanks to our Board Chairperson and members for their unwavering loyalty to the MDDA, and the invaluable guidance they provide.

I would also like to thank the Board of the MDDA and the Executive Authority for the trust they have placed in me by appointing me as CEO, commencing January 2020, and commit myself to continuing my work in turning the entity around. 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 thank the Minister and Deputy Minister in the Presidency 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

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE YEAR ENDED 31 MARCH 2020

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 6) 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. This has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2020.

Ms Z Potye
Chief Executive Officer

Mr N Munzhelele
Chairperson of the Board

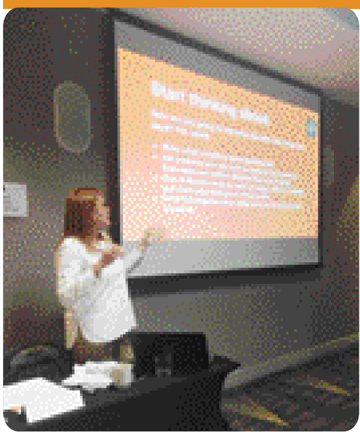
Unveiling Ugu Youth Radio new Studios


MDDA Grantee Orientation Workshop


Minister in the Presidency Community Media Engagement, Cape Town



Fact checking training



Communicators Forum, Ngaka Modiri Molema District Municipality


1.6 MDDA BOARD OF DIRECTORS

Ndivhuho Norman Munzhelele (Chairperson of the Board and Commercial Media Representative)
Collin Mashile (Shareholder representative)
Moshoeshoe Nkgakga Monare (Publishers Support Services – PSS)
Dr Nombeko Mbava (Public Representative)
Martina Della Togna (Public Representative)

1.7 MDDA BOARD COMMITTEES

CORPORATE AFFAIRS

Martina Della Togna
Moshoeshoe Nkgakga Monare

ADVOCACY & STAKEHOLDER

Nombeko Mbava
Moshoeshoe Nkgakga Monare

PROJECT OVERSIGHT

Martina Della Togna
Moshoeshoe Nkgakga Monare

RESEARCH, CAPACITY BUILDING & MONITORING AND EVALUATION

Nombeko Mbava
Collin Mashile

AUDIT & RISK

Phuti Phukubje (Chairperson)
Nombeko Mbava (Board Representative)
Martina Della Togna (Alternative Board Representative)
Tsepiso Mmushi (Shareholder Representative)
Moses Mbedhli (Independent Member)
Mfanufikile Daza (Independent Member)

1.8 MDDA BOARD OF DIRECTORS: PROFILES

Ndivhuho Norman Munzhelele

(Chairperson of the Board and Commercial Media Representative)

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 Acting 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.

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 in senior management in the media, content, telecommunications and broadcasting sectors. He has worked in policy analysis, formulation and review and 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.

Moshoeshoe Nkgakga Monare: (Publishers Support Services – PSS)

Moshoeshoe Nkgakga Monare is Deputy Managing Editor of Arena Holdings, part of the Lebashe Investment Group and Director of Publishers Support Services. He is the former Editor of The Sunday Independent, former Deputy Editor of Mail & Guardian and former Executive Editor of The Star newspaper. He was Group Political Editor for Independent Newspapers. He served on the Executive of SANEF and adjudication panel of the Press Council. He holds post graduate qualifications in journalism.

Dr Nombeko Mbava

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.

Martina Della Togna

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 the external communication strategy, including the establishment of broadcast and online platforms in support of public participation in legislation and oversight.

Phuti Phukubje: (Chairperson, MDDA Audit and Risk Committtee)

Phuti Phukubje is also Chair of the 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 TEAM


Zukiswa Potye:
Chief Executive Officer


Noxolo Bhangaza:
CEO Exec Assistant


Yaseen Asmal:
Chief Financial Officer


Mzuvukile Kashe:
Executive Manager:
Projects


Cheryl Langbridge:
Acting Executive
Manager: Research,
Training & M&E

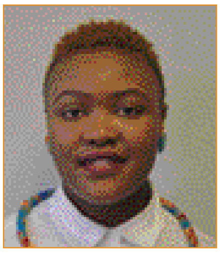

Derrick Smith:
Acting Human
Resources Manager

FINANCE TEAM


Khathutshelo Maposa:
Finance Manager


Mashudu Mathobo


Mokgaetji Ledwaba


Fuzakazi Mqungwana


Singo Thivhusiwi


Motsamai Tsotsetsi:
IT Manager

COMPANY SECRETARIAT TEAM


Yolanda Du Preez:
Company Secretary


Terrance Mbangwa


Dawid Moreroa

INTERNAL AUDIT TEAM

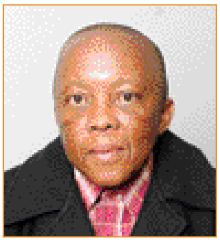

Kedibone Mokgalaka:
Internal Audit Manager


Thebeetsile Letsapa

PROJECTS TEAM


Siphokazi Mgudlwa:
Project Manager


Sfiso Maphanga


Lindinkosi Ndibongo:
Project Manager


Jimmy Ngwenya


Mmathabo Thulo


Boikhutso Tsikane

PROJECTS TEAM

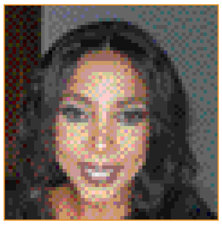

Sediroa Sithole


Chimba Chilesa


Michael Sive


Ouma Moatsi

COMMUNICATIONS TEAM


Nthabeleng Mokitimi-
Dlamini


Margaret Ndawonde

RESEARCH & CAPACITY BUILDING TEAM

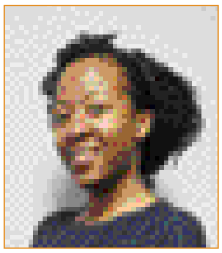

Lethabo Dibetso:
Research & Training
Manager


Desiree Lebaea


Khanyisa Mahlawule


Thembelihle Sibeko:
M&E Manager

MONITORING & EVALUATION (M&E) TEAM


Gugulethu Bonnet


Nompumelelo Maduna

Web Rangers Media Literacy Training for Learners



Testing Outside Broadcasting Device

MDDA Grantee Site Visits


Pre-SONA Community Media Engagement at Cape Town TV



MDDA/SEDA Partnership

SADC Media Awards Adjudicating Committee

1.9 MANDATE OF THE MDDA

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 ensure 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.

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:

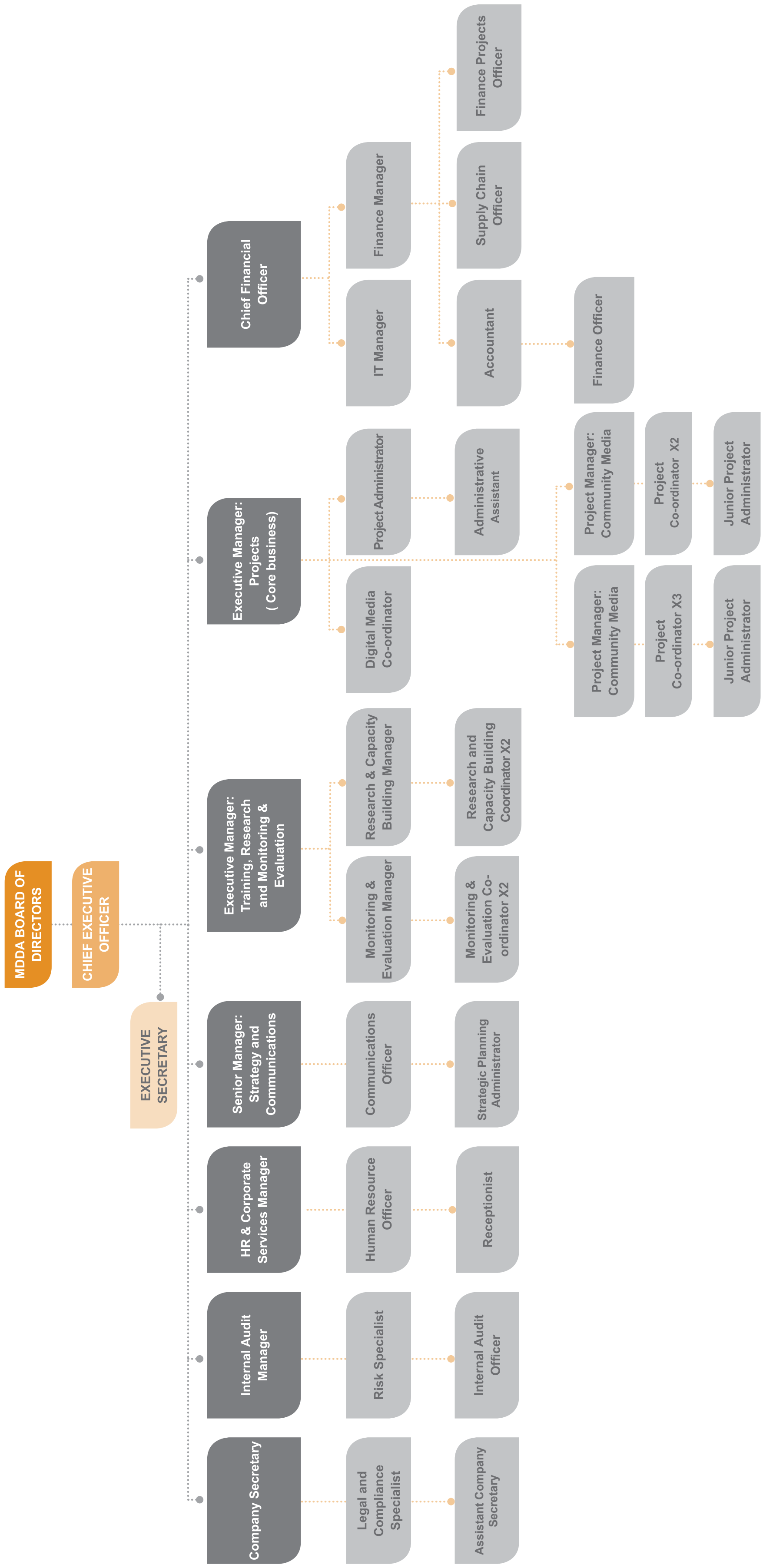
- **Pillar 1:** A strong and inclusive economy
  - Priority 1: Economic transformation and job creation
- **Pillar 2:** Capabilities of South Africans
  - Priority 2: Education, skills and health
  - Priority 3: Consolidating social wage through reliable and quality basic services
  - Priority 4: Spatial 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.

1.10 ORGANISATIONAL STRUCTURE

Effective from 1 April 2020



PART 2
PERFORMANCE FOR 2019/2020

2.1 SITUATIONAL ANALYSIS

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 are the Programmes: Grant and Seed Funding; Capacity Building and Sector Development; and Innovation, Research and Development.

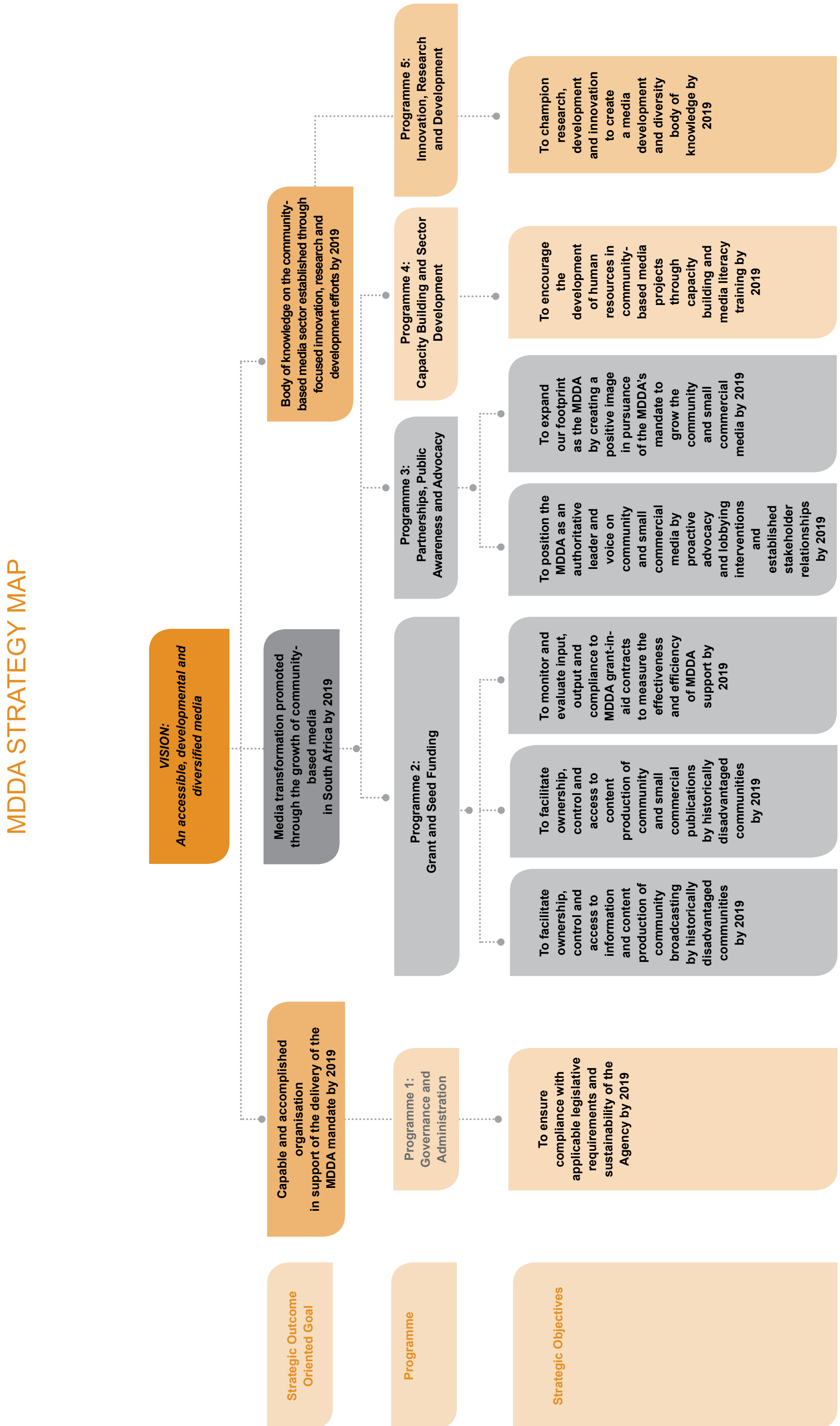
In light of the changing media landscape, including the migration to digital, the structure has been reviewed to provide internal capacity that strengthens its ability to deliver on its mandate and the evolving requirements of the media landscape. Such changes will potentially elevate the accountability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

While, during 2019/2020, the MDDA continued to experience a high vacancy rate (26 % at year end), key appointments were made at Executive Level, in particular, the role of Chief Executive Officer and Projects Director.

2.2 PERFORMANCE AGAINST OBJECTIVES

2.2.1 PROGRAMME STRUCTURE

Below is the programme structure set for the financial year and guided by the regulations, strategy, business plan and budget.



PROGRAMME	SUB-PROGRAMME	STRATEGIC OBJECTIVE
PROGRAMME 1: GOVERNANCE AND ADMINISTRATION Programme 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.		
Strategic Objective		To ensure compliance with applicable legislative requirements and sustainability of the Agency by 2019
PROGRAMME 2: GRANT AND SEED FUNDING Programme 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.		
Sub-programme 2.1	Community Broadcast Media	To facilitate ownership, control and access to information and content production of community broadcasting by historically disadvantaged communities by 2019
Sub-programme 2.2	Print and Digital Media	To facilitate ownership, control and access to content production of community and small commercial publications by historically disadvantaged communities by 2019
Sub-programme 2.3	Monitoring and Evaluation	To monitor and evaluate input, output and compliance to MDDA grant-in-aid contracts to measure the effectiveness and efficiency of MDDA support by 2019
PROGRAMME 3: PARTNERSHIPS, PUBLIC AWARENESS AND ADVOCACY Programme 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		
Sub-programme 3.1	Strategic Programmes	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 2019
Sub-programme 3.2	MDDA Brand Building	To expand our footprint as the MDDA by creating a positive image in pursuance of the MDDA's mandate to grow the community and small commercial media by 2019
PROGRAMME 4: CAPACITY BUILDING AND SECTOR DEVELOPMENT Programme 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 programmes, which aim to provide community and small commercial media with necessary skills needed for effective performance in day to day work.		
Strategic Objective		To encourage the development of human resources in community-based media projects through capacity building and media literacy training by 2019
PROGRAMME 5: INNOVATION, RESEARCH AND DEVELOPMENT Programme Purpose: The MDDA Act of 2002 in 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).		
Strategic Objective		To champion research, development and innovation to create a media development and diversity body of knowledge by 2019

2.2.2 PERFORMANCE INFORMATION-REPORTING - FINANCIAL YEAR 2019/2020

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 achieved the targets for 16 (84%) of the 19 Key Performance Indicators (KPIs) included in its Annual Performance Plan for 2019/2020.

PROGRAMME 1: GOVERNANCE AND ADMINISTRATION

To ensure a capable and accomplished organisation

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To ensure compliance with applicable legislative requirements and sustainability of the Agency by 2019	Unqualified audit opinion	1	Unqualified Audit opinion	Unqualified Audit opinion	0	Annual target achieved.

PROGRAMME 2: GRANT AND SEED FUNDING

To promote media development and diversity through support for community and small commercial media projects.

Sub-Programme 2.1: Community Broadcast Media

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To facilitate ownership, control and access to information and content production of community broadcasting by historically disadvantaged communities by 2019	Change in percentage of historically disadvantaged communities with ownership of community broadcast projects	-	Study into ownership and control in the media in South Africa commissioned	The study into ownership and control in the media in South Africa had not been commissioned by financial year end	Study not yet awarded to service provider	Annual target not achieved. Suitable proposals received from service providers exceeded threshold of R500k and call for tenders therefore needs to be issued.
	Number of community broadcast project funding proposals submitted to the Board for approval	20	18	22	+4	Annual target exceeded. Increased number of community broadcast projects able to be funded due to decision by major commercial broadcaster to increase funding to MDDA in September 2019.

Sub-Programme 2.2: Print and Digital Media

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To facilitate ownership, control and access to content production of community and small commercial publications by historically disadvantaged communities by 2019	Change in percentage of historically disadvantaged communities with ownership and control of community and small commercial publications	-	Study into ownership and control in the media in South Africa commissioned	The study into ownership and control in the media in South Africa had not been commissioned by financial year end	Study not yet awarded to service provider	Annual target not achieved. Suitable proposals received from service providers exceeded threshold of R500k and call for tenders therefore needs to be issued.
	Number of funding proposals for Small Commercial Media projects submitted to the Board for approval	8	2	6	+4	Annual target exceeded. Increased number of small commercial projects funded due to availability of additional funds from rollover of funds from 2018/2019.
	Number of funding proposals for Community print projects submitted to the Board for approval	4	2	4	+2	Annual target exceeded. Increased number of community print projects funded due to availability of additional funds from rollover of funds from 2018/2019.

Sub-programme 2.3: Monitoring and Evaluation

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To monitor and evaluate input, output and compliance to MDDA grant-in-aid contracts to measure the effectiveness and efficiency of MDDA support by 2019	Annual evaluation of funded projects to identify thematic findings from M&E reports submitted to Board for approval	-	Final report submitted to Board	Final report submitted to Board	0	Annual target achieved.
	Number of monitoring reports produced on input, output and compliance to MDDA grant-in-aid contract	86	80	80	0	Annual target achieved.
	Number of evaluation reports produced	10	2	2	0	Annual target achieved.

PROGRAMME 3: PARTNERSHIPS, PUBLIC AWARENESS AND ADVOCACY

To carry out Media Development and Diversity Interventions

Sub-programme 3.1: Strategic Programmes

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
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 2019	Stakeholder engagement policy reviewed and submitted to Board for approval	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 for approval	0	Annual target achieved.
	Stakeholder engagement strategy reviewed and submitted to Board for approval	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 for approval	0	Annual target achieved.
	Community Media digital migration strategy reviewed and submitted to Board for approval	-	Community Media digital migration strategy commissioned	Community Media digital migration strategy commissioned	0	Annual target achieved.

Sub-programme 3.2: MDDA Brand Building

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To expand our footprint as the MDDA by creating a positive image in pursuance of the MDDA's mandate to grow the community and small commercial media by 2019	Communications policy reviewed and submitted to Board for approval	-	Reviewed communications policy submitted to Board for approval	Reviewed communications policy submitted to Board for approval	0	Annual target achieved.
	Communications strategy reviewed and submitted to Board for approval	Reviewed communications strategy approved by Board by end of last quarter of financial year	Reviewed communications strategy submitted to Board for approval	Reviewed communications strategy submitted to Board for approval	0	Annual target achieved.

PROGRAMME 4: CAPACITY BUILDING AND SECTOR DEVELOPMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To encourage the development of human resources in community-based media projects through capacity building and media literacy training by 2019	Percentage improvement in skills assessment of community media	-	Baseline skills assessment of community media completed	Baseline skills assessment of community media completed	0	Annual target achieved.
	Number of training interventions aimed at capacitating the community media in key sustainability skills	9	6	6	0	Annual target achieved.
	Number of media literacy workshops conducted	1	3	3	0	Annual target achieved.

PROGRAMME 5: INNOVATION, RESEARCH AND DEVELOPMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE 2018/19	ACTUAL PERFORMANCE AGAINST TARGET		VARIANCE	REASON FOR VARIANCE
			TARGET 2019/20	ACTUAL 2019/20		
To champion research, development and innovation to create a media development and diversity body of knowledge by 2019	Research strategy implemented to address key issues impacting on sustainability of community media sector	-	Research Strategy developed and submitted to Board for approval	Research Strategy developed and submitted to Board for approval	0	Annual target achieved.
	Number of Research projects funded on key trends/ developments impacting on community media sector	3	3	1	-2	Annual target not achieved. Two research projects intended to be commissioned were impacted by the fact that suitable proposals received from service providers exceeded threshold of R500k and call for tenders therefore needs to be issued.

2.3 SUMMARY OF PROJECTS SUPPORTED FOR THE FINANCIAL YEAR

2.3.1 GRANT AND SEED FUNDING

Description	Broadcast	Research	Print	Covid-19 Emergency	Total
Opening Balance	57 962 907	1 712 332	6 975 105	0	66 650 344
Approvals	53 017 647	0	3 922 571	20 000 000	76 940 218
Payments	-29 824 628	-1 177 220	-5 228 947	-5 265 000	-41 495 794
Write backs	0	0	0	0	0
CLOSING BALANCE	**81 155 926**	**535 112**	**5 668 730**	**14 735 000**	**102 094 768**

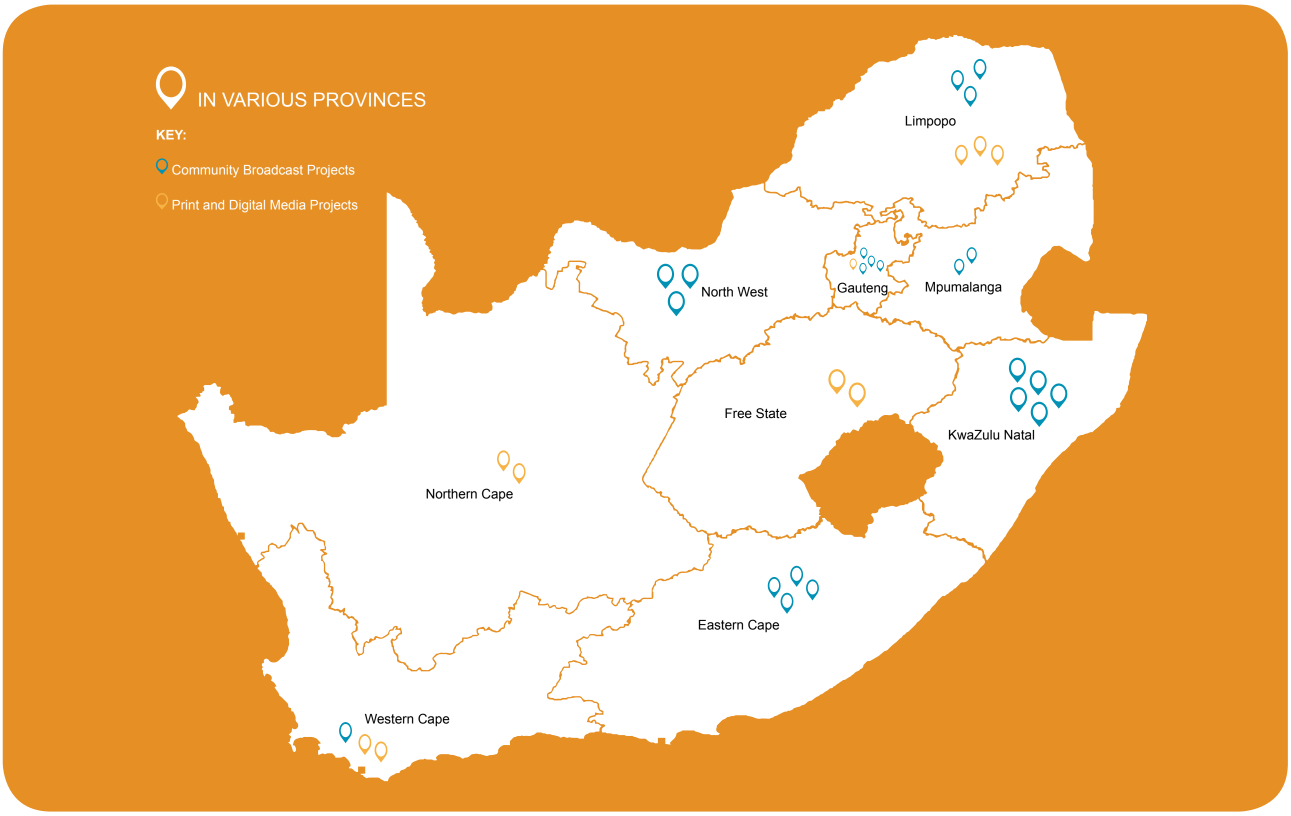
Geographic/Footprint of the Projects Funded

With the MDDA mandate to support projects in historically disadvantaged communities, the support was weighted heavily towards media projects in rural areas.

DISTRICT MUNICIPALITY (DM)	LOCAL MUNICIPALITY (BASED)	COMMUNITY RADIO	COMMUNITY TV	COMMUNITY PRINT/ DIGITAL	SMALL COMMERCIAL PRINT/DIGITAL
North West					
Bojanala Platinum District	Rustenburg	**Bojanala FM**			
Ngaka Modiri Molema	Ramotshere Moiloa	**Bokone-Bophirima FM**			
	Ratlou	**Ratlou FM**			
Limpopo					
Capricorn	Polokwane	**Radio Turf**		**Discover Limpopo**	**Nhluvuko Media Communication (Nthavela Newspaper)**
Sekhukhune	Fetakgomo Tubatse	**Tubatse Progressive Community Radio**			
Waterberg	Bela Bela			**Lekunutu News**	
	Mogalakwena	**Mokopane FM**			
Eastern Cape					
Alfred Nzo	Matatiele	**Voice of Matat**			
	Umzimvubu	**Alfred Nzo Community Radio**			
Nelson Mandela		**Radio IFM**			
Joe Gqabi	Senqu	**LA-FM 107.2**			
Western Cape					
Cape Winelands	Drakenstein				**Dizindaba Iphephandaba lesiXhosa**
Garden Route	Knysna			**Inqubo Yabantu Abancinci (Little Newspaper)**	
West Coast	Swartland	**7441 FM**			

DISTRICT MUNICIPALITY (DM)	LOCAL MUNICIPALITY (BASED)	COMMUNITY RADIO	COMMUNITY TV	COMMUNITY PRINT/ DIGITAL	SMALL COMMERCIAL PRINT/DIGITAL
Northern Cape					
Francis Baard	Sol Plaatje				**Masasa Communications (K-Ster Magazine)**
					Roma Nna Media House
Mpumalanga					
Ehlanzeni	Bushbuckridge	**Bushbuckridge Community Radio**			
Nkangala	Dr JS Moroka	**Inakekelo FM**			
KwaZulu-Natal					
Zululand	Abaqulusi	**Abaqulusi Community Radio**			
EThekwini		**Vibe Community Radio**			
Umzinyathi	Umvoti	**Khwezi Community Radio**			
Uthukela	Alfred Duma	**Nqubeko Community Radio**			
	Inkosi Langelibalele	**uKhahlamba Community Radio**			
Gauteng					
City of Johannesburg Metropolitan Municipality		**Eldos FM**			
		East Wave Community Radio Project			
		Cosmo Community Radio			
City of Tshwane Metropolitan Municipality		**Pheli FM**		**Sosh Times**	
Free State					
Lejweleputswa	Matjhabeng				**FS Online**
Mangaung Metropolitan Municipality					**The Insider (Vukani Lutcha Holdings)**

Location of Projects in Various Provinces



2.3.1.1 Print and Digital Media

Western Cape

Dizindaba Iphephandaba IesiXhosa – Small Commercial (Strengthening - R 89 500)

Dizindaba Iphephandaba IesiXhosa, published by Dizindaba Media Pty Ltd, is an IsiXhosa newspaper that was launched in 2010. The project's aim is to bridge the communication and information gap that exists between the IsiXhosa speaking people of the Western and Eastern Cape Provinces and the different spheres of Government and business community. The publication is distributed on a fortnightly basis on Thursdays. The word Dizindaba means 'news reveal' and the community paper aims to cover news and general developments, while encouraging readers to engage in debates that will contribute to the development of their communities. Dizindaba's content is divided into four segments, namely community and social news; economic news; political news; and sports. Dizindaba is distributed via mainstream and spaza shops in the townships and informal settlement, as well as by in-house distributors positioned at taxi and bus ranks, train stations and shopping malls.

The objectives of the project are to:

- Service its target market (Xhosa speaking people) neglected by the other print media
- Revive and fully entrench the culture of reading among these communities
- Empower, educate and inform its readers with information in their own language thus improving their quality of life
- Revive and preserve IsiXhosa to take up its rightful place

MDDA funding covers equipment.

Inqubo Yabantu Abancinci (Little People's Newspaper) – Community (Strengthening - R652 842)

The Little People's Project is a community newspaper with the vision to be a tool for social upliftment, with a specific focus on young children and their health and education issues. Based in the Knysna Local Municipality of the Garden Route District Municipality, it is printed six times in a 12-month cycle as a 12-page tabloid size publication. It is produced in English with articles in IsiXhosa. As an educational newspaper for South African children, their parents, grandparents and caregivers, it celebrates community creativity and success. It is the only multilingual educational paper for young pre-school learners and their families in the target area of the greater southern Cape. It is distributed to early childhood development (ECD) centres and backyard schools in informal settlements of Knysna. The newspaper is used in pre-school curricula at the creches it is distributed through.

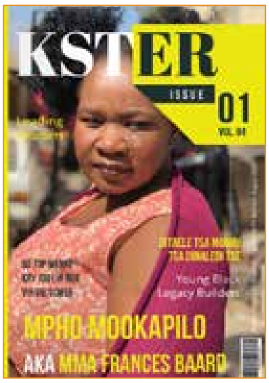
The objectives of the project are to:

- Uplift the standard of early education
- Inform parents and caregivers how to assist young children in reaching good school readiness levels
- Supplement under resourced learning facilities with classroom material

MDDA funding covers capital expenditure, administrative costs, printing and distribution.

Northern Cape

Masasa Communications (K-Ster Magazine) - Small Commercial (First time funding - R303 929)



K-Ster Magazine, an emerging magazine registered under Masasa Communications, is based in Kimberley in the Sol Plaatje Local Municipality. K-Ster Magazine will be published quarterly. It will be the first community magazine to primarily serve the residents of the Frances Baard District Municipality and will be published in English, SeTswana and Afrikaans. The publication will spotlight women, people living with disabilities and young individuals who have overcome obstacles in their lives. It also aims to empower women and youth to be agents or leaders in their community.

The publication's content includes business information, economic opportunities for women, bursary information, career guidance, motivation, job listings, current affairs, factors affecting youth such as HIV / AIDS, rape, abuse and unemployment, and local and uplifting stories about the community. A total of 15 000 copies will be distributed around the district to schools, shops, clinics, hospitals, taxi ranks, Government offices and malls.

The objectives of the project are to:

- Promote literary (culture of reading)
- Stimulate job creation for existing and upcoming writers
- Empower youth, women and people with disabilities
- Inform the community of the Northern Cape about real stories of the people of Kimberley

MDDA funding covers capital expenditure, administrative / operational costs and printing and distribution.

Roma Nna Media House – Small Commercial (First time funding - R 711 700)

Roma Nna Media was established in 2015 and operational from 2019. Based in Kimberley in the Francis Baard District Municipality, it is an emerging newspaper and plans to print 5 000 copies, four times a month. The newspaper will be distributed in public places such as libraries, police stations, clinics, malls and shopping complexes in the Sol Plaatje Local Municipality. Roma Nna will be printed in English and is designed to be a unique, reliable newspaper with a township flair. Eighty percent of the content will be news and events from the communities, including religious activities. The paper will also include indigent communities, covering their stories and featuring their events, and sharing information with them about issues related to service delivery, current affairs and economic development. The project will also target Platfontein where the San, Xhung and Khwe people live.

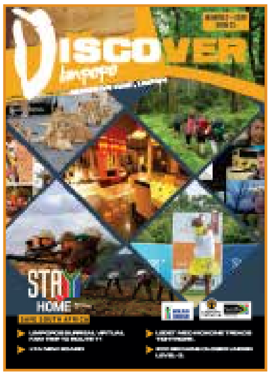
The objectives of the project are to:

- Embrace and showcase the goodness within the communities, through writing and publishing stories and events within the communities, including religious activities
- Grant access to information to the indigent communities and give an opportunity to improve on the use of English as a second language
- Assist in creating common knowledge regarding issues related to service delivery, current affairs and economic development
- Act as a platform for stimulating the economy through offering affordable advertising space to SMME's, thereby allowing them to trade with each other
- Embrace and showcase Kimberley
- Break the communication barrier between the different groups in the area

MDDA funding covers capital expenditure, administrative / operational costs, printing and distribution.

Limpopo

Discover Limpopo – Community (First time funding - R54 500)



Discover Limpopo Magazine is a travel and tourism media project, with interest in promoting Limpopo to the world. The magazine is distributed across the Limpopo Province, in towns, tourism information centres, Government departments, district and local municipalities, and the tourism industry business (hotels, lodges, guesthouses, restaurants, parks, etc.). The electronic version covers the North West, Gauteng, Mpumalanga, Zimbabwe, Botswana, Swaziland and some parts of Mozambique.

The objectives of the project are to:

- Create employment for youth in five districts of the province
- Educate the citizens of South Africa and beyond about tourism attractions and offerings of Limpopo
- Provide news and information in the indigenous languages of Limpopo
- Serve as a tourism source and a resource for educational and related matters
- Afford rural communities, and others, an opportunity to participate meaningfully in tourism issues that affect their lives
- Encourage and promote a culture in which multilingualism is accepted and appreciated and efforts are taken to realise it
- Provide a medium through which the community, Government and the business community can interact as producers and consumers of products, services and information

MDDA funding covers equipment.

Lekunutu News – Community (Strengthening - R403 700)

Based in the Waterberg District Municipality, Lekunutu News is published monthly by The Media Dynasty Projects, primarily serving the residents of Bela Bela and surrounding areas. It is published in Sepedi, SeTswana and English and distributed for free at strategic locations such as taxi ranks, clinics, police stations, schools, local spaza shops and businesses. Lekunutu Community Newspaper sees itself as a project geared to serve the needs of the beneficiary communities and create a better life for the youth, creating employment for the young people in the distribution areas by offering career advice.

The objectives of the project are to:

- Offer a vibrant information forum for their readership
- Bridge the information gap between the local authorities and the residents
- Promote socio-economic development in the Waterberg municipality and surrounding areas
- Disseminate accurate and relevant developmental information to the community
- Promote a culture of reading amongst young people from historically disadvantaged communities in the Waterberg district municipality

MDDA funds cover equipment, administrative / operational costs, printing and distribution.

Nhluvuko Media Communication (Nthavela Newspaper) – Small Commercial (Strengthening - R501 000)


Nthavela

XINGHUNGHUMANI XA CORONA XI YIMISA MISAVA HI MILENGE PG.3

Nthavela Newspaper is distributed to Giyani, Mukhari, Phalaborwa, Polokwane, Thohoyandou, Elim, Malamulele and Tzaneen. Published in both English and XiTsonga, the publication focuses on a combination of language and development issues, encouraging community members of all ages to read, write, learn and communicate. Issues cover aspects such as the value of education, advocacy on health matters and outbreaks, community service delivery and any other social events that benefit the community at large. Nthavela is published twice a month, with 10 000 copies reaching an average of 30 000 readers in the Limpopo region.

The objectives of the project are to:

- Provide news in a language that people would easily understand and enjoy
- Take part in the development of the XiTsonga language
- Maintain the highest level of customer satisfaction

MDDA funding covers printing, distribution, bank charges and audit fees.

Gauteng

Zakheni Training & Development Centre (Sosh Times) - Community (Strengthening - R 1 036 400)


ST Sosh Times

Two SAPS constables arrested for bribery

Zakheni Training & Development (ZTCD) is a non–profit organisation established in 2003 to address the socio–economic challenges facing communities in the townships and informal dwellings situated in the north of Tshwane. The primary objective of the newspaper is to inform, educate and inspire the community by publishing relevant, appropriate information and stories that affect them. Sosh Times is published in SeTswana, Sepedi, Venda, IsiZulu and Ndebele every fortnight with a print run of 10 000 copies. The community newspaper is distributed in Soshanguve, Ga-Rankuwa, Mabopane, Winterveldt and Hammanskraal. The estimated readership is 92 000.

The objectives of the project are to:

- Offer a vibrant information forum to its readership
- Bridge the information gap between local authorities and residents
- Promote socio-economic development in the City of Tshwane Metropolitan Municipality and surrounding areas
- Disseminate accurate and relevant developmental information to the community
- Promote a culture of reading amongst young people from historically disadvantaged communities

MDDA funding covers printing, office rental, distribution, equipment, website, stipends, audit fees and bank charges.

Free State

FS News Online – Small Commercial (First time funding – R98 000)

Based in Welkom in the Lejweleputswa District Municipality, FS News Online is a subsidiary of Phetoane RVS Pty Ltd – Media & Entertainment Company. FS News Online provides a unique platform to facilitate the bringing together of people in and around the Free State Province. The online publication currently reaches (on average) 250 000 regular and unique website visitors per day. Its next and immediate objective is to have a printed version that will be distributed to different areas of the province.

The primary objectives of the project are to:

- Inform, educate and entertain readers through reporting, storytelling and distribution that embrace information communication and technology
- Introduce and implement more new media and entertainment projects/ ideas for the Free State Province MDDA funding covers equipment and operational costs.

Insider Newspaper (Vukani Lutcha Holdings (Pty) Ltd) – Small Commercial (First time funding – R71 000)


Insider

FS demonstrates to lead in the Covid19 fight

Located in the Motheo District Municipality, the Insider Newspaper is a subsidiary company of Vukani Lutcha Holdings (Pty) Ltd, which is owned by a former radio and newspaper journalist. Originally established in 2015 as High-Country News, the Insider was established to fill a perceived need in Botshabelo and the entire Free State province for reliable and fair community news.

The objectives of the project are to:

- Promote a culture of reading in the province
- Raise awareness on issues that affect the community
- Create employment
- Give the community exposure to a medium that is different from the ones that are available

MDDA funding covers equipment.

2.3.1.2 Community Broadcast

North West

Bojanala FM - 90.6 MHz (Strengthening - R700 593)

Bojanala FM was started to operate in 2016 as a Christian radio station. Based in the Bojanala Platinum District Municipality, the radio station currently covers the five local municipalities of Rustenburg, Kgetleng, Madibeng, Morcetele and Moses Kotane, while also reaching some parts of the Gauteng and Limpopo provinces. The station promotes community unity, forgiveness and healing and strives to help people reach their full potential through spiritual and emotional guidance. The station broadcasts 24/7 in SeTswana (70%), IsiZulu (3%), IsiXhosa (3%), English (21%) and Afrikaans (3%). The broadcast format is 40% talk and 60% music, with news to a total of 120 minutes per day, of which 60 minutes is local, 45 minutes is national and 15 minutes is international. South African music content is 70%.

The objectives of the project are:

- To broadcast a message of hope, love and peace
- To broadcast local news, evangelize and preach the gospel
- To provide community education, motivation and inspiration
- To win the souls to the kingdom of God (Christian radio station)

MDDA funding covers content production, administration, transmission fees, training and capital expenditure.

Bokone-Bophirima FM - 107.9 MHz (First time funding - R2 817 364)

Bokone-Bophirima FM was established in 2015. Based in Zeerust in the Ngaka Modiri Molema District Municipality, the radio station currently covers the Ramotshere Moiloa Local Municipality. The station aims to provide an alternative and preferred advertising solution for social and business enterprises, as well as an entertaining and interactive community-based voice servicing primarily the youth and contemporary adult market. The station broadcasts 24/7 in SeTswana (95%) and English (5%), providing programming to educate the community on public matters to improve their lives. Community members employed by the station gain experience for further growth in the media industry. The broadcast format is 50% talk and 50% music, with news to a total of 52 minutes per day, of which 70% is local, 20% national and 10% international. South African music content is 70%.

The objectives of the project are to:

- Inform the community what is going on around them
- Act as a forum to exchange environmental ideas
- Uplift upcoming entrepreneurs
- Give training to graduates
- Eradicate poverty and provide employment to the community

MDDA funding covers capital expenditure, transmission costs, administration and programme / content production.

Ratlou FM – 100.4 MHz (Strengthening - R1 446 144)

Ratlou FM broadcasts from Madibogo village, across the Ratlou Local Municipality and areas beyond, within the Ngaka Modiri Molema District Municipality. It is a youth-oriented radio station broadcasting 24/7 in SeTswana, SeSotho, English and IsiXhosa. The broadcast format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 75% is local, 20% national and 5% international. South African music content is 60%.

The objectives of the project are to:

- Educate, inform, entertain and address issues that affect the community
- Open media channels between communities
- Reinforce interactive links between audience and community radio, as well as ensure that people have access to local, regional and national news
- Empower and provide community groups with information so that they are able to facilitate provision of holistic care, religion and tradition
- Develop local talent through various series as well as creating job opportunities for the youth

MDDA funding covers capital equipment (back-up generator, OBE device), transmission fees, administration, programme content production and training.

Limpopo

Mokopane FM – 100.0 MHz (Strengthening - R2 471 593)

Mokopane FM was founded by the community of Mokopane in the Waterberg District Municipality and started broadcasting in 2003. Mokopane FM broadcasts 24/7 over a radius of 120 km around Mokopane. The station broadcasts in Sepedi (50%), Ndebele (15%), XiTsonga (10%), English (30%) and Afrikaans (5%). The station boasts a local listenership of 25 000 - 30 000. The broadcast format is 60% talk and 40 % music, with news to a total of 25 minutes per day. South African music content is 70%. The station boasts having two of its presenters currently forming a major part of Thobela FM line-up.

The objectives of the project are to:

- Provide unbiased and accurate reporting on news events
- Provide reliable and accurate information regarding local health, safety, education and entertainment
- Instil a spirit of self-help and self-empowerment
- Entertain and educate the community via suitable radio programmes
- Address social ills such as crime, substance abuse, gender-based violence, teenage pregnancy, poverty, unemployment and discrimination
- Forge social cohesion

MDDA funding covers broadcasting equipment (on-air and production studios, back up-generator and OB device), transmitter equipment and installation, programme content production, administration and training.

Tubatse Progressive Community Radio Station – 93.4 FM (Strengthening - R2 001 000)

Tubatse Progressive Community Radio Station (TPCRS) is an initiative pioneered by a steering committee constituted of community members of the Fetakgomo Tubatse Local Municipality in the Sekhukhune District Municipality. The idea was conceived in 2004 to address the communication divide that prevails within the communities and the outside world. The municipality is largely rural and marked by underdevelopment and poverty and has been identified as a Presidential Nodal point in the country's Integrated Rural Development Strategy. The station broadcasts 24/7 in Northern Sotho (90%), English (5%), XiTsonga (2%), isiSwati (2%) and Afrikaans (1%). The broadcast format is 75% talk and 25% music, with news to a total of 80 minutes per day, of which 60% is local, 25% national and 15% international. Music content is 60% (local and provincial artists), 30% national and 10% international.

The objectives of the project are to:

- Inform, educate and entertain the community

MDDA funding covers capital expenditure (on-air broadcast and production studio equipment and back-up generator), content production, administration and training.

Radio Turf – 103.8 FM (Strengthening - R1 771 000)

Radio Turf is situated within the University of Limpopo (Turfloop campus) in Mankweng in the Polokwane Local Municipality of the Capricorn District Municipality. The station broadcasts to Greater Mankweng, Boyne, Mamabolo, Mothapo, Mothiba, Dikgale and other tribal communities, as well as to Polokwane and some parts of Seshego. The broadcast footprint covers a 97 km radius and the station went on air in May 1995. With listenership figures of 55 000 (February 2015), Radio Turf's target market lies between the ages of 12 and 36. Out of this group, 55% are female. Its programming includes news, sports, talk and music, with issues ranging from health, politics, fashion trends and education to social development. Radio Turf has always been a pioneer, from being the second community radio to go on air and the first community to be trusted with a 24-hour license, to being the first community radio to have continuous radio dramas on air. The station broadcasts 24/7 in Sepedi (60%) and English (40%). The broadcast format is 60% talk and 40% music, with news to a total of 75 minutes per day, of which 60% is national, 35% local and 15% international. South African music content is 70%.

The objectives of the project are to:

- Meet the information, education and entertainment needs of the community it serves

MDDA funding covers capital expenditure (on-air studio and production equipment), transmission fees and administration costs.

Eastern Cape

Alfred Nzo Community Radio - 98.3 MHz (Strengthening - R1 186 417)

Alfred Nzo Community Radio operates from Mount Ayliff in the Umzimvubu Local Municipality, covering one of the poorest areas in the country. The project was granted a broadcasting license in 2015 by ICASA as part of its strategy to license nodal development points identified in the Integrated Sustainable Rural Development Programme (ISRDP). The project plays a vital role as a change agent that makes a significant contribution towards the socio-economic development in the district and strives to address social ills in the community, including under-development, illiteracy and teenage pregnancy. The community radio station broadcasts 24/7 across the Alfred Nzo District Municipality in IsiXhosa, English, SeSotho and IsiZulu. The format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 30% is local, 20% national and 10% international. South African music content is 70%.

The objectives of the project are to:

- Protect the interests and needs of the Alfred Nzo community
- Promote community participation in Alfred Nzo
- Promote local languages and culture
- Provide entertaining programming

MDDA funding covers programme content production, training, administration, transmission fees and capital expenditure.

Radio IFM – 97.9 FM (First time funding - R2 817 368)

Radio IFM is a Muslim radio station, established by the Eastern Cape Muslim Broadcast Association (ECMBA) and broadcasting in the Nelson Mandela Bay area including Port Elizabeth, Despatch and Uitenhage. The station was established to provide knowledge to diverse groups within the local community, with a special focus on aged and under privileged communities which do not have access to religious teaching. The station broadcasts 24/7 in English (70%), Afrikaans (20%), Arabic (5%) and IsiXhosa (2.5%). The broadcast format is 60% talk and 40 % music, with news to a total of 100 minutes per day, of which 50% is local, 25% national and 25% international. South African music content is 40%.

The objectives of the project are to:

- Establish common ground in the community, irrespective of race, colour or religion
- Foster good relationships amongst all
- Be united in efforts
- Share information by welcoming all community organisations on a common platform to participate in radio talk shows

MDDA funding covers programme content production, administration, transmission fees, training and capital expenditure (on-air and production studios and back-up generator).

Lathi-Thaa Community Radio - LA-FM 107.2 (Strengthening - R1 333 093)

LA FM was launched in 2014 by a group of youth who witnessed the lack of communication within the area and saw the need to address language issues at grassroots level. Located in the Senqu Local Municipality, the station broadcasts from Sterkspruit to Goedermoet and surrounding areas of the Joe Gqabi District Municipality. The station broadcasts 24/7 in IsiXhosa (55%), SeSotho (30%) and English (10%). The broadcast format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 50% is local, 35% national and 15% international. South African music content is 70%.

The objectives of the project are to:

- Act as a tool for community development and social change
- Educate, inform and entertain the community of Sterkspruit
- Create tolerance of different views
- Celebrate culture diversity
- Encourage a culture of learning
- Contribute to the alleviation of crime

MDDA funding covers capital expenditure (generator and repairs to broadcast equipment), administration, programme content production, transmission fees and training.

Voice of Matat Community Radio – 88.9 MHz (Strengthening - R716 150)

Based in Matatiele, in the Alfred Nzo District Municipality, the Voice of Matat Community Radio was established in 2013 by young radio enthusiasts but could not go immediately on air due to financial limitations. The radio station is licensed to operate in the Alfred Nzo District Municipality, using a broadcast format of 60% talk and 40% music. The radio targets the whole family with a language mix as follows: IsiXhosa (30%), English (28%), SeSotho (27%) and Afrikaans (15%). The station operates 24/7, with news to a total of 60 minutes per day, of which 30% is local, 20% national and 10% international. South African music content is 70%.

The objectives of the project are to:

- Be a vehicle and partner with relevant stakeholders to alleviate social ills
- Promote education, health, justice and culture
- Encourage and promote youth initiatives in business, sports, arts and culture

MDDA funding covers capital expenditure (including on-air studio equipment, back-up generator and OB device), administration costs, training and content production.

Mpumalanga

Bushbuckridge Community Radio - 88.4 MHz (Strengthening - R1 273 929)

Bushbuckridge Community Radio broadcasts from Bushbuckridge to communities in over 135 villages, as well as surrounding townships and suburbs in the Ehlanzeni District Municipality. The community radio broadcasts 24/7 in XiTsonga, SiSwati, Sepedi (Sepulane) and English to an estimated 30 000 listeners (BCRSA-June 2019). The broadcast format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 40% is local, 40% national and 20% international. South African music content is 60%.

The objectives of the project are to:

- Provide unbiased and accurate reporting on news events
- Provide reliable and accurate information regarding local health, safety, education and entertainment
- Inculcate a culture of self-reliance among community members
- Entertain and educate the community via suitable radio programmes

MDDA funding covers on-air studio equipment, OB device, back-up generator, programme content production, administration and transmitter refurbishment.

Inakekelo FM – 87.5FM / 107.6FM (Strengthening - R1 320 331)

Inakekelo FM, based in Mthambothini, Dr JS Moroka District Municipality, was 'born' in 2010 at a community meeting and registered in 2011. The station broadcasts to the Siyabuswa community, one of the poorest communities in Mpumalanga. The station broadcasts 24/7 in Sepedi, IsiNdebele and SiSwati. The broadcast format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 30% is local, 20% national and 10% international. South African music content is 70%.

The objectives of the project are to:

- Provide the community with reliable and developmental information
- Enlighten and empower the youth of the community
- Provide entertainment and youth empowerment

MDDA funding covers capital equipment, programme content production, administration, transmission and training.

KwaZulu-Natal

Abaqulusi Community Radio– 90.7 MHz (First time funding - R2 564 093)

Abaqulusi Community Radio was registered in 2013 and licenced in 2015, but has never been on-air due to lack of start-up funding. It is located in the Abaqulusi Local Municipality in Zululand District Municipality, where educational levels are low. The station will broadcast 24/7 across Abaqulusi and other parts of Zululand in IsiZulu (93%), English (3%) and Afrikaans (4%). News broadcasts will comprise 65% local news, 25% national news and 10% international news. South African music content will be 60%.

The objectives of the project are to:

- Educate and entertain the society, especially the youth and vulnerable
- Cater for needs of the people living with HIV/AIDS in the community
- Lobby and advocate against abuse of children and women rights
- Make a meaningful contribution towards community development
- Raise social, economic, cultural and political awareness in the community

MDDA funding covers broadcast equipment, transmission costs, administration, programme / content production and training.

Radio Khwezi 90.5 FM/107.7 FM – (Strengthening - R1 535 891)

Radio Khwezi is based in Mapumulo in the Umzinyathi District Municipality and has a footprint that covers the KZN Midlands and north coast areas. The station enjoys the support of over 160 000 listeners a day, the vast majority of whom are from rural, undeveloped and economically-disadvantaged communities. Radio Khwezi ("the morning star" in IsiZulu) has been broadcasting for and by the community since 1995. Broadcasting from two transmitters (Greytown on 90.5 FM; and Eshowe on 107.7 FM), Radio Khwezi works with the rural communities it serves to develop, produce and broadcast quality programming. Music programmes dedicate the majority of airtime to local content, while nurturing the talents of local choirs and gospel artists. The community radio station has been widely recognised as a recipient of prestigious industry awards. Radio Khwezi is licensed to broadcast 24/7 in IsiZulu (80%) and English (20%). The broadcast format is 60% talk and 40% music, with news to a total of 282 minutes per day, of which 140 minutes is local, 60 minutes national and 75 minutes international. South African music content is 80% local.

The objectives of the project are to:

- Provide information and create accessibility for the community to special interest groups such as the youth living with disabilities who are underserviced by the media
- Engage the community in its development
- Address issues that are affecting the community through programming in formats such as drama, talk shows, features, documentary, phone-in, news and current affairs

MDDA funding covers capital expenditure (production studio, back-up generator and OBE), transmission fees, programme / content production and training.

Nqubeko Community Radio - 100.5 MHz (Strengthening - R2 493 136)

Nqubeko Community Radio was established in 2012 and is based in the Uthukela District Municipality, covering areas such as Emnambithi, Indaka, Mbabazane and uMtshezi. As a family broadcaster, the station has a focus on listeners within the community, who cannot read, write or count. The station broadcasts 24/7 in IsiZulu (90%), English (5%) and Hindi (5%). The broadcast format is 60% talk and 40% music, with news to a total of 45 minutes per day, of which 40% is local, 40% national and 20% international. South African music content is 60%.

The objectives of the project are to:

- Develop a radio service that is focused on serving the community
- Provide information that is not readily available in rural areas
- Provide a forum for discussions on important community issues and concerns

- Promote income generating and self-employment activities
- Share information about the welfare and care for orphaned children, the aged, the disabled and those infected with HIV/AIDS
- Provide the community with reliable news and programmes that will ensure their involvement in the improvement and growth of Uthukela district

MDDA funding covers capital expenditure (on-air and production studio and back-up generator), administrative / operational costs, content production and transmission costs.

Ukhahlamba FM – 89.9 MHz (First time funding - R2 171 000)

Ukhahlamba FM is a community radio station founded in 2012 by the Uncedo community. The station broadcasts across a 100 km radius around Estcourt in the Inkosi Langelibalele Local Municipality of the Uthukela District Municipality. UKhahlamba FM prides itself on providing informative and educational programming to the community by addressing pressing social ills such as drugs and alcohol abuse, promiscuity, STD and HIV/AIDS. The station broadcasts 24/7 in IsiZulu (50%) and English (50%). The broadcast format is 60% talk and 40% music, with news to a total of 120 minutes per day, of which 60 minutes is local, 45 minutes national and 15 minutes international. South African music content is 70%.

The objectives of the project are to:

- Provide marginalised communities access to a voice through radio
- Provide the community with a communication tool where they can express their interests, concerns and needs
- Promote and protect the community's cultures, traditions and heritage and determine their development

MDDA funding covers capital expenditure (including on-air and production studio and back-up generator), administrative costs, content production and training.

Vibe FM - 94.7 MHz (Strengthening - R2 001 429)

Vibe FM broadcasts to the community of KwaMashu and surrounding areas in the eThekwini Metropolitan Municipality. Working together with the community, the station produces and broadcasts programmes to address socio-economic issues that the community faces. Vibe FM was licensed by ICASA as part of a group of identified community radio frequencies in the nodal development point areas throughout the country. These are part of the Government's Integrated Sustainable Rural Development Plan to ensure that certain areas based in remote rural and urban centres are prioritised for development. The station broadcasts 24/7 in IsiZulu (60%) and English (40%). The broadcast format is 55% talk and 45% music, with 70% local, 25% national and 5% international news. South African music content is 70%.

The objectives of the project are to:

- Work closely with all spheres of Government, which includes enhancing community participation in Government decision processes

MDDA funding covers capital expenditure (including on-air and production studio equipment and back-up generator), transmission fees, content production and administration costs.

Western Cape

7441 FM - 100.1 MHz (First time funding - R3 386 093)

7441 FM went on air in 2019. It is based in Malmesbury in the Swartland Local Municipality of the West Coast District Municipality. The radio station currently covers the West Coast through to Table View in the City of Cape Town Metropolitan Municipality. Malmesbury is a developing area and the station aims to provide the community with a platform to vocalize issues affecting them.

The content programming of the station is mainly community based, with programmes on community and cultural values. The station broadcasts 24/7 in IsiXhosa (80%) and English (20%). The broadcast format is 60% talk and 40% music, with news to a total of 60 minutes per day, of which 40% is local, 40% national and 20% international. South African music content is 60%.

The objectives of the project are to:

- Keep listeners informed on community news
- Become the voice of the voiceless
- Keep listeners informed on local, national and international developments
- Help the community make informed decisions regarding issues such as health and family matters
- Inform the community about technology developments

MDDA funding covers capital expenditure, transmission costs, operational costs, programme / content production and general training of the management and staff.

Gauteng

Cosmo FM - 90.5 MHz (First time funding - R2 586 640)

Cosmo FM was established in 2012 and broadcasts in the City of Johannesburg across the following areas: Cosmo City, Lion Park, Diepsloot, Fourways, Morningside, Zandtspruit, Northriding, Bloubosrand, Honeydew and KyaSands. The radio station broadcasts 24/7 in IsiZulu (30%), SeTswana (30%) and English (40%). The broadcast format is 55% talk and 45% music, with news to a total of 60 minutes per day, of which 60% is local, 20% provincial, 10% national and 10% international. South African music content is 60% national.

The objectives of the project are to:

- Educate, entertain and advance skills development with the aim to transform audiences within the community
- Promote diverse cultural, social and interfaith religious practices within the community
- Advance the cause of development, peace, rights of children, youth, women and the physically challenged
- Assist in promoting economic development for the benefit of NGOs, religious bodies and the community at large

MDDA funding covers broadcasting equipment (on-air studio and OB equipment and a back-up generator), programme content production, administration and transmission fees.

East Wave Radio – 92.2 FM (First time funding - R1 916 000)

Karma Community Projects, t/a East Wave Radio, is situated in the heart of Lenasia in the City of Johannesburg. This 22-year old community radio station broadcasts over Gauteng, from the West to the East Rand, from the northern to the southern suburbs of Johannesburg and across the Vaal Area, as well as reaching online users through its audio streaming channel. The station's programme content is highly interactive and community driven, complemented by North and South Indian music. East Wave Radio broadcasts 24/7 in English (60%), Tamil (15%), Hindu (15%) and Gujerati (5%).

The objectives of the project are to:

- Maintain and preserve the community's culture and foster efforts to bridge gaps between new and existing residents
- Understand the wide differences between life skills, literacy and social differences and help to integrate people through healthy news sharing and discussions

MDDA funding covers capital equipment (including on-air studio and production studio equipment and back-up generator), content production and administration costs.

Eldos FM – 87.6 FM (Strengthening - R2 243 664)

Eldos FM is situated in Eldorado Park in the City of Johannesburg. Broadcasting for the first time on 1 May 2008, it was founded to engage in dialogue with people in Eldorado Park and surrounding communities about the social, economic and cultural activities in the area. The radio has since gained listeners mainly in Eldorado Park, but also in other parts of southern and western Johannesburg, and some 11 000 international listeners via audio streaming. Eldos FM sees community radio stations as platforms for skills development and social cohesion, as well as for self-identification and self-expression. It provides information, news, education and music that caters to young and old, seeking to engage the community in robust discussions about issues such as crime, unemployment, safety, literacy and numeracy deficiency, as well as celebrating individual achievements. Being developmental in nature, it reaches out to vulnerable groups such as the aged, sick, poverty stricken and disabled.

Eldos FM broadcasts 24/7 in English (50%), Afrikaans (40%), SeSotho (3.33%), IsiXhosa (3.33) and IsiZulu (3.33%). The broadcast format is 60% talk and 40% music, with news to a total of 100 minutes per day, of which 50% is local, 25% national and 25% international. South African music content is 40%.

The objectives of the project are to:

- Bring about a sustained and tangible positive change in the community through carefully constructed programming that will benefit people of the community
- Promote diversity within the community, especially the area of coverage

MDDA funding covers capital equipment (on-air and production studio and generator), programme content production, administration, transmitter and training.

Pheli FM - 95.0 MHz (Strengthening - R1 099 429)

Pheli FM was registered in 2013 and is located in the City of Tshwane Metropolitan Municipality, covering the Atteridgeville area. The community uses the station as a platform to address issues, such as social-economic challenges of poverty and unemployment. Over the years, more youth have joined the radio station and others have been trained on site. The project is also involved in outreach programmes, some of which are done in partnership with local NGO's. The station broadcasts 24/7 in English (40%), Sepedi (20%), SeTswana (20%) and IsiZulu (20%), with an emphasis on local and community generated content. The format of the station is 40% talk and 60% music, with news to a total of 45 minutes per day, of which 40% is local, 40% national and 20% international. South African music content is 70%. All official languages are encouraged, including most importantly the unique Pretoria Lingo.

The objectives of the project are to:

- Be informative, educational and entertaining
- Touch the lives of the people through quality programming
- Be the voice of the community
- Come up with solutions to uplift the lives of the community through the airwaves and address challenges the community faces daily

MDDA funding covers capital expenditure (including back-up generator and OB device), administrative / operational costs, training and programme content production.

Media students visit to EKFM

MDDA Funders Breakfast

2.3.2 FUNDING OF TRANSMISSION FEES AND DEBT

The community broadcast sector's spiralling 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 2019/2020 in settling some of the debt as a short-term solution.

In early March 2020, the MDDA issued an invitation to 78 of its beneficiaries for applications for assistance with settling signal distribution fees/debt. Twenty respondents qualified for this assistance to an amount of R11.7 million. In addition to this, 22 broadcast projects were approved for the MDDA's normal grant funding for 2019/20. As part of the package their Sentech debt would be cleared and a further 12 months (2020) subscription paid. This amounts to R6.6 million for the 22 broadcast projects. As a result, over 18 million would be paid over to Sentech.

The total debt for the sector was about R60 million at the end of March 2020. Containing costs of signal distribution and identifying more costs effective methods are one of the planned areas of the sustainability research to be carried out by the MDDA, as such debt is an ongoing problem if the status quo remains as is.

2.3.3 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 emergency fund was approved by the Board to cater for content generation, fuel, distribution costs for print, telecommunications and hygiene essentials. The MDDA Board also agreed to approve another R10 million for phase 2, should the lockdown be extended.

MDDA / NEMISA community media radio & digital training

Unveiling Kumkani FM New Studios

Deputy Minister Engagement with Rise 'n Shine Disability

2.3.4 RESEARCH, TRAINING AND DEVELOPMENT

CAPACITY BUILDING				
Name	**Date**	**Partners**	**Amount funded**	**Number of attendees**
Community Media Climate Change Reporting Workshop	11 September 2019	Food and Trees for Africa (FTFA)		35
Grantee Orientation Workshop	29 July – 1 August 2019	SARS, ICASA	R700 000	40
Community Media Research, Fact Checking and Verification training	14 to 17 October 2019	Africa Check	R752 092	19
Web Rangers Digital Media Literacy Training	Launched 6 February 2019 (Safer Internet Day)	Media Monitoring Africa	R 355 240	200 learners across various schools in WC, GP, NW
RESEARCH				
Research Project		**Partner**		**Amount**
Skills and Capacity Assessment		Sizwe Media		R500 000
Community Media Digital Strategy		DMC Precision		R473 040

Community Media Climate Change Reporting Workshop

On 29 July 2019, the MDDA and FTFA finalised a MOU that would ensure both organisations cooperate and deliver a media development programme. The programme will ensure that the MDDA and FTFA increase public awareness and the conversation on climate change through enhanced media coverage. As a result, the FTFA, through its Action 24 – Active Citizens for Responsive Legislatures project, partnered with the MDDA to foster community media coverage on matters pertaining to environmental sustainability and climate change, and to bolster their contribution to participatory environmental governance.

A climate change workshop on 11 September 2019 included 20 MDDA identified community media projects from Gauteng, each represented by one to two individuals who specialise with content production.

Grantee Orientation Workshop

The Grantee Orientation Workshop is designed for all new grantees and existing grantees that need training on corporate governance and compliance. These grantees are identified through the MDDA Projects and M&E Unit. Its aim is to broaden the attendee's understanding about functions of the MDDA and its processes, and compliance with MDDA support requirements.

Web Rangers Digital Media Literacy Training

Web Rangers is an international initiative led by Media Monitoring Africa (MMA) in South Africa, together with local partners such as Google, Facebook, MTN, Film and Publication Board (FPB), Department of Telecommunications and Postal Services (DTPS) and Diana Schwarz Attorneys.

The Department of Basic Education has been implementing basic computer literacy within public schools. The Web Rangers digital media literacy programme goes beyond basic computer skills to include advanced skills with the aim of encouraging critical thinking, ethical behaviour and efficient use of the internet.

The Web Rangers programme was initially implemented in Gauteng and Western Cape. In 2019, with the current funding partners and the support of the MDDA, the programme was expanded to include an intake in Limpopo and the North West.

Community Media Research, Fact Checking and Verification Training

With the support of the MDDA, Africa Check conducted an extremely successful four-day fact-checking, verification and investigative journalism workshop for a group of 19 community journalists (print, online and broadcast) from all over South Africa in Johannesburg from 14 to 17 October. This included the development of a training toolkit in preparation for the training as well as a mentorship programme to give participants further guidance in fact-checking and investigative journalism.

The overall aim of the training and mentorship was to empower and guide community journalists and editors to produce high-quality content that is accurate, fair and balanced.

Skills Audit

The MDDA has commissioned Sizwe Media to carry out a capacity and skills assessment of the community media sector across all nine provinces of South Africa, with the overall goal/objective being to identify knowledge and skills gaps in the holistic organisational capacity to sustain the community media entities. This is critical to assisting the MDDA invest in informed capacity building and training needs for its supported entities.

It has been established that most, if not all, the knowledge and skills gaps are common across the entities in community broadcast, and community and small commercial print. These gaps potentially pertain to governance and management skills; programming and content development; technical and programme distribution; news and current affairs; community involvement and participation; and marketing, sales and promotion skills.

Community Media Digital Strategy

The MDDA commissioned DMC Precision with the purpose of investigating and developing a digital strategy for community media. The aim is to present the MDDA with a solution to assisting community media handle the challenges and benefit from the opportunities represented by the rapid rise of digital media in order to offer much more informed support to the communities they serve.

MDDA Africa Day

PART 3
ENVIRONMENTAL LANDSCAPE AND FUNDING

3.1 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. Of the 264 licensed community radio stations, 157 stations have been or are current beneficiaries of the MDDA. Five community TV stations have been or are current beneficiaries of the MDDA, with the MDDA having also supported two feasibility studies into setting up such projects. Going forward, growing the community TV sector will be a focus area of the MDDA.

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. Of these, 97 publish in indigenous languages or combination of indigenous and English/Afrikaans The MDDA has funded in total some 53 community print projects and 93 small commercial print projects.

3.2 ADVERTISING REVENUE

Attracting advertising revenue both from the public and private sectors is key to the sustainability of local media and the MDDA has focused on assisting community media attract such revenue.

A detailed account of the revenue breakdowns for community media as traded through the GCIS and The Media Connection is shown below. This is largely due to the MDDA intervention in this space.

GCIS Revenue Indicator

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
COMMUNITY SPEND					
Community Print	R3 949 236.69	R1 764 313.38	R -	R4 118 887.14	R4 142 204.99
Community Radio	R22 870 089.55	R20 497 102.25	R23 399 365.92	R16 201 218.81	R18 211 360.00
Community TV	R4 630 808.00	R4 395 710.63	R1 551 383.58	R1 995 547.24	R4 303 671.78
TOTAL ADSPEND	R31 450 134.24	R26 657 126.26	R24 950 749.50	R22 315 653.19	R26 657 236.77

The Media Connection Revenue Indicator

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
COMMUNITY SPEND					
Community Radio	R34 475 926.94	R42 881 105.78	R52 707 414.97	R49 126 634.05	R51 079 564.54

3.3 SOCIO-ECONOMIC IMPACT AND RETURN ON INVESTMENT

Item	Number (Cumulative to date)
Number of people trained	3 389
Number of bursaries	348
Total Community Radio listenership	8 790 000 (as of March 2016 RAMS)
Total Radio listenership	35.8 million weekly listeners (Broadcast Research Council of South Africa BRC RAM and SEM - February 2019 Release)

3.4 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.

Funding of the Agency

Description	2015/2016 R	2016/2017 R	2017/2018 R	2018/2019 R	2019/2020 R
Total budget from DoC/GCIS	**22 615 000**	**23 814 000**	**30 005 000**	**30 669 000**	***44 149 793**
Broadcast Income	**34 387 098**	**43 661 000**	**48 256 912**	**51 743 849**	**56 313 833**
TOTAL	**57 002 098**	**67 475 000**	**78 261 912**	**82 412 849**	**100 463 626**

* This amount includes non-cash conditional grant of R12 354 793

Broadcast Partners

- Cape Town Radio (Pty) Ltd t/a Smile 90.4
- Capricorn FM
- Classic FM
- Heart 104.9 FM
- Igagasi 99.5 FM
- Multichoice Africa (Pty) Ltd
- Radio Algoa (BRFM)
- Y FM Radio Station
- E TV (Pty) Ltd
- SABC
- East Coast Radio
- Kaya FM
- Vuma FM
- Rise FM
- Cape Talk
- KFM / Crescent Consortium
- Radio 702 Primedia Broadcasting
- Radio Jacaranda
- Highveld Stereo (Africa on Air) 947

Foreign Grants

No foreign grants were received in the year under review.

Rollover

For the period under review, the MDDA has requested R100 677 958 rollover of funds in respect to committed funds to be disbursed to project beneficiaries and services providers at a future date.

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.

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.

3.5 MONITORING & EVALUATION

The MDDA supports the community media sector to contribute towards social inclusion and enhanced access to media and information by providing financial and non-financial support to community radio and TV stations, community print and small commercial print projects and digital channels.

In ensuring there is compliance and accountability, the MDDA carries out comprehensive monitoring and evaluation of beneficiaries of MDDA grant funding.

During the 2019/2020 financial year, the Monitoring and Evaluation (M&E) Unit monitored 85 tranches paid by the Agency to projects in all nine provinces. While a significant number of projects demonstrated achievement of the intended MDDA funding objectives, persistent challenges remain in the sector, including:

- Financial sustainability
- Governance challenges
- Skills development to ensure the sector is ready to respond to digital migration and the 4th industrial revolution
- Unaffordable data costs
- Transmission costs and debt
- Increased printing and distribution costs
- Inability to access advertising space in some provinces
- Insufficient support and buy-in received from private sector

PART 4
GOVERNANCE AND LEGAL

4.1 THE BOARD

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 has adopted 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.

4.1.1 2019/2020 MDDA BOARD AND COMMITTEES

The MDDA Board had five members throughout 2019/2020 with four Board vacancies. The filling of the vacancies is a matter reserved for the National Assembly. Board vacancies are an ongoing risk for the MDDA. The Agency has keenly followed the progress in Parliament's recruitment of the remaining Board members.

The term of office for the shareholder representative, Ms Tasneem Carrim, expired in Quarter 1 of the financial year under review and she was substituted with Mr Collin Mashile of the Department of Communications and Digital Technologies.

The Chairperson of the Board tendered his resignation on 20 March 2020, owing to his new responsibilities as Acting Managing Director of eMedia. At the Minister in the Presidency's request, the Chairperson postponed his resignation to remain on the MDDA Board for the Board meeting on 28 March 2020. His resignation had not yet been accepted officially by the President of South Africa as of the date of submission of the MDDA 2019/2020 annual report.

The Board met eight times during 2019/2020, two of which were bilateral meetings with the Minister in the Presidency.

In Quarter 3 of the year under review, Board members finalised the appointment of the Chief Executive Officer in line with Section 12 of the MDDA Act. The appointment was effective as of 1 January 2020.

The Board held a strategy planning session on 10 January 2020, to discuss and finalise the MDDA's Strategic Plan for 2020/2021 – 2024/2025 and Annual Performance Plan for 2020/2021. Both documents were submitted to the Executive Authority, as required, at the end of January 2020.

Despite the high rate of vacancies, Board members supported the MDDA Executive throughout the financial year under review at various stakeholder engagements, including quarterly and annual performance presentations to the Portfolio Committees on Public Service and Administration and on Communications, a breakfast event held by the MDDA to acknowledge past and present funders and update them on developments at the Agency, and initiatives to elicit further support, both financial and non-financial, from sector stakeholders such as the commercial print sector and telecommunications companies.

2019/2020 MDDA Board of Directors Meetings

17 July 2019	Board Meeting/ Bilateral Meeting with Minister in the Presidency
31 July 2019	Board Meeting
13 September 2019	Board Meeting
20 September 2019	Board Meeting
22 November 2019	Board Meeting
10 January 2020	Strategic Planning
24 February 2020	Bilateral with Minister in the Presidency
28 March 2020	Board Meeting

2019/2020 MDDA Board Sub-committees

In order to effectively discharge its duties and priorities, the Board has a number of Committees that attend to specific aspects of MDDA's business affairs. The Committees provide 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 had five Committees during 2019/2020: Audit and Risk Committee (ARC); Projects Oversight Committee; Research, Capacity Building, Monitoring and Evaluation Committee; Communications and Stakeholder Engagement Committee; and Corporate Affairs Committee.

Only three of the Committees met during 2019/2020 (ARC; Projects Oversight Committee and Corporate Affairs Committee). Although there is full commitment from the Board in ensuring that the objectives of the Agency are met, it should be noted that the current limitation in the number of Board members has been intensely felt within the Committee structure as the Board's resources are thinly stretched across the Committees. This further highlights the risk of the high rate of Board vacancies.

The reports of the Research, Capacity Building, Monitoring and Evaluation Committee and Corporate Affairs Committee, which could not meet during Quarter 4 of the year under review, were, as an interim measure, submitted to ARC for recommendation to the Board of Directors. The Board considered and approved plans relating to this Committee's mandate.

Similarly, the Communications and Stakeholder Engagement Committee could not meet during Quarter 4 of the year under review and the reports of the Committee were considered on a round robin basis for recommendation to the Board of Directors. These reports were considered and approved by the Board of Directors.

2019/2020 MDDA Board Sub-committee Meetings

18 April 2019	Audit and Risk Committee
23 May 2019	Audit and Risk Committee
21 June 2019	Corporate Affairs Committee
19 July 2019	Audit and Risk Committee
3 September 2019	Corporate Affairs Committee
30 October 2019	Audit and Risk Committee
24 January 2020	Audit and Risk Committee
31 January 2020	Projects Oversight Committee
28 February 2020	Audit and Risk Committee
9 March 2020	Projects Oversight Committee
23 March 2020	Audit and Risk Committee

2019/2020 Meeting Attendance of MDDA Board Members

NAMES	NUMBER OF BOARD MEETINGS ATTENDED (INCLUDING SPECIAL MEETINGS)	BOARD OF DIRECTORS (STRATEGIC PLANNING)	NUMBER OF AUDIT & RISK COMMITTEE MEETINGS ATTENDED	NUMBER OF PROJECTS OVERSIGHT COMMITTEE MEETINGS ATTENDED	NUMBER OF CORPORATE AFFAIRS COMMITTEE MEETINGS ATTENDED	RESEARCH, CAPACITY BUILDING, MONITORING AND EVALUATION COMMITTEE ATTENDED	COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT COMMITTEE ATTENDED	OTHER MEETINGS ATTENDED*
Ndivhuho Norman Munzhelele (**Chairperson**) **Appointed: 20/07/2018**	7	1	0	0	0	0	0	6
Dimakatso Collin Mashile **Appointed: 11/05/2019**	8	1	0	2	0	0	0	1
Moshoeshoe Nkgakga Monare **Appointed: 28/09/2017**	8	1	0	0	2	0	0	3
Nombeko Mbava **Appointed: 19/10/2017**	7	1	4	0	0	0	0	1
Martina Della Togna **Appointed 19/10/2017**	8	1	2	2	2	0	0	15
Phuti Phukubje **Appointed 1/09/2018**	7	1	6	0	0	0	0	0

NAMES	NUMBER OF BOARD MEETINGS ATTENDED (INCLUDING SPECIAL MEETINGS)	BOARD OF DIRECTORS (STRATEGIC PLANNING)	NUMBER OF AUDIT & RISK COMMITTEE MEETINGS ATTENDED	NUMBER OF PROJECTS OVERSIGHT COMMITTEE MEETINGS ATTENDED	NUMBER OF CORPORATE AFFAIRS COMMITTEE MEETINGS ATTENDED	RESEARCH, CAPACITY BUILDING, MONITORING AND EVALUATION COMMITTEE ATTENDED	COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT COMMITTEE ATTENDED	OTHER MEETINGS ATTENDED*
Mfanufikile Daza **Appointed 1/09/2018**	0	1	6	0	0	0	0	0
Moses Mbedhli **Appointed 1/09/2018**	1	1	5	0	0	0	0	0
Tshepiso Mmushi **Appointed 29/05/2018**	0	0	3	0	0	0	0	0

*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 2019/20 until 31 March 2020 was as follows:

No	Name	Amount
1	Mr N Munzhelele	117 490.56
2	Dr N Mbava	90 396.00
3	Mr M Daza	43 571.82
4	Mr P Phukubje	88 736.52
5	Ms M Della Tonga	225 447.00
6	Mr M N Monare	78 367.25
TOTAL		**644 009.15**

4.2 LEGAL DISPUTES

At year end, the MDDA had two legal-related matters - both internal labour related disputes.

4.3 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.

4.4 INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The internal audit function has the responsibility for reviewing and providing assurance on the systems of internal control, risk management and governance processes across MDDA operations. The internal audit function reports directly to the Audit and Risk Committee Chairperson and administratively to the Chief Executive Officer.

In line with the PFMA, the internal audit coverage plan was informed by the risk management process.

Internal Audit assists management in identifying, evaluating and assessing significant risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls, i.e. whether controls are appropriate and functioning as intended. Where controls are found to be deficient or not operating as intended, recommendations for enhancement or improvement are provided. This is done in collaboration with internal and external assurance providers. The Internal Audit Manager is responsible for reporting the findings of the Internal Audit work against the approved Internal Audit Plan to management and the Audit and Risk Committee.

The results of audits performed for the year were reported to ARC as required per mandate.

The following audits were performed during the 2019/20 financial year:

- Quarterly Performance information 2019/20 reviews
- Annual financial statements 2019/20 review
- Annual report 2019/20 review
- Research training and development review
- Human Resource: employee verification of qualifications
- Follow up on Auditor General and Internal Audit implementation of agreed action plans

4.5 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 2019/2020 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.

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.

4.6 MINIMISING CONFLICT OF INTEREST AND PROTECTION OF PERSONAL INFORMATION

In terms of the Board's Code of Ethics, 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 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.

4.7 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.

4.8 HEALTH, SAFETY & ENVIRONMENT

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.

4.9 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.

PART 5
HUMAN RESOURCES

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.

The 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. 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 nine of the 12 vacant positions, following the lifting of the moratorium by the Minister in the Presidency in July 2019. (The three other positions were earmarked for rescoping or relocation from current units.) Two key executive positions were filled in the fourth quarter of the year under review, that of the Chief Executive Officer and Projects Director who commenced at MDDA on 17 February 2020. This means that only one Executive position remains to be filled.

The MDDA reacted swiftly to protect our staff at the outbreak of the COVID-19 pandemic towards the end of the year under review, 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.

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 2019/2020

Review job specification, job grading and job evaluation for all positions

Maintain a low vacancy rate

Develop an HR Plan that is in line with the Five-year Strategy

Review and improve service benefits

5.1 STAFF COMPLEMENT

There was a total permanent staff complement of 29 at the end of the period under review, out of 39 approved positions. This equates to a vacancy rate of 26%. This was an improvement when compared to 2018/2019 of a permanent staff complement of 27. There was one termination of a permanent employee and four permanent appointments during the FY 2019/2020.

In addition to the permanent employees, there were three fixed term employees and one secondment from the Department of Communications at the end of the period under review.

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

Employment equity profile

Levels	Males				Females				Total	Disability	Foreign Nationals	
	A	C	I	W	A	C	I	W			Males	Females
Executive/ Senior Manager	1	0	1	0	1	0	0	0	3	0	0	0
Manager	4	0	0	0	2	0	0	1	7	0	0	0
Professional/ Specialist	7	1	0	0	8	0	0	0	16	0	0	0
Administrative/ Support	0	0	0	0	3	0	0	0	3	0	0	0
TOTAL PERMANENT	**12**	**1**	**1**	**0**	**14**	**0**	**0**	**1**	**29**	**0**	**0**	**0**
TOTAL FIXED-TERM-EMPLOYEES (INCLUDING SECONDMENT)	4	0	0	0	0	0	0	0	4	1	0	0
GRAND TOTAL	**16**	**1**	**1**	**0**	**14**	**0**	**0**	**1**	**33**	**1**	**0**	**0**

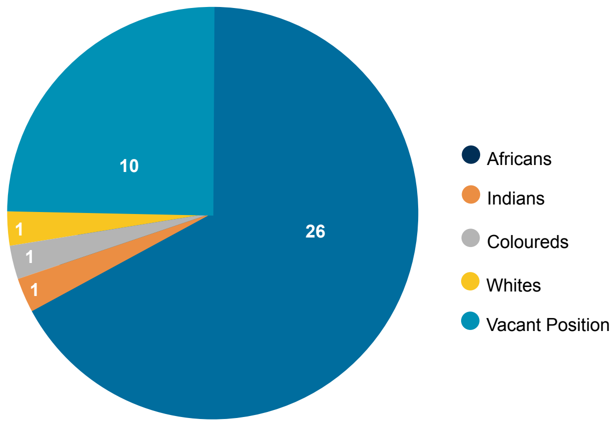
A - African C - Coloured I - Indian W - White

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 for 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.

MDDA EE Status to date



5.2 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.

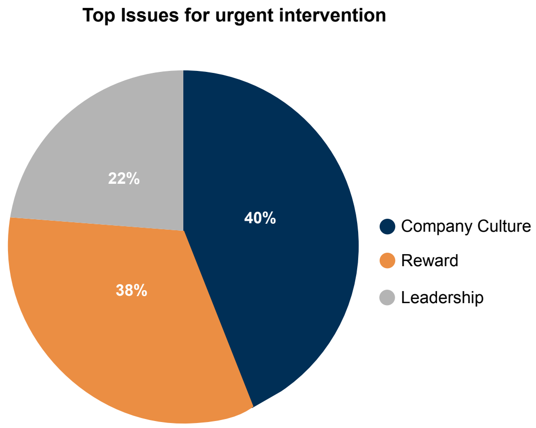
The MDDA suite of Human Resource policies was extensively reviewed in consultation with staff and approved by the Board in 2019/2020. The manual includes a new approach to Performance Management, retention and succession, which is developmental in nature and aimed at assisting in driving a culture of high performance. It will be implemented from 2020/21, with managers and staff being inducted on how to implement it.

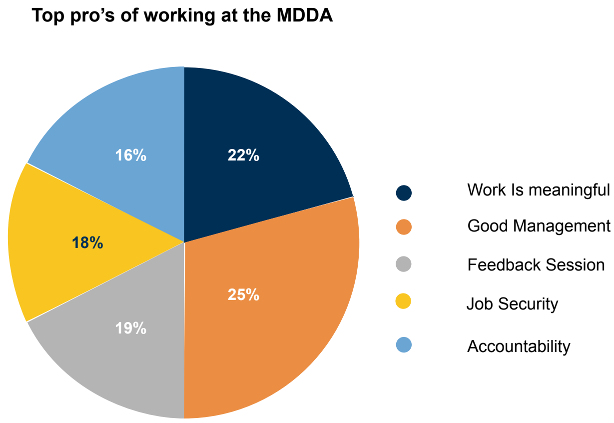
Performance management is a strategic objective and tool of the organisation and is aimed at:

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

An organisational climate that fosters high staff morale and work satisfaction, and therefore productivity, is crucial to the MDDA in the successful delivery of its mandate. During the year under review, the MDDA continued to engage staff on interventions that will improve the organisational culture to a desirable state. A dipstick and anonymous staff survey in January 2020 was completed by 22 staff and pointed to three main issues, viz. inadequate organisational culture, lack of openness and transparency, and inadequate salaries and benefits. This information will be used to develop strategies or plans to effectively address staff morale.

The overall findings are shown graphically below:





5.3 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 is a small entity with a very flat structure, and it is expected that such intervention will increase staff morale, capacitate internal staff members, retain institutional knowledge and improve performance, while retaining talent.

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

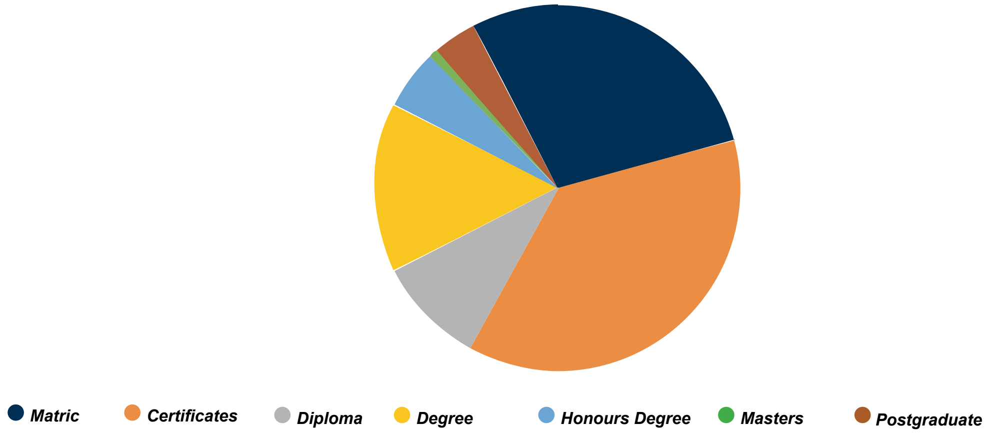
- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance

Further, the MDDA invested R288 964.35 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 programme.

The following skills exist within the organisation.

Education Level



5.4 REMUNERATION AND BENEFITS

Employees are remunerated on a Total-Cost-To-Company 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 R5200 per month was offered for the 2019/2020 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.

5.5 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.


5.6 TABULATED STAFF HEAD COUNT

Position	African (A)		Asian (AS)		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 (x2)	2								2
Risk Specialist									Vacant
Company Secretary	Acting								Vacant
Ass Company Secretary	1								1
Legal & Contracts Adviser	1								1
Knowledge Management Co-ordinator									Vacant
Internal Audit Manager		1							1
Internal Audit Officer	1								1
Projects Director	1								1
Projects Managers (x2)	1								1
Projects Officers (x4)	2	1							3
Projects Administrator		1							1
Digital Media Co-ordinator									Vacant
Strategy, Research & M&E Director								Acting	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					Acting				Vacant
HR Officer					1				1
Receptionist									Vacant
Office Attendant & Cleaner		1							1
IT Manager	1								1
Communications & Branding Manager								1	1
Communications Officer		1							1
Travel & Logistics Officer									Vacant
TOTAL HEAD COUNT (39)	**10**	**16**	**1**		**1**			**1**	**29**

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

Executive Management Emolument 2019/2020

Employee Name	Position	Time Period (Acting)	Annual Salary	Acting Allowance	Annual S&T	Bonus	Other allowances	Total
Zukiswa Potye	ACEO	01/04/2019 – 31/12/2019	406 421	1 439 767	9 622	-	89 823	**1 945 633**
	CEO	01/01/2020 – 31/03/2020						
Yaseen Asmal	CFO	01/04/2019 - 31/03/2020	1 685 892	-	7 871	55 153	235 013	**1 983 928**
Mzuvukile Kashe	Projects Director	17/02/2020 - 31/03/2020	231 158	-	2 254	-	52 979	**286 390**
Cheryl Langbridge	Acting Director	01/04/2019 - 31/03/2020	737 446	335 976	16 269	62 909	212 089	**1 364 689**
TOTAL			**3 060 916**	**1 775 743**	**36 016**	**118 061**	**589 904**	**5 580 640**

5.8 ALLOWANCES

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

5.9 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, 2019/2020

Programme	Personnel Expenditure	Professional & Special Services
Office of CEO	5 842 650	38 331
Finance	5 605 809	32 775
Projects	7 169 674	-
Administration	1 670 023	142 563
TOTAL	**20 288 156**	**213 669**

Overtime

There was no overtime paid during the 2019/20 financial year.

5.10 EMPLOYMENT AND VACANCIES

Leadership development

The year under review brought with it changes to the executive and management leadership of the entity, with the appointment of a permanent Chief Executive Officer and Projects Director. These changes have had a positive ripple effect on the organisation in terms of stability.

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 2020

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	4	2	33%	0
Finance	7	7	0	0%	0
Risk Management	1	0	1	100%	0
Internal Audit	2	2	0	0%	0
Strategy, Research and M&E	7	6	1	14%	0
Projects	9	6	3	33%	0
HR & Corporate Affairs	4	2	2	50%	0
Communications	3	2	1	33%	0
Total	**39**	**29**	**10**	**26%**	**0**

Employment and vacancies by critical occupation, 31 March 2020

Programme	Number of posts	Number of posts filled	Number of posts vacant	Number of posts filled additional to the Agency
CEO and Legal & Contracts Adviser	2	2	0	0
CFO, Finance Manager and IT	3	3	0	0
Strategy, M&E and Research Director and Managers	3	2	1	0
Project Director and Project Managers	3	2	1	0
Communications Manager	1	1	0	0
HR & Corporate Affairs Manager	1	0	1	0
Total	**13**	**10**	**3**	**0**

5.11 JOB EVALUATION

Job grading was undertaken in the 2019/2020 financial year for alignment with industry and public-sector norms. The benchmarking exercise was completed and finalised at year end.

5.12 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 2019 – 31 March 2020

Occupation	Number of employees per occupation as at 1 April 2019	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Turnover Rate
CEO & Legal and Contracts Manager	**1**	**1**	**0**	**50%**
CFO, Finance Manager, IT Manager	**3**	**0**	**0**	**0%**
Project Director and Project Managers	**1**	**1**	**0**	**50%**
HR & Corporate Affairs Manager	**0**	**0**	**0**	**0%**
TOTAL	**5**	**2**	**0**	**35%**

Reasons why permanently appointed staff are leaving the Agency

Termination type	Number	Percentage of total
Death	0	0%
Resignation	1	100%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal - misconduct	0	0%
Dismissal - inefficiency	0	0%
Discharged due to ill health	0	0%
Retirement	0	0%
Transfers to other Public Services Departments	0	0%
Other	0	0%
Total	**1**	
Total number of employees who left as a % of the total employment as of 31 March 2019 (27)		**4%**

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

5.13 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1988.

Empowerment Equity Profile as at 31 March 2020

Occupational Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/ Senior Manager	1	0	1	0	1	0	0	0	**3**
Manager	4	0	0	0	2	0	0	1	**7**
Professional/Specialist	7	1	0	0	8	0	0	0	**16**
Administrative/Support	0	0	0	0	3	0	0	0	**3**
TOTAL PERMANENT	**12**	**1**	**1**	**0**	**14**	**0**	**0**	**1**	**29**
TOTAL FIXED-TERM-EMPLOYEES (INCLUDING SECONDMENT)	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**
GRAND TOTAL	**16**	**1**	**1**	**0**	**14**	**0**	**0**	**1**	**33**

Recruitment for the period 1 April 2019 to 31 March 2020

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/ Senior Manager	1	0	0	0	1	0	0	0	**2**
Professionally qualified and experienced specialists and middle management	0	0	0	0	0	0	0	0	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	1	0	0	0	0	0	0	**2**
TOTAL PERMANENT	**2**	**1**	**0**	**0**	**1**	**0**	**0**	**0**	**4**

Terminations for the period 1 April 2019 to 31 March 2020

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/ Senior Manager	0	0	0	0	0	0	0	0	**0**
Professionally qualified and experienced specialists and middle management	0	0	0	0	1	0	0	0	**1**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	**0**
TOTAL PERMANENT	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**

5.14 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
Executive	4	291 080	72 770
Management	8	319 039	39 880
Staff	21	473 406	22 543
TOTAL	**33**	**1 083 524,92**	**135 193**

5.15 FOREIGN WORKERS

There are no foreign employees with the MDDA.

5.16 DISCIPLINARY MATTERS AND OUTCOMES

There were three disputes during the 2019/2020 financial year.

- Following a disciplinary hearing in 2019/2020, the incumbent subsequently resigned and has taken the MDDA to the CCMA.
- Two disputes referred for conciliation in 2018/2019 were resolved in 2019/2020. The first matter was resolved in favour of the MDDA, with the employee being issued a settlement. The second matter was withdrawn by the contestant.

There was one disciplinary hearing in 2019/2020, with a final warning issued.

Three grievances were lodged within the Agency during the 2019/2020 financial year.

One incapacity application was approved.

There was no strike action within the Agency during the 2019/2020 financial year.

PART 6
ANNUAL FINANCIAL STATEMENTS

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Media Development and Diversity Agency set out on pages 88 to 128, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the 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 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants and parts 1 and 3 of the International code of ethics for professional accountants* (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Significant subsequent events

7. I draw attention to note 36 to the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of covid-19 on the public entity's future prospects, performance and cash flows.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.

9. 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

10. 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.

11. 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

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 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.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. 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 also do not extend to any disclosures or assertions relating to 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.

14. 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 annual performance report of the public entity for the year ended 31 March 2020.

Programmes	Pages in the annual performance report
Programme 2 - Grant and seed funding	31-32

15. 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.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 - grant and seed funding

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 31 to 34 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2 – grant and seed funding. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Other Information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008). The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

23. 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 thereon.

24. 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.

25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

26. 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

Johannesburg
31 October 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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 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 board of directors, which constitutes the accounting authority

   - conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors, which constitutes the accounting authority, in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the 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 the public entity to cease continuing as a going concern

   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

6.2 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 were given unrestricted access to all financial records and related data.

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

The 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 annual 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 2021 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 dependent on the Government Communications Information Systems for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Government Communications Information Systems has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The directors are primarily responsible for the financial affairs of the entity.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report will be presented after the audit on page 78.

The annual financial statements set out on page 88, which have been prepared on the going concern basis, were approved by the Board on 23 October 2020 and were signed on its behalf by:

NDIVHUHO NORMAN MUNZHELELE
Chairperson of the Board

6.3 AUDIT AND RISK COMMITTEE (ARC) REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The audit and risk committee consists of the members listed hereunder and should meet 7 times per annum as per its approved terms of reference. During the current year 7 meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
P Phukubje (Chairperson) - From 26/05/2018 to 25/05/2020	7/7
M Daza - From 31/08/2018 to 31/08/2020	7/7
M Mbedlhi - From 31/08/2018 to 31/08/2020	5/7
M Della Togna - From 19/10/2017 to 18/10/2020	2/7
T Mmushi - From 29/05/2018 to 29/05/2021	3/7
PN Mbava - From 19/10/2017 to 18/10/2020	4/7

AUDIT AND RISK COMMITTEE (ARC) RESPONSIBILITY

The ARC reports that it has complied with its responsibilities arising from Treasury Regulation 27.1.

The ARC 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 Audit and Risk Committee is not satisfied about the entity's on-ongoing risk management processes that should focus on identifying, assessing, managing, and monitoring all known forms of significant risk across all operations. This has not been in place for the year under review and require management attention

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee has evaluated the internal control environment and based on the information provided and assessed, the internal controls are considered inadequate and not always effective to mitigate related risks. The Audit and Risk Committee notes that there is room for improvement to ensure that reasonably effective monitoring over the system of internal controls is enhanced to mitigate risks as reported by Internal Audit Reports to an acceptable level. In line with the PFMA, the internal audit coverage plan was informed by the risk management process. The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

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

Performance Audit (EEE)

Performance audit quality assurance Q3 and Q4

Quarterly Financial Statements Review (quarterly financial management reports review)

The following were areas of concern:

HR - Employee verification of qualifications not performed by HR Administrator.

Performance Information - Completeness, accuracy and relevance of some portfolio of evidence against set targets.

Procurement and Payments - Inconsistent compliance with 30 days payment prescript.

Corporate Governance - No evidence of evaluation of the Board.

Programmes and Projects - No proper management of online application system submission which resulted in duplication of submissions of applications.

Follow-up Audits - *Some audit recommendations not implemented per agreed timelines.* IT - Inadequate disaster recovery plan, IT risk register, Application user and administrator activities not monitored.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee (ARC) reviewed the entity`s compliance with legal and regulatory provisions during the quarterly Audit and Risk Committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

The audit committee has:

- reviewed and discussed the annual financial statements of the Agency;
- reviewed changes in accounting policies and practices
- reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee ARC reviewed the entity`s compliance with legal and regulatory provisions during the quarterly Audit and Risk Committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

In-Year Management and Quarterly Report

The public entity has reported on a quarterly basis to the National Treasury as is required by the PFMA. The Audit and Risk Committee had engagements with management to provide clarity on completeness and quality of the Quarterly Reports during quarterly meetings.

INTERNAL AUDIT

The audit committee has reviewed the work of the internal audit function and has directed Internal Audit to implement remedial measures where instances needing adequate attention were noted and recommended that appropriate assurance provision be enhanced to ensure that it is operating effectively and that it has addressed the risks pertinent to the entity and its audits. The audit committee is satisfied with the independence of the internal auditors.

AUDITOR-GENERAL OF SOUTH AFRICA

The audit committee has invited representatives from the office of the Auditor-General of South Africa (AGSA) to attend ARC meetings in the 2019/2020 financial year. The audit committee is satisfied with the independence of the external auditors from Auditor-General of South Africa.

P. PHUKUBJE

Chairperson of the Audit and Risk Committee

Date: 23 October 2020

6.4 BOARD'S REPORT

The directors submit their report for the year ended 31 March 2020.

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 as at 31 March 2020, the entity had an accumulated surplus of R 105 956 788 and that the entity's total assets exceed its liabilities by R 105 956 788. We would also draw your attention to the fact that although there is accumulated surplus, R102 094 768 has been committed to projects for grant funding.

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.

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 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 dramatically, and, on the 26th March 2020, a lockdown was declared in South Africa. The risk level based lock down approach was introduced on 23 April 2020. MDDA services are classified under level 2(Grant funding Financial services)

MDDA offices would be closed during National / Gauteng / City of Johannesburg level 5 up until level 3 lock down. Operations continue while MDDA staff work remotely from their homes.

Under lock down level 2 and below, MDDA offices will open and staff would return to work on a staggered approach over a period of five weeks. During staggered operations preventative measures would be observed such as: Deep cleaning and disinfection of the whole office and all 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

The members of the entity during the year and to the date of this report are as follows:

Name	Changes
Ndivhuho Norman Munzhelele	
Moshoeshoe Nkgakga Monare	
Tasneem Carrim	Resigned Sunday, 01 September 2019
Patience Nombeko Mbava	
Martina Della Togna	
Colin Dimakatso Mashile	Appointed Thursday, 16 May 2019

The following four new board members were appointed on 31 August 2020:

Hlengani Mathebula
Andiswa Ngcingwana
Brenda Leonard
Marina Clarke

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 2002. 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 monthly 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; and

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 2019/20 financial year

- NN Munzhelele	7/8
- N Monare	8/8
- PN Mbava	7/8
- M Della Tonga	8/8
- CD Mashile	8/8

The annual financial statements set out on page 88, which have been prepared on the going concern basis, were approved by the directors on 23 October 2020 and were signed on its behalf by:

NDIVHUHO NORMAN MUNZHELELE
Charperson of the Board

6.5 COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

YOLANDA DU PREEZ
Company Secretary
Friday, 23 October 2020

6.6 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	7	5 460 079	14 217 155
Receivables from non-exchange transactions	8	43 290	134 062
Cash and cash equivalents	9	131 790 643	105 171 070
		137 294 012	**119 522 287**
Non-Current Assets			
Property, plant and equipment	4	1 191 035	1 795 267
Intangible assets	5	-	135 175
		1 191 035	**1 930 442**
Total Assets		**138 485 047**	**121 452 729**
Liabilities			
Current Liabilities			
Finance lease obligation	10	-	549 565
Operating lease liability	6	17 133	134 277
Payables from exchange transactions	13	1 831 815	3 886 320
Unspent conditional grants and receipts	11	29 575 124	31 262 890
Provisions	12	1 083 525	881 031
Bank overdraft	9	20 662	-
		32 528 259	**36 714 083**
Total Liabilities		**32 528 259**	**36 714 083**
Net Assets		**105 956 788**	**84 738 646**
Accumulated surplus		105 956 788	84 738 646

6.7 STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Interest received - investments	15	6 659 515	5 638 611
Other income		9 000	-
Total revenue from exchange transactions		**6 668 515**	**5 638 611**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	44 149 793	30 694 846
Broadcast funders contributions	17	56 313 833	51 743 849
Donations	18	-	20 000
Total revenue from non-exchange transactions		**100 463 626**	**82 458 695**
Total revenue	14	**107 132 141**	**88 097 306**
Expenditure			
Employee related costs	19	(22 682 293)	(20 406 769)
Depreciation and amortisation	4	(788 235)	(947 996)
Impairment loss /Reversal of impairments	21	(11 278)	(166 301)
Finance costs	22	(38 134)	(102 742)
Grant cost expenditure	34	(52 660 827)	(40 328 234)
Administration expenses	20	(9 733 235)	(14 364 751)
Loss on disposal of assets	4	-	(15 812)
Total expenditure		**(85 914 002)**	**(76 332 605)**
Surplus for the year		**21 218 139**	**11 764 701**

6.8 STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	72 920 130	72 920 130
Adjustments		
Prior year adjustments	53 815	53 815
Balance at 01 April 2018 as restated*	**72 973 945**	**72 973 945**
Changes in net assets Surplus for the year	11 764 701	11 764 701
Total changes	11 764 701	11 764 701
Restated* Balance at 01 April 2019	**84 738 649**	**84 738 649**
Changes in net assets Surplus for the year	21 218 139	21 218 139
Total changes	21 218 139	21 218 139
Balance at 31 March 2020	**105 956 788**	**105 956 788**

Note(s)

6.9 CASH FLOW STATEMENT

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Grants		42 462 031	33 659 693
Interest income		6 659 515	5 638 611
Other income		9 000	-
Broadcast funders contributions		56 313 833	51 743 849
Donations		-	20 000
		105 444 379	91 062 153
Payments			
Employee costs		(22 389 027)	(20 290 531)
Suppliers		(11 903 884)	(28 521 916)
Grant cost expenditure		(43 904 751)	(40 328 234)
Finance costs		(38 134)	(102 742)
		(78 235 796)	(89 243 423)
Net cash flows from operating activities	23	**27 208 583**	**1 818 730**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(60 106)	(292 195)
Net cash flows from investing activities		**(60 106)**	**(292 195)**
Cash flows from financing activities			
Finance lease payments		(549 565)	(593 314)
Net increase/(decrease) in cash and cash equivalents		**26 598 912**	**933 221**
Cash and cash equivalents at the beginning of the year		105 171 070	104 237 849
Cash and cash equivalents at the end of the year	9	**131 769 982**	**105 171 070**

6.10 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						
Interest received - investment	5 110 522	-	**5 110 522**	6 659 515	**1 548 993**	Note 35
Other income	-	-	**-**	9 000	**9 000**	
Total revenue from exchange transactions	**5 110 522**	**-**	**5 110 522**	**6 668 515**	**1 557 993**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	31 795 000	19 828 906	**51 623 906**	44 149 793	**(7 474 113)**	
Broadcast funders contributions	32 107 474	24 230 045	**56 337 519**	56 313 833	**(23 686)**	
Total revenue from non-exchange transactions	**63 902 474**	**44 058 951**	**107 961 425**	**100 463 626**	**(7 497 799)**	
Total revenue	**69 012 996**	**44 058 951**	**113 071 947**	**107 132 141**	**(5 939 806)**	
Expenditure						
Employee related costs	(27 109 246)	-	**(27 109 246)**	(22 682 293)	**4 426 953**	
Depreciation and amortisation	(1 204 807)	-	**(1 204 807)**	(788 235)	**416 572**	
Impairment loss/ Reversal of Impairment	-	-	**-**	(11 278)	**(11 278)**	
Finance costs	(38 121)	-	**(38 121)**	(38 134)	**(13)**	
Grant Expenditure	(28 993 176)	(62 275 394)	**(91 268 570)**	(52 660 827)	**38 607 743**	
Administration	(10 498 760)	(584 443)	**(11 083 203)**	(9 733 235)	**1 349 968**	
Total expenditure	**(67 844 110)**	**(62 859 837)**	**(130 703 947)**	**(85 914 002)**	**44 789 945**	
Surplus before taxation	**1 168 886**	**(18 800 886)**	**(17 632 000)**	**21 218 139**	**38 850 139**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**1 168 886**	**(18 800 886)**	**(17 632 000)**	**21 218 139**	**38 850 139**	

The accounting policies on pages 92 to 113 and the notes on pages 114 to 128 form an integral part of the annual financial statements.

6.11 ACCOUNTING POLICIES

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.Í

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.

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 - 16 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 (Lease term)

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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.

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 disclosure.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 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.

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

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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 or uncollectibility.

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

6.11 ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The 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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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.

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.

6.11 ACCOUNTING POLICIES (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

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

6.11 ACCOUNTING POLICIES (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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 loss is recognised in surplus or deficit.

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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

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

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

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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.

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 25.

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.

6.11 ACCOUNTING POLICIES (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.

6.11 ACCOUNTING POLICIES (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, in surplus or deficit, using the effective interest rate method.

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

TAXES

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

6.11 ACCOUNTING POLICIES (CONTINUED)

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.

CONDITIONAL GRANTS

Grants received with performance conditions attached to are recognised as current liabilities at a value of assets received. When the performance conditions are met the grant is then transferred into revenue.

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.

SERVICES IN-KIND

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

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

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

6.11 ACCOUNTING POLICIES (CONTINUED)

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

1.14 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.

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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.

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

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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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 a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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.

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

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

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

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management 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.

6.11 ACCOUNTING POLICIES (CONTINUED)

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.

6.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019

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 new or revised standards.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	The impact is not material.
• GRAP 20: Related parties	01 April 2019	The impact is not material.
• GRAP 108: Statutory Receivables	01 April 2019	The impact is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact is not material.

3.2 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 2020 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
• GRAP 104 (amended): Financial Instruments	01 April 2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact

Figures in Rand	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 104 869	(615 333)	489 536	1 104 869	(549 544)	555 325
Office equipment	77 452	(43 030)	34 422	66 308	(27 613)	38 695
IT equipment	1 248 641	(696 403)	552 238	1 226 678	(475 613)	751 065
Leasehold improvements	1 471 491	(1 356 652)	114 839	1 471 491	(1 021 309)	450 182
Total	**3 902 453**	**(2 711 418)**	**1 191 035**	**3 869 346**	**(2 074 079)**	**1 795 267**

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**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Furniture and fixtures	510 894	257 163	(15 812)	(13 970)	(83 635)	(99 315)	555 325
Office equipment	52 886	-	-	-	(13 262)	(929)	38 695
IT equipment	752 340	269 324	-	(8 923)	(195 619)	(66 057)	751 065
Leasehold improvement	940 679	-	-	-	(490 497)	-	450 182
	2 256 799	**526 487**	**(15 812)**	**(22 893)**	**(783 013)**	**(166 301)**	**1 795 267**

Expenditure incurred to repair and maintain property, plant and equipment

	2020	2019
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance General expenses	**109 934**	**22 175**

Deemed cost

5. INTANGIBLE ASSETS

	2020			2019		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	568 098	(568 098)	-	568 098	(432 923)	135 175

6.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2020	2019

Reconciliation of intangible assets - 2019

	2020	2019		
		Opening balance	Amortisation	Total
Computer software, other		135 175	(135 175)	-

Reconciliation of intangible assets - 2019

	2020		2019		
		Carrying value	Other changes, movements	Amortisation	Total
Computer software, other		275 061	25 097	(164 983)	135 175

Other information

Intangible Assets consist of Computer Software which is amortised through straight line method over the useful lives.

6. DEFERRED LEASE ASSET (ACCRUAL)

Current liabilities	(17 133)	(134 277)

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 contigent rental.

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	665 890	665 890
Other receivables	40 250	41 250
Prepaid expenses	4 753 939	13 510 015
	5 460 079	**14 217 155**

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 the occupation of leased office building.

Other receivables relate to the fruitless and wasteful expenditure recoverable in relation to double payment made to the service provider in the prior financial years.

Prepaid expenses recognised are as a result of 50% deposits that were paid to the broadcast equipment service providers who were appointed to install broadcast equipment in community radio stations nationwide.

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Staff debtors	43 290	134 062

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 consist of staff loans given to MDDA officials. They are interest free loans repayable though payroll deductions on a monthly basis.

Figures in Rand	2020	2019

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	1 971	498
Bank balances	22 575 295	74 994 949
Short-term deposits	109 213 377	30 175 623
Credit card	*(20 662)*	-
	131 769 981	**105 171 070**

Current assets	131 790 643	105 171 070
Current liabilities	(20 662)	-
	131 769 981	**105 171 070**

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 equivalent balance includes R102 094 768 (2019-R66 650 345) funds committed for the approved grant beneficiaries, refer to note No.24 for the commitments disclosure.

The bank overdraft under current liabilities relate to the balance on the corporate credit card. The balance is paid through a debit order on the 6th of each month.	(20 662)	-

10. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year	-	590 723
	-	590 723
less: future finance charges	-	(38 125)
Present value of minimum lease payments	**-**	**552 598**

Present value of minimum lease payments due		
- within one year	-	552 589

The average lease term was 3 years and the average effective borrowing rate was 12.5% (2019: 12.5%).

Interest rates are fixed at the contract date. All leases escalate at 9% p.a and no arrangements have been entered into for contingent rent

The entity’s obligations under finance leases are secured by the lessor’s charge over the leased assets. Refer note

11. 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	19 828 906
DoC - Programme production	5 802 470	5 802 470
Competition commission	16 272 654	5 631 514
	29 575 124	**31 262 890**

Movement during the year		
Balance at the beginning of the year	31 262 890	28 298 043
Additions during the year	10 641 140	2 964 847
Income recognition during the year	(12 328 906)	-
	29 575 124	**31 262 890**

Figures in Rand	2020	2019

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. The remainder of R7.5 million (2019: R19.8 million) will be realised as revenue as the installations occurs.

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 (2019: 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 R16.2 (2019: R5.6 million) will be realised as revenue as spending occurs.

12. PROVISIONS

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Employee costs - provisions	881 031	922 896	(720 402)	1 083 525

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	98 099	-	(98 099)	-
Employee cost provisions	666 694	823 850	(609 513)	881 031
	764 793	**823 850**	**(707 612)**	**881 031**

13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2020	2019
Trade payables	959 725	3 258 227
Employee related - PAYE,UIF, SDL, Medical, Provident fund	389 679	335 570
Employee related - Leave accrual	482 411	292 523
	1 831 815	**3 886 320**

14. REVENUE

	2020	2019
Interest received - investment	6 659 515	5 638 611
Government grants & subsidies	44 149 793	30 694 846
Broadcast funders contributions	56 313 833	51 743 849
Public contributions and donations	-	20 000
Other income	9 000	-
	107 132 141	**88 097 306**

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

	2020	2019
Interest received - investment	6 659 515	5 638 611
Other income	9 000	-
	6 668 515	**5 638 611**

Figures in Rand	2020	2019
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	44 149 793	30 694 846
Broadcast funders contributions	56 313 833	51 743 849
Public contributions and donations	-	20 000
	100 463 626	**82 458 695**

15. INVESTMENT REVENUE

Interest revenue		
Bank	6 659 515	5 638 611

The amount included in Investment revenue arising from exchange transactions amounted to R6 659 515 (2019: R5 638 611)

16. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Department of Communications (DoC) - Unconditional	31 795 000	30 669 000
MICT : SETA Grant - Conditional	25 887	25 846
	31 820 887	**30 694 846**
Capital grants		
DoC : Broadcast Equipment - Conditional	12 328 906	-
	44 149 793	**30 694 846**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received (Refer to note No. 11)	10 641 140	2 964 847
Unconditional grants received	31 820 887	30 694 846
	42 462 027	**33 659 693**

17. BROADCAST FUNDERS CONTRIBUTIONS

Broadcasters Contribution	56 313 833	51 743 849

MDDA earns Universal Service and Access Fund (USAF) Levy in terms of paragraph 3 of the Electronic Communications Act (Act 36 of 2005) USAF Regulations.

The levy is 0.2% of the License holder's license activities revenue.

License holders have an option of paying USAF levy to either MDDA or ICASA.

18. DONATIONS

Donations	-	20 000

During 2018/19 financial year, MDDA received R20 000 donations from private donors. There were no conditions attached to the donations.

6.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2020	2019

19. EMPLOYEE RELATED COSTS

Basic	16 592 834	14 548 432
Bonus	922 896	881 031
Medical aid - company contributions	793 207	564 893
UIF	55 487	59 380
SDL	175 236	172 279
Leave pay provision charge	482 411	1 076 683
Cell phone allowance	505 577	534 539
Provident Fund	1 462 519	1 441 413
Travel, motor car, accommodation, subsistence and other allowances	72 801	176 762
Overtime payments	15 877	-
13th Cheques	-	75 634
Acting allowances	1 318 789	836 217
Other employee costs	284 659	39 506
	22 682 293	**20 406 769**

Remuneration of CEO: Ms Z Potye (From 03 April 2018)

Secondment Allowance	1 439 767	1 711 108
Basic salary	406 421	-
Subsistence and travelling	9 622	13 478
Other allowances	89 823	38 786
	1 945 633	**1 763 372**

Ms. Z Potye has been acting as the CEO from the beginning of the financial year and was subsequently appointed as a permanent CEO with effect from 01 January 2020.

Remuneration of CFO: Mr Y Asmal (From 17 Sept 2018)

Basic salary	1 685 892	848 517
Basic salary	55 153	-
Subsistence and travelling	7 871	3 800
Other allowances	235 013	40 033
	1 983 929	**892 350**

Remuneration of acting director M&E: Ms CA Langbridge (From 01 Oct 2018)

Basic salary	737 446	689 202
Acting allowance	335 976	183 165
Performance Bonuses	62 909	45 680
Subsistence and travelling	16 269	9 566
Other allowances	212 089	186 690
	1 364 689	**1 114 303**

Remuneration of Projects Director Mr. M Kashe (From 17 Feb 20)

Basic salary	231 158	-
Subsistence and travelling	2 254	-
Other allowances	52 979	-
	286 391	**-**

Remueration of acting projects director: Ms VV Mdazana (From 01 Oct 2018 to 28 Feb 2019)

Annual Remuneration	-	718 189
Car Allowance	-	130 832
Performance Bonuses	-	45 680
Contributions to UIF, Medical and Pension Funds	-	11 414
Other	-	142 875
	-	**1 048 990**

6.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2020	2019

20. ADMINISTRATIVE EXPENDITURE

Cleaning	22 410	3 782
Professional services	213 669	283 939
Fines and penalties	-	349
Refuse	18 229	4 079
Operating lease cost	1 352 699	2 861 844
Internal audit	-	282 707
External audit	1 214 163	1 144 783
Board administration cost	449 489	1 106 299
Non-executive directors emoluments	531 942	730 945
Other administration costs	5 930 634	7 946 024
	9 733 235	**14 364 751**

21. IMPAIRMENT OF ASSETS

Impairments		
Property, plant and equipment	11 278	166 301

Assets conditional assessment was conducted during the financial year and items of property plant and equipment were found not to be on usable condition. Impairment expenditure was recognised on the carrying value of impaired assets

22. FINANCE COSTS

Finance leases	38 134	102 742

23. CASH GENERATED FROM OPERATIONS

Surplus	21 218 139	11 764 701
Adjustments for:		
Depreciation and amortisation	788 235	970 890
Gain on sale of assets and liabilities	-	15 812
Impairment	11 278	166 301
Movements in operating lease assets and accruals	(117 144)	(51 450)
Movements in provisions	202 494	116 238
Other non-cash items	4	79 847
Changes in working capital:		
Receivables from exchange transactions	8 757 076	(13 500 015)
Receivables from non-exchange transactions	90 772	(13 644)
Payables from exchange transactions	(2 054 505)	(694 797)
Unspent conditional grants and receipts	(1 687 766)	2 964 847
	27 208 583	**1 818 730**

24. COMMITMENTS

Authorised operational expenditure

Grant commitments		
• Opening balance of commitments	66 650 344	70 772 621
• Projects approved in current year	76 940 218	50 823 346
• Payments to projects made in current year	(41 495 794)	(39 551 914)
• Write-backs	-	(15 393 708)
	102 094 768	**66 650 345**

Figures in Rand	2020	2019
Total operational commitments		
Already contracted for but not provided for	102 094 768	66 650 345

The entity has entered into contracts to fund community radio, TV, print and digital projects. Commitments regarding the contracts are shown above (All funding agreements are for periods up to 18 months)

Other operational commitments

Open orders	689 433	406 205
Long term contracts	92 202	196 092
	781 635	**602 297**

Operating leases - as lessee

Minimum lease payments due

- within one year	1 267 982	1 471 469
- in second to fifth year inclusive	5 702 890	-
	6 970 872	**1 471 469**

25. CONTINGENCIES

Labour matters

1. MDDA is a party to a CCMA dispute with a former employee who has resigned from the employee of MDDA and subsequently lodged a constructive dismissal case against MDDA. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, should the employees succeed on the case, MDDA will be liable to either reinstate the officials or payment of a settlement fee not exceeding the officials' 12 months salary. The case is anticipated to be resolved in the 2020/21 financial year.

2. MDDA is a party to a CCMA dispute with a former employee who was dismissed after the disciplinary hearing on alleged misconduct. The former employee represented by a union organization has not removed the matter and or filed papers since September 2019. If the employees' claim become successful, MDDA will be liable to either reinstate the officials or payment of a settlement fee not exceeding the officials' 12 months salary.

26. RELATED PARTIES

Relationships

Members	Refer to members' report note 27
Controlling entity	Department of Communication
Shareholder with significant influence	Government Communications Information Systems

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
DoC – Payables	(45 134)	-
GCIS – Receivables	96 000	-

Related party transactions

Department of Communications

MDDA has received grants to the value of R31 795 000 from DoC in the 2019/20 financial year,

MDDA had two employees seconded from the Department of Communications. The total expenditure on seconded employees amounted to R441 199.

Figures in Rand	2020	2019

Government Communications Information Systems

MDDA acting CEO was seconded from GCIS where MDDA paid secondment fee of R1 439 767 in the 2019/20 financial year (2018/9: R1 711 108)

Ms. Z Potye was appointed as MDDA permanent CEO with effect from 01 January 2020. The secondment fee would not be applicable from this date and future financial years.

MDDA has participated in community media airtime buying through GCIS during the financial year.

The total transactions amounted to R396 840. The advance payments that were not yet utilised at year amounted to R96 000

27. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Non-executive

2020

	Members' fees
Ndivhuho Norman Munzhelele	117 491
Moshoeshoe Nkgakga Monare	78 367
Patience Nombeko Mbava	90 396
Martina Della Togna	225 447
	511 701

2019

	Members' fees
Ndivhuho Norman Munzhelele	109 353
Moshoeshoe Nkgakga Monare	140 188
Patience Nombeko Mbava	118 556
Martina Della Togna	202 017
Musa Sishange	63 147
	633 261

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* Mr C Mashile was a board member from 16 May 2019 to 19 May 2020 however he was not remunerated since he works for the state. He was only entitled to reimbursement of his travel expenditure

Audit and Risk Committee (ARC)

2020

	Emoluments
P Phukubje (Chairperson) Also represent ARC in Board	88 737
M Daza	43 572
	132 309

2019

	Emoluments
P Phukubje (Chairperson) Also represent ARC in Board	160 602
M Daza	32 116
M Bukula	25 8416
N Madiba	42 741
S Boulton	31 428
	292 728

* M Mbedi was a member of ARC in 2019 and 2020 however he was not remunerated since he works for the state.
He was only entitled to reimbursement of his travel expenditure.
Emoluments for ARC members who are also members of the Board are disclosed under Board members fees.

Figures in Rand	2020	2019

28. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of leasehold asset was estimated in to be 3 years in line with the original building lease agreement. In the current financial year management have revised their estimate to 8 years as a lease extension of a further 5 years has been entered into between MDDA and Growth Point. The effect of this revision has decreased the depreciation charges for the current period by R114 279 and an increase in future periods of R114 279.

29. PRIOR PERIOD ERRORS

Workman's Compensation

Incorrect annual earnings were filed with the Worksman's Compensation in prior financial years this resulted in understatement of administrative expenditure by R57 354.11 which was retrospectively adjusted to correct the error.

Property plant and equipment

Disposed of assets, impaired and newly acquired assets were not appropriately accounted for in the 2017/18 and 2018/19 financial years. The error has resulted in understatement of Depreciation, Loss on assets disposal, Property plant and equipment and overstatement of administrative expenditure. Prior year figures have been retrospectively adjusted to correct the error.

Commitments

Commitments were incorrectly disclosed as R65 233 535 in the 2018/19 financial year, this was as a result of incorrect amounts erroneously captured on the Schedule of Approvals (SoA) register. The restated commitments balance amounts to R66 650 344

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

Statement of financial position		
Payables from exchange transactions	-	57 354
Property plant and equipment	-	25 740
Retained earnings	-	53 815
Statement of financial performance		
Administrative expenses	-	49 013
Depreciation	-	20 602
Loss on disposal of assets	-	15 812
Disclosure		
Commitments	-	1 416 809

Fruitless and wasteful expenditure

Opening balance	-	82 000
Adjustments made	-	3 255
Restated opening balance	**-**	**85 255**

Adjustment made to opening balance of fruitless and wasteful expenditure is due to interest and penalties levied on Workmans Compensation account.

Figures in Rand	2020	2019

30. RISK MANAGEMENT

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 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	-	-	-

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3 886 320	-	-	-
Deferred lease liability	134 277	-	-	-
Provisions	881 031	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, 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.

No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counterparties.

Financial assets exposed to credit risk at year end was not in place:

Figures in Rand	2020	2019

31. GOING CONCERN

We draw your attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R105 956 788 and that theentity's total assets exceed its liabilities by R105 956 788 We would also draw your attention to the fact that R102 094 768 has been committed to projects for grant funding. The statement of financial performance shows a surplus of R21 218 139

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.

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.

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 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 dramatically, and, on the 26th March 2020, a lockdown was declared in South Africa. The risk level based lock down approach was introduced on 23 April 2020. MDDA services are classified under level 2 (Grant funding Financial services).

MDDA offices would be closed during National / Gauteng / City of Johannesburg level 5 up until level 3 lock down. Operations continue while MDDA staff work remotely from home.

Under lock down level 2 and below, MDDA offices will open and staff would return to work on a staggered approach over a period of five weeks. During staggered operations preventative measures would be observed such as: Deep cleaning and disinfection of the whole office and all equipment, pre-screening of workers before entering the facility, provision of personal protective essentials, provision of sanitizers, maintaining of social distancing.

32. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	85 255	82 000
Correction of prior period error	-	3 255
Add: Expenditure identified - current	8 479	-
Less: Amounts recoverable - current	(41 250)	-
Closing balance	**52 484**	**85 255**

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.

2019/20 financial year

Fruitless and wasteful expenditure has been incurred on the Workmans Compensation account. This was as result of interest and penalties levied on incorrect return of earnings filed in prior financial years.

Figures in Rand	2020	2019

33. IRREGULAR EXPENDITURE

Opening balance	49 055 159	9 929 000
Opening balance as restated	**49 055 159**	**9 929 000**
Add: Irregular Expenditure - current	-	39 126 159
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.

34. GRANT COST DISBURSEMENT

Grant disbursements	50 764 181	36 174 263
Project tracking expenses	66 154	50 299
Workshops and travelling costs	1 830 492	4 103 672
	52 660 827	**40 328 234**

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.

35. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Interest on Investments

Additional surplus funds invested resulted in more than budgeted interest income.

Other income

Unbudgeted consulting income has been earned from workshop facilitated by the research manager.

Government grants

R19 million income was projected to be earned from conditional grants. Delays on the completion of studios installation resulted in only R12 million conditional grant revenue being earned.

Employee cost

The lower than budget spending on employee cost is as a result of vacant positions.

Depreciation

Change in estimate on leasehold improvement resulted in lower than budgeted depreciation expenditure.

6.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2020	2019

Grant cost expenditure

The additional R10 million contribution from Multi-Choice necessitated MDDA to increase projects budget. National Treasury has approved R17 million rollover budget which was also allocated to the projects.

The Research sub-programme has spent R2 million out of budgeted R3.9 million.

Lower reporting compliance by grant beneficiaries also contributed to lower spending on projects.

Administrative expenditure

Implementation of cost containment measures resulted in lower than budgeted expenditure on administrative cost.

36. EVENTS AFTER THE REPORTING DATE

Covid-19 emergency relief fund

Community media has been impacted by the Covid-19 pandemic and state of disaster declared by the president as outlined in note No.24. MDDA Board approved R20 million emergency funding on 28 March 2020 to the small and community media to ease the burden of the impact. These funds are aimed to be utilised on: Acquisition of protective accessories, stipends for the volunteers and transportation costs. The first round of disbursements to the beneficiaries started on 30 March 2020 to 22 April 2020. The second round of disbursements began on 01 June 2020. These approved emergency funding is included as commitments in note No.24 of the financial statements.

Annual financial statements submission

National Treasury instruction No. 04 of 2020/21 issued on 24 April 2020 have postponed the submission date of the Annual Financial Statements and the draft Annual Report by two months.

New board members

In compliance with section 4 of the MDDA Act, the President has appointed four board members with the recommendation of the National Assembly. The four new members were sworn in on 31 August 2020. The board now constitutes of nine members.
Names of new members are as follows:

Hlengani Mathebula
Andiswa Ngcingwana
Brenda Leonard
Marina Clarke

ABBREVIATIONS

CEO	*Chief Executive Officer*
CFO	*Chief Financial Officer*
DoC	*Department of Communications*
GCIS	*Government Communications Information Systems*
GRAP	*Generally Recognised Accounting Practice*
PFMA	*Public Finance Management Act No.1 of 1999*
SETA	*Sector Education and Training Authority*
SoC	*State Owned Company*
ICASA	*Independent Communications Authority of South Africa*
USAF	*Universal Service and Access Fund*

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