ANNUAL REPORT
2018/2019

mdda

MEDIA DEVELOPMENT & DIVERSITY AGENCY

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity in South Africa, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and small commercial media in South Africa. It was established in 2003, in terms of the MDDA Act No. 14 of 2002 and started providing grant funding to projects on 29 January 2004.
Members	Norman Munzhelele Appointed: 20/07/2018 Moshoeshoe Nkgakga Monare Appointed: 22/09/2017 Tasneem Carrim Appointed: 22/09/2017 Nombeko Mbava Appointed :19/10/2017 Martina Della-Togna Appointed: 19/10/2017 Musa Sishange Term ended: 16/06/2018
Registered office	5 St Davis Place Parktown Johannesburg South Africa 2193
Postal address	P.O.Box 42846 Fordsburg Johannesburg South Africa 2033
Bankers	Absa Bank South African Reserve Bank
Auditors	Auditor-General of South Africa
Secretary	Khululwa Seyisi

This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2018 to 31 March 2019.

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.

Vision

An accessible, transformed and diversified media

Mission

Leading media development, transformation and diversification in South Africa through:

- The creation of a vibrant, innovative and people-centred media
- A sustained community media through resourcing, skills development and capacity building
- Working towards a knowledge-based media through proactive research
- Serving, leading and anticipating the social, economic, technological and environmental needs of communities

Values

- **Accountability**

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

- **Inclusivity**

We embrace and celebrate the richness of diversity and recognise 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.

Table of Contents

PART ONE:
INTRODUCTION

1.1 Minister in the Presidency Foreword

It gives me great pleasure as the Executive Authority to submit the 2018/2019 Annual Report of the Media Development and Diversity Agency (MDDA). This report describes and details the activities of the Agency for the period 1 April 2018 to 31 March 2019.

As the MDDA completes its fifteenth year of funding community and small commercial media projects, having funded its first project in 2004, it can look back with pride at its contribution over these years to radically transformining the media landscape within South Africa. However, while we celebrate the fact that our historically disadvantaged communities now have greater access to the media, we must acknowledge that there is still much to be done in an environment which, while it presents greater opportunities, is also potentially tumultous due to changes brought about by the Fourth Industrial Revolution (4IR).

The role of the MDDA in the promotion and support of a diverse media has therefore never become more relevant than now. While this increasingly connected world in which we live brings with it the power to inform and empower even more people, it also has potential for turmoil as news media grapple with the challenges of adapting to rapidly changing technology and business models, and their impact on the way they gather, produce and disseminate news.

Such developments reinforce the important role of the MDDA in leading discussions on necessary changes for the community and small commercial media sector. Against this background, the MDDA intends to strengthen its position as a change and innovation agent for the sector, providing leadership that will ensure the sustainability of community media in such dynamic times.

While the Agency has contributed significantly to transformation by growing, maintaining and protecting the community and small commercial media sector, the MDDA will urgently review and intensify its focus on how it supports the community and small commercial media in an environment dominated by a move to digital platforms, championing technological developments that will enable our communities to embrace the benefits of the 4IR on news dissemination, without losing sight of the human element. It is only by building a pluralistic and transformed media landscape, can we ensure a diversity in language, content and viewpoints, especially those views of poorer people in rural areas, as well as of women.

The mandate that has guided the activities outlined in this Annual Report is set out clearly in the MDDA Act. The objectives of the MDDA Act are in line with the national policy priorities and the Constitution Act, 1996 (Act No. 108 of 1996), which are to promote media development and diversity, media freedom, the right to freedom of expression and freedom to receive and impart information or ideas. It is for this reason that we believe that the South African story must be told by South Africans united in their diversity, in their own language and expressed in their own culture and heritage.

Following the National Elections of May 2019, the MDDA has moved from the Communications Ministry to reporting back into the Presidency. I would like to thank the Minister and Deputy Minister of Communications, Telecommunications and Postal Services for the invaluable guidance they provided to the MDDA.

I hereby formally table this Annual Report to Parliament.

Minister Jackson Mthembu (MP)
Minister in the Presidency
Executive Authority

1.2 Deputy Minister in the Presidency Foreword

It is with great pleasure as Deputy Minister in the Presidency to present the Agency's Annual Report for the period 2018/2019.

As a powerful force in giving a voice to our people, building skills and creating employment, the community-based media sector plays a critical role in driving the transformational agenda as outlined in the National Development Plan. With more than two decades having passed since its emergence, the community media sector has made laudable strides in becoming the "voice of the voiceless", telling stories of communities that would otherwise not have made it into mainstream media. The sector's unique selling point is its diverse content, which mirrors the lives and aspirations of ordinary South African citizens - diverse content that is relayed in the language of the community's choice.

The part community-based media plays in fostering social cohesion by bringing communities together and in nation-building is therefore immeasurable and, going forward, will only be enhanced by the exciting changes brought about by the increasing trend to digital news sites and forms of story-telling.

But, such developments are also having a significant and disruptive impact on the community media, a sector which is already facing crippling sustainability issues. The challenge facing all of us is how to harness the power of this technology to protect and indeed accelerate the diversification of the media, while at the same time building a sustainable community media sector. A diverse and robust media, one that provides media platforms that reflect diverse views and information in the language of the citizen's choice, is essential to an informed and knowledgeable society, playing a pivotal role in the reconstruction and development of our nation.

The call for social cohesion and the need to address unemployment, poverty and inequality will continue to guide the MDDA's work in the transformation of South Africa's media landscape, requiring the Agency to expand its activities to reach a much wider audience through innovative means and public platforms. This includes directing greater attention to vulnerable groups, such as women, children, with particular focus on child rights, and people with disabilities.

I endorse the MDDA and community-based media's initiatives in the creation of an informed society by providing our people with access to information in the language of their choice.

I hereby formally table this Annual Report to Parliament.

Deputy Minister Thembi Siweya

Executive Authority

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 2018 to 31 March 2019.

The past year ended on a positive note for the Agency, as it saw a markedly improved performance over previous years, with an 80 percent achievement of the targets set for the key performance indicators (KPIs) outlined in the MDDA's Annual Performance Plan for 2018/2019.

Mandate

As important drivers of media pluralism and freedom of expression, community media are the heart-beat of the communities, often located in provinces with limited economic activities, high unemployment and social inequalities. In such circumstances, community media elevates voices from marginalised communities, serving as a powerful platform to raise awareness around grassroots issues.

The MDDA's mandate, as set out through the Media Development and Diversity (Act No. 14 of 2002), speaks to such principles of freedom of expression, access to the media and active citizenship. These principles are in concord with the Constitution of South Africa and are critical to the achievement of the National Development Plan objectives of social cohesion and nation building.

The mandate of the MDDA is encapsulated in Section 3 of the MDDA Act, requiring 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.

In terms of the MDDA Act, the Agency is empowered to fund community broadcast and print projects, which means any media project that is owned and controlled by a community where any financial surplus generated is reinvested in the project. A community can be a geographically founded community or any group of persons or sector of the public having a specific ascertainable common interest.

The MDDA Act also empowers the Agency to support small commercial media (SCM) print projects. These are independent media enterprises or initiatives run for personal gain as micro, very small or small businesses as classified in National Small Business Act, 1996. The MDDA Act uses three indicators: number of people employed, turnover and assets of the business.

Matters of Governance

In 2018/2019, the Agency continued its unbroken record of unqualified Audit Reports, attesting to the good corporate governance and prudent management of the Agency since its inception.

During the period under review, the Board has worked as a collective providing strategic guidance and leadership to the management team, and ensuring that the Agency is independent and impartial, exercising its powers and performing its duties without any political or commercial interference. The Board reports to the Minister in the Presidency and is ultimately accountable for the performance and affairs of the MDDA

The Board entered 2018/2019 having restructured its committees to focus more tightly on the current external and internal challenges and opportunities facing the Agency. All Board Committees are functional, and, accordingly, the Audit and Risk Committee fulfilled its responsibilities for the year as set out in section 38(1)(a) of the PFMA and Treasury Regulation 3.1. I would like to express the Board's appreciation to Ms Nandipha Madiba who chaired the Audit and Risk Committee (ARC) until the completion of her term in April 2018 and to thank her for her valued input and guidance to the committee over her term of office. Mr Phuti Phukubje assumed responsibility as the chairperson of the MDDA ARC Board committee in May 2018 and his contribution in ensuring a seamless transition is greatly appreciated.

The term of Mr Musa Sishange, who served on the Board as the Commercial Media Representative, came to an end in 2018/2019. Mr Sishange also acted as Board Chairperson until June 2018, following expiry of the previous Board Chairperson's term some six months previously. With his dedication to the Agency and to the community media sector, he provided invaluable leadership to the Agency. On behalf of the Board, I would like to thank him for his considerable contribution and wish him well in his future endeavours.

Executive Authority

The MDDA saw changes in its Executive Authority during 2018/2019, with Honourable Stella Ndabeni-Abrahams appointed mid-year as the Minister of Communications, and Ms Pinky Kekana continuing as the Deputy Minister of Communications. On behalf of the Board of the MDDA, I would like to thank the previous Minister of Communications, Ms Nomvula Mokonyane, for her invaluable guidance and enthusiasm in support of the community media sector.

We are grateful for the commitment that was shown over the remainder of the financial year by Ms Ndabeni-Abrahams and Ms Kekana to the promotion of a vibrant and diversified media in South Africa. Going forward, with the MDDA having now moved to reporting into the Presidency, the support of the community media sector that has been shown immediately by the Minister and Deputy Minister in the Presidency, underpins the MDDA's contribution 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.

Funding for the Agency

The MDDA Act makes provision for the Agency to receive funding from the South African Government, as well as from major commercial entities, such as broadcast service licensees and print media owners. The funding agreements with broadcasting service licensees are aligned to the ICASA regulation, which prescribes that each broadcast licensee contributes 0.2% of their annual turnover of licensed activities to the MDDA.

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.

A restrictive annual MDDA budget of around R60 million (from the Government grant and broadcast contributors) 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 regulations, 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 media projects funded by the MDDA are weighted heavily towards the rural, historically disadvantaged areas and broadcast/publish in a range of indigenous languages. Statistics reveal that 85 community and small commercial print media publish in indigenous languages or publish in a combination of indigenous and English/Afrikaans languages, while across the 156 community radio stations that have received funding, the full spectrum of South African languages can be heard. What makes these individual community stations different from the public broadcaster is that each station broadcasts in a range of languages that reflects what is being spoken by communities at local level.

Despite the progress made by the MDDA in diversifying the media landscape, both in terms of ownership and content, certain communities and special interest groups remain under-serviced by the media. For example, the MDDA is placing increasing emphasis on supporting projects run by and focused on youth, women and people living with disabilities.

Future directions

It goes without saying that South Africa, and particularly the media, urgently need to think differently and embrace the Fourth Industrial Revolution (4IR) if we are to remain relevant and competitive. We are seeing major disruptions to all industries, resulting from the paradigmatic shift brought about by the 4IR, which, contrary to the previous industrial revolutions, is evolving at an exponential rate. It is difficult to predict exactly what this will mean for community media, but certainly it is changing the way that news is gathered and reported on and the sector will have to adapt with changing technologies to remain relevant. One thing is certain, there will always be a need for credible and trusted sources of information and news - perhaps even more so. As the more people have access to education and information, the greater the need for reputable media, irrespective of the form of delivery.

Such paradigm shifts in the media landscape underscore the vital role the MDDA has to play in assisting the community media sector successfully navigate the way forward. This requires meeting the challenges inherent in such technological disruptions but at the same time taking full advantage of the benefits of an increasingly interconnected world to provide our communities with greater access to the media.

Appreciation

The financial year 2018/2019 marked the first year I assumed responsibilities both as the Commercial Media Representative and the Chairperson of the MDDA Board. I would like to acknowledge the invaluable support given to me by my fellow Board members as well as the MDDA Acting Chief Executive Officer in assisting me to carry out these roles. The commitment of the Minister of Communications, our Executive Authority, to the Agency and to the community media sector as a whole, has also been invaluable in assisting me and the MDDA deliver on its mandate of creating an enabling environment for media development and diversity - one which reflects the needs and the aspirations of all South Africans.

In conclusion, with the dedication shown by the MDDA Board, leadership and staff during the past year, the Agency has surmounted the challenges of previous years and continued to deliver on encouraging and accelerating the growth of our community media.

Ndivhuho Norman Munzhelele
Chairperson

1.4 Acting Chief Executive Officer's Executive Summary and Overview

The year 2018/2019 marked an important year for both the MDDA and the community media sector, with 15 years having passed since the Agency funded its first media project. Without doubt the South Africa media industry has changed considerably since those early days, not only in terms of the incredible growth in the community media sector and therefore in the diversity of the media, but also in terms of the rapidly expanding digital landscape. With the advent of the Fourth Industrial Revolution (4IR), media, both mainstream and community, urgently need to change the traditional way of reaching their audiences – and also to rethink how they talk to their audiences.

Given the considerable growth in the community media sector, and the many challenges this vital sector is facing, with respect to both sustainability and technological disruption, a milestone event during 2018/2019 was the Community Media Summit, organised by the MDDA in collaboration with the Department of Communications. With the theme, "Taking community media to the future", the summit agreed that the sector continues to fulfil a significant role in the South African media landscape and that it has remained relevant, even after two decades of its emergence. The community media sector has made laudable strides in becoming the "voice of the voiceless", telling stories of communities that would otherwise not have made it into mainstream media.

However, in as much as the delegates praised the many successes and strengths of the sector, they also acknowledged that the sector was grappling with staggering sustainability issues that are threatening its very survival.

During 2018/2019, the MDDA continued to deliver on its mandate as set out in the MDDA Act (No 14 of 2002), achieving a laudable 80 percent of the targets for the key performance indicators (KPIs) in its 2018/2019 annual performance plan. This performance speaks positively to the contribution the MDDA makes to the community media sector.

In addition, the MDDA achieved an unqualified audit opinion, continuing its unbroken record since inception – a result that is highly encouraging given the challenges the MDDA has faced over past years.

Operating Environment

The vacancy and turnover rates remained high during 2018/2019, despite some key appointments being made in critical positions, including that of the Chief Financial Officer and the Internal Audit Manager.

Focus was placed in the latter part of 2018/2019 on reviewing and where necessary developing organisational policies to enable an up-to-date suite of policies, consulted on with staff, to be in place for the new financial year. In total, staff engaged in more than 40 policies covering Human Resources, ICT, Finance, Communications and Stakeholder Engagement.

Importantly, as it has become increasingly apparent that the criteria for funding media projects require urgent review, a funding policy to strengthen the selection and funding criteria was drafted and submitted to the Board for implementation in 2019/2020.

Performance

The MDDA achieved 80 percent (16) of the annual targets for its 20 key performance indicators for 2018/2019.

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.

Programme 2 - Grant and Seed Funding - 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. Two of the KPIs not achieved are in Sub Programme 2.1: Community Broadcast Media – namely “Number of community radio stations approved by the Board for funding” and “Number of community television stations approved by the Board for financial support”. Targets were achieved partially for both these KPIs, in that 19 community radio stations were approved for funding out of a target of 25, and one community TV station application was approved out of a target of three. Those funding applications that were rejected reflect the increasing rigour the Agency is placing on both compliance and robust and innovative business plans that will contribute meaningfully to sustainability of the project.

A further KPI not achieved fell under Programme 3: Partnerships, Public Awareness and Advocacy – Sub Programme 3.1: Strategic Programmes. The target (one) for “Number of reviews of Community Media digital migration strategy approved by Board in last quarter of each year” was not met as the development of the strategy was delayed to enable the MDDA to initiate research into the state of digital readiness of community media.

Capacity Building and Sector Development

Advancing and strengthening the community and small commercial media sector through providing a wide range of skills and expertise to deliver professional media services to communities is key to the non-financial support provided to the Agency’s beneficiary projects.

With the impending national government elections in South Africa and the critical role the media plays during elections, a highly successful election reporting training initiative was held towards the end of the fourth quarter of 2018/2019, with eight workshops organised across four provincial clusters: four for broadcast and four for print.

Other capacity building initiatives underway at the end of the financial year included digital media literacy and fact checking.

Going forward, a research project comprising a sector wide skills audit has been commissioned to form the basis of the development of a proactive capacity building strategy for the community media.

Reaching out

The MDDA participates in outreach programmes, both to raise its profile as well as to support its stakeholders.

A sector-wide community media summit, held in July 2018, to seek lasting solutions to the challenges facing community media attracted over 250 stakeholders. A major advantage was that the summit enabled all players to meet on an equal footing to thrash out the community media’s strengths and challenges, but also to brainstorm solutions to the sector’s most common challenges.

With the support of the Government, the driver behind bringing government departments and sector role-players together at the Summit, the MDDA will take the learnings, the recommendations and the solutions forward. Together with the community media and other entities, it will seek, not only to ensure the survival of this sector, but to unlock its potential, which to date has not been fully realised. Such potential has been significantly enhanced with the advent of the 4IR, but can also be strangled if the sector does not successfully navigate and capitalise on the new and fast-changing technological landscape facing the media.

Financial Summary

The funding for the Agency has remained relatively stagnant in recent years, and remains inadequate, given the need and demand for the services and support of the Agency. General growth in the sector requires a strong and well-resourced funding agency, but, given the prevailing stringent financial environment, the MDDA cannot rely solely on funds received from the National Treasury and from its current broadcast funders.

With the urgent need to explore other funding streams, the MDDA is approaching other stakeholders, outside of its traditional support base, such as the telecommunications companies, to lobby for funding. The Agency is also approaching the mainstream print media, but, recognising the severe financial constraints facing this sector, approaches are being made to these companies for other support, in addition to attempting to revive this funding stream.

Conclusion

The past year has been a challenging year both for the sector and the MDDA, as we attempted to navigate what is, in essence, the unknown in an increasingly constrained financial landscape. However, the sector and the MDDA are peopled by dedicated and innovative individuals, 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. Our deepest gratitude also goes to our Board Chairperson and Board members for their unwavering loyalty to the MDDA, and the invaluable guidance they provide.

On behalf of the Agency, I would also like to thank the Minister and Deputy Minister of Communications 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. We look forward to working with our new Executive Authority, the Minister and Deputy Minister in the Presidency, whose commitment to the community media sector is evident to all.

Zukiswa Potye
Acting Chief Executive Officer

1.5 Statement of Responsibility and Confirmation of Accuracy for the Year Ended 31 March 2019

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 2019.

Ms Z Potye
Chief Executive Officer (Acting)

Mr N Munzhelele
Chairperson of the Board

MDDA Board of Directors 2018/2019

Norman Ndivhuho Munzhelele (Chairperson of the Board and Commercial Media Representative)

Advocate Musa Sishange (Acting Chairperson – term ended 16 June 2018)

Tasneem Carrim (Shareholder Representative)

Moshoeshoe Nkgakga Monare (Publishers Support Services – PSS)

Dr Nombeko Mbava (Public Representative)

Martina Della Togna (Public Representative)

MDDA Board Committees 2018/2019

Corporate Affairs

Martina Della Togna

Moshoeshoe Nkgakga Monare

Musa Sishange (Term ended 16 June 2018)

Advocacy and Stakeholder

Nombeko Mbava

Moshoeshoe Nkgakga Monare

Musa Sishange (Term ended 16 June 2018)

Project Oversight

Martina Della Togna

Moshoeshoe Nkgakga Monare

Research, Capacity Building and Monitoring and Evaluation

Nombeko Mbava

Tasneem Carrim

Audit & Risk

Nandipha Madiba (Chairperson - term ended April 2018)

Phuti Phukubje (Chairperson – from 22 May 2018)

Seipati Boulton (Independent Member – term ended May 2018)

Mvuleni Bukula (Independent Member – term ended May 2018)

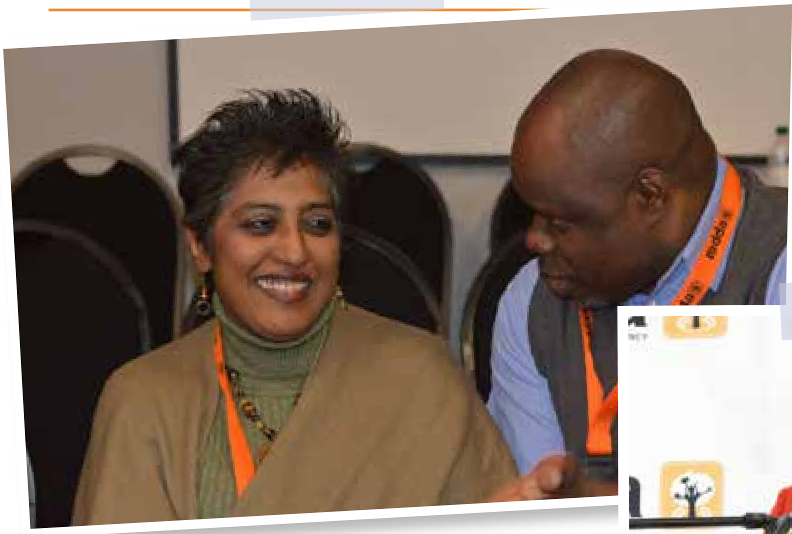
Nombeko Mbava (Board Representative)

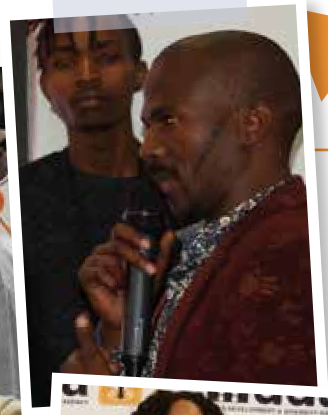
Martina Della Togna (Alternative Board Representative)

Tsepiso Mmushi (Shareholder Representative)

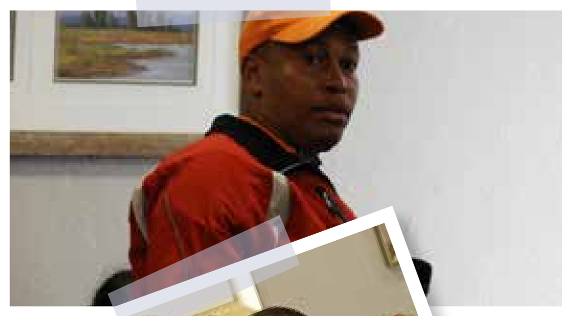
Moses Mbedhli (Independent Member – from 01 September 2019)

Mfanufikile Daza (Independent Member – from 01 September 2019)








Community Media Summit

“Taking community media to the future”

MDDA Board of Directors: 2019/2020

Norman Ndivhuho 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 responsible for Regulatory and Strategy at eMedia Holdings, 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 Dimakatso Mashile

(Shareholder Representative)

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

Moshoeshoe Nkgakga Monare

(Publishers Support Services – PSS)

Moshoeshoe Nkgakga Monare is Deputy Managing Director of Tiso Blackstar Group: Media Division and Director of Publishers Shared 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 24 years of experience as a producer of award-winning feature documentary films with South African filmmakers and visual artists. She has successfully led strategic communications campaigns for South African provincial and national government departments; is a founding member of some of South Africa's first community radio and television stations; and is a published author on sustainability of the community media sector. Her five-year service as the legislature's first Multimedia Manager in the South African Parliament led to the total overhaul of external communication strategy, including the establishment of broadcast and online platforms in support of public participation in legislation and oversight.

Phuti Phukubje

(Chairperson, MDDA Audit and Risk Committtee)

Phuti Phukubje is the Interim Chief Executive Officer and a Board Member of Nemisa. 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 2019/2020

Some MDDA team members not available for photograph.

1.5 MDDA Mandate

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."

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.

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.

Medium Term Strategic Framework

The National Development Plan - Vision 2030 (NDP) informs the Medium Term Strategic Framework (MTSF) priorities. The latter is government's three-year implementation phase of the National Development Plan and is structured around 14 priority outcomes, which cover focus areas identified in the NDP and election manifesto of the governing party.

Outcomes 6, 12 and 14 of the MTSF are relevant to the MDDA:

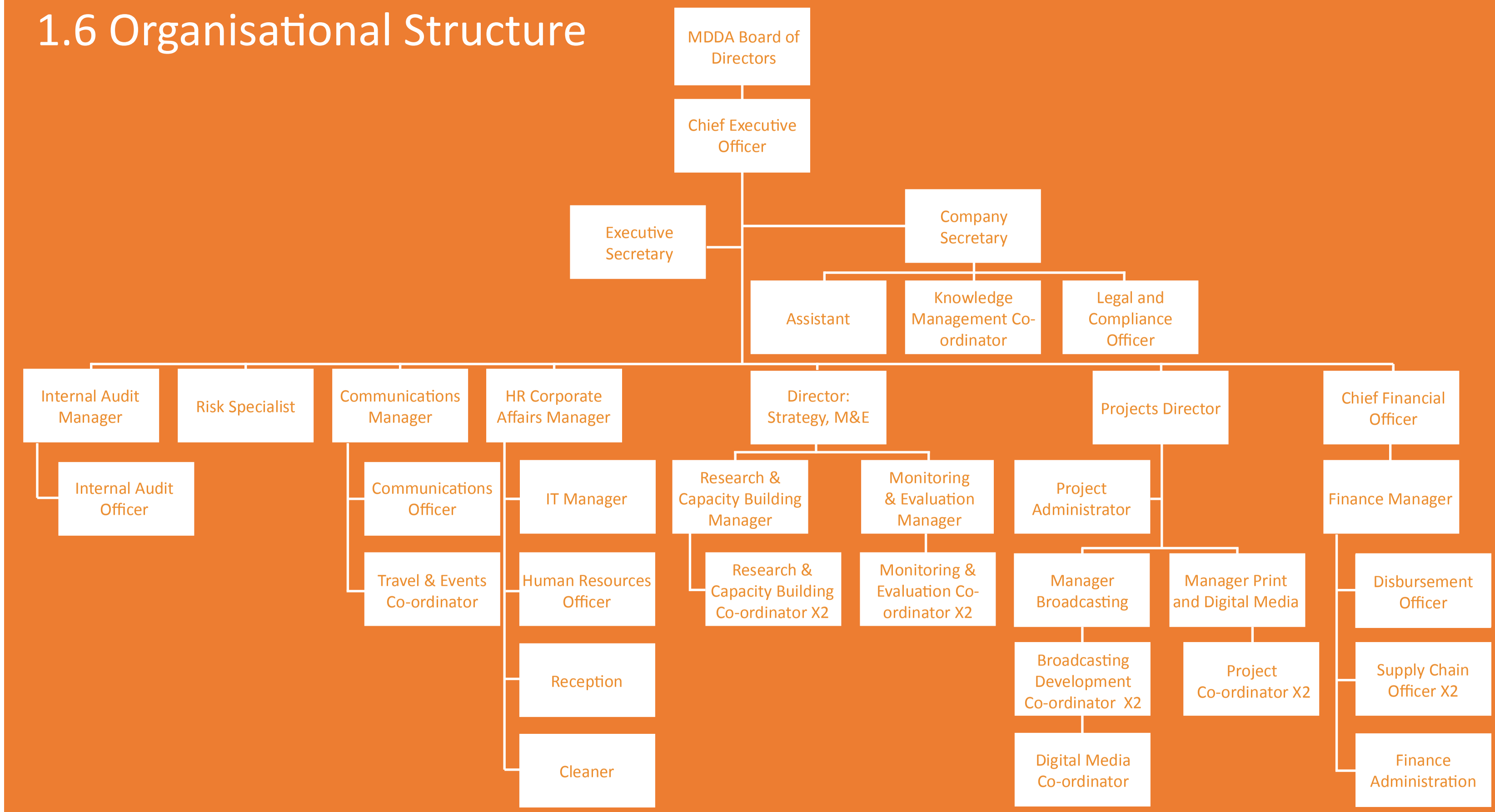
Outcome 6 relates to an efficient, competitive and responsive economic infrastructure network. This highlights the role of the MDDA in assisting community media to harness the power of a rapidly changing telecommunications environment.

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.

Community Media Training in Election Reporting

1.6 Organisational Structure



PART TWO:

PERFORMANCE FOR 2018/2019

2.1 Situational Analysis

Service Delivery Environment

The Strategic Plan and the Annual Performance Plan of the Media Development and Diversity Agency (MDDA) are informed by:

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

A study of the impact of the MDDA was commissioned in 2016 and completed in December 2017. The study was commissioned to investigate two key issues: whether the MDDA as an organisation was responding to its mandate of media development and diversity; and to assess whether community projects were having any impact on the local level.

It was concluded that the MDDA has been able to carry out different aspects of its mandate to a greater or lesser degree. Through its grant funding, the agency has channelled resources to the community and small commercial media sector and, in this way, has contributed towards the expansion of ownership and control as well as access to media by historically disadvantaged communities.

This is evidenced in the burgeoning of both community and small commercial media, with radio audiences managing to reach an impressive 25% of South African audiences and print media being read by over 7 million people weekly. This media is also being published or broadcast in all indigenous languages reflecting the diverse country demographics, and training and capacity building interventions have been rolled out to support projects that have experienced gaps.

However, the study found that as much as there has been progress, limitations – both in terms of the broader media landscape and the Agency itself - have impacted the sector negatively.

Firstly, the MDDA's budget is restrictive in that the organisation receives just under half the amount required if it were to service all the proposals that it receives. Laws and regulations also determine how funding is to be allocated and, while media projects do receive the majority allocation, training and capacity building identified as a core need receives a fraction of this amount.

Project sustainability is also impacted in a number of ways. Funding criteria are vague and the media projects are not required to demonstrate how they will become self-sufficient by the end of the funding period. In addition, the MDDA has not been able to resolve the impasse with government or the commercial sector to secure advertising support for projects to enable sustainability.

Internally, MDDA has been weakened. Staff capacity to respond to challenges is poor, and many senior manager posts remain vacant. Board members have changed frequently contributing to organisational instability. Systems, such as pre-assessment, monitoring and evaluation etc., require revision so that they can be used as early warning mechanisms when projects are failing to implement, in line with contract obligations.

The media landscape has also presented its own unique challenges. Economically, South Africa is in recession and there are ongoing retrenchments within the commercial media industry. Technology has further disrupted the media industry with broadcasters moving to digital platforms and the print media losing audiences to online media. Within this, media concentration has become an increasing threat.

Despite all the challenges, political parties, government and stakeholder groups still see the need to build a thriving community and small commercial sector. Media projects also present successes and opportunities against all odds. These are reflected in the long list of awards that community media projects have won for delivering excellent, relevant content: content that has been used in schools and universities and even for matric exams. Also, media projects have had significant success in training staff and volunteers and thus creating job opportunities particularly for young people. A number of projects have become sustainable over time and they have built and bought their own properties and studios. In this way, they have started to create new revenue streams critical for the long-term sustainability of projects.

Overall, it was concluded that the long-term success of the sector requires that changes are made – in this instance to strengthen the MDDA so that it is able to play a role in bringing together project partners, allocating funds appropriately, and in training and developing capacity for the long-term sustainability of the sector.

Both government and stakeholders could benefit from greater collaboration and partnerships: for example, ICASA and the MDDA operate independently with ICASA issuing licenses and the MDDA funding community broadcasting. There needs to be closer collaboration between the agencies so as to ensure that media development and diversity targets are set and reached. Strong partnerships with government departments will also help unlock advertising support (GCIS / DoC) and training funding (SETAs; National Skills Fund).

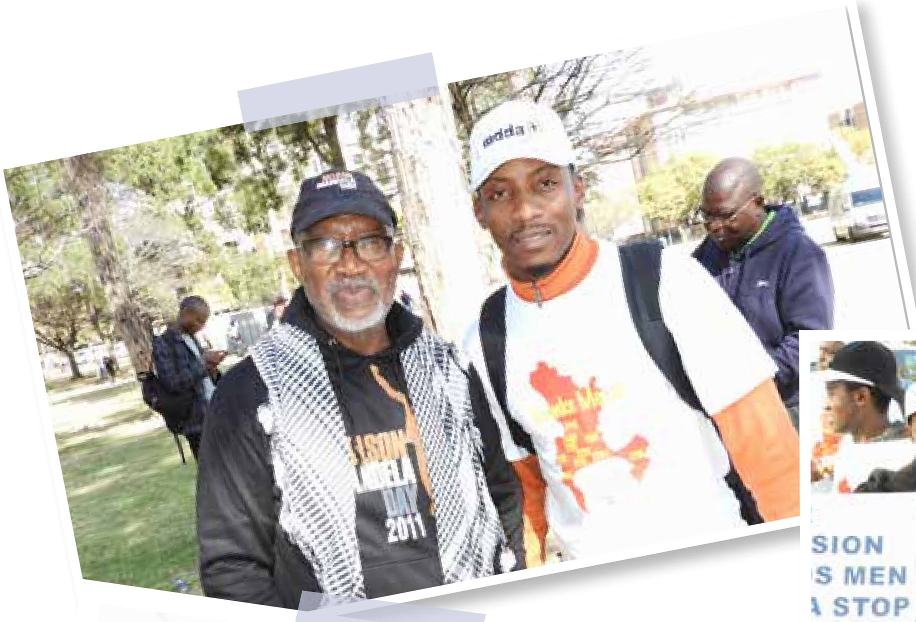
Stakeholders expressed the need to partner so that they can have maximum developmental impact within the sector. Suggestions included: more formal meetings with the MDDA; representation on the MDDA board; greater transparency when supporting projects; and joint strategic planning sessions to improve outreach and success rates.

Organisational Environment

The enabling legislative environment and the positioning of the MDDA in the Presidency present it with an opportunity to reach wider audiences and entrenches the relevance of its value proposition. In light of the changing media landscape, including the migration to digital, to which the MDDA strategy is aligned, the structure was reviewed to provide internal capacity that strengthens its ability to deliver on its mandate and the evolving requirements of the media landscape. Such changes potentially elevate the accountability of various programmes, as well as include expertise to guide and direct the MDDA's strategic and policy making role.

During 2018/2019, the MDDA continued to experience a high vacancy rate, with critical vacancies at Executive Level, in particular, the role of Chief Executive Officer. While progress was made in filling key posts, such as that of Chief Financial Officer and Internal Audit Manager, recruitment was put on hold in the last quarter of the year as a result of a moratorium placed by the Minister of Communications, pending the restructuring of Government departments and entities.

The Board of the MDDA also experienced a high vacancy rate, with only five Board posts filled out of the legislated nine. This was sufficient, however, to form a quorum, enabling continuation of the MDDA's delivery on its mandate.



Reaching Out

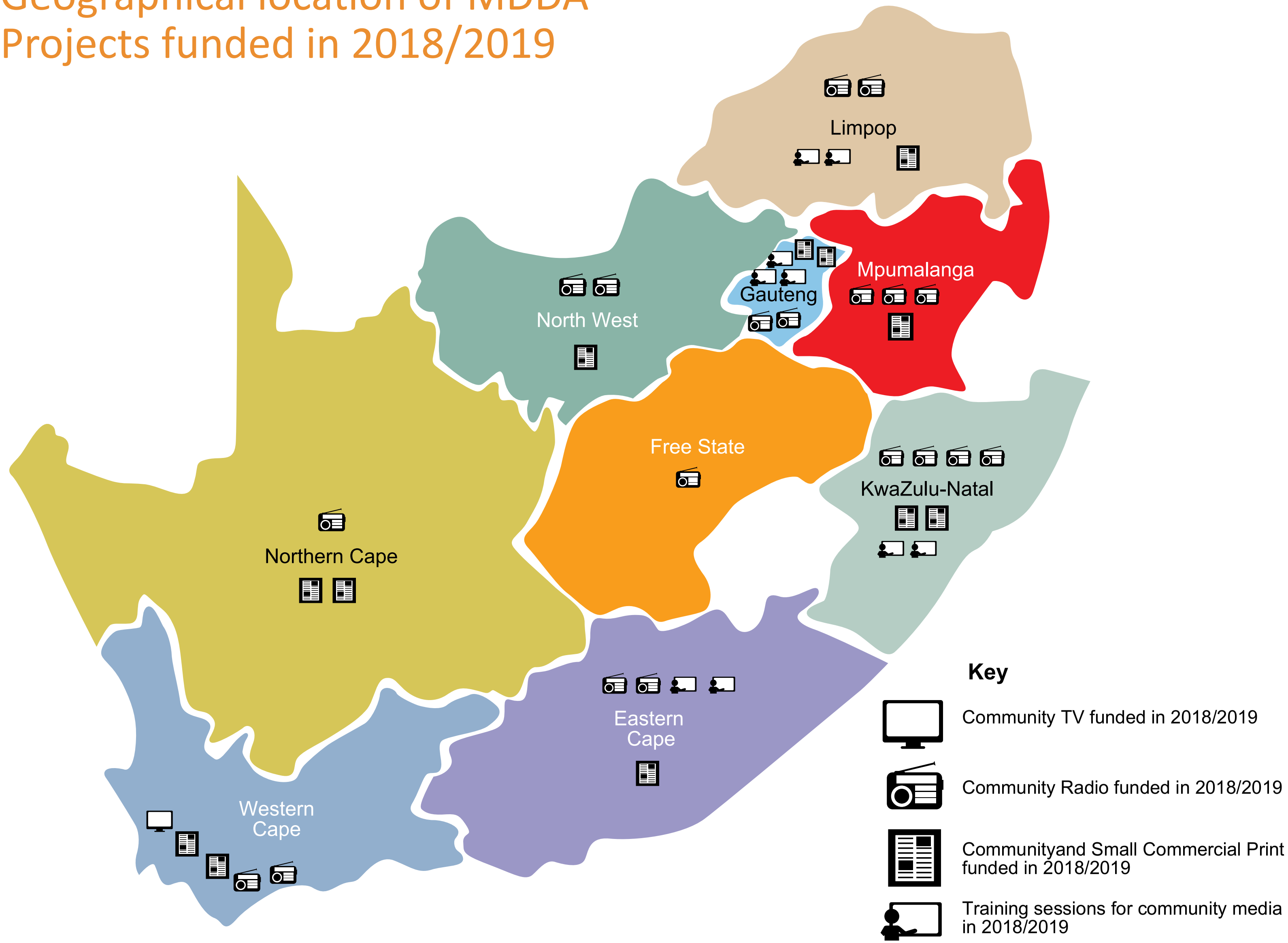
Top: 100 Men March in Pretoria: Ending violence against women and children

Middle Right: Minister of Communications engagement with Mams FM 92.9

Bottom left: Board engagement with Deputy Minister of Communications

Bottom right: MDDA engagement with Rise 'n Shine Disability Magazine

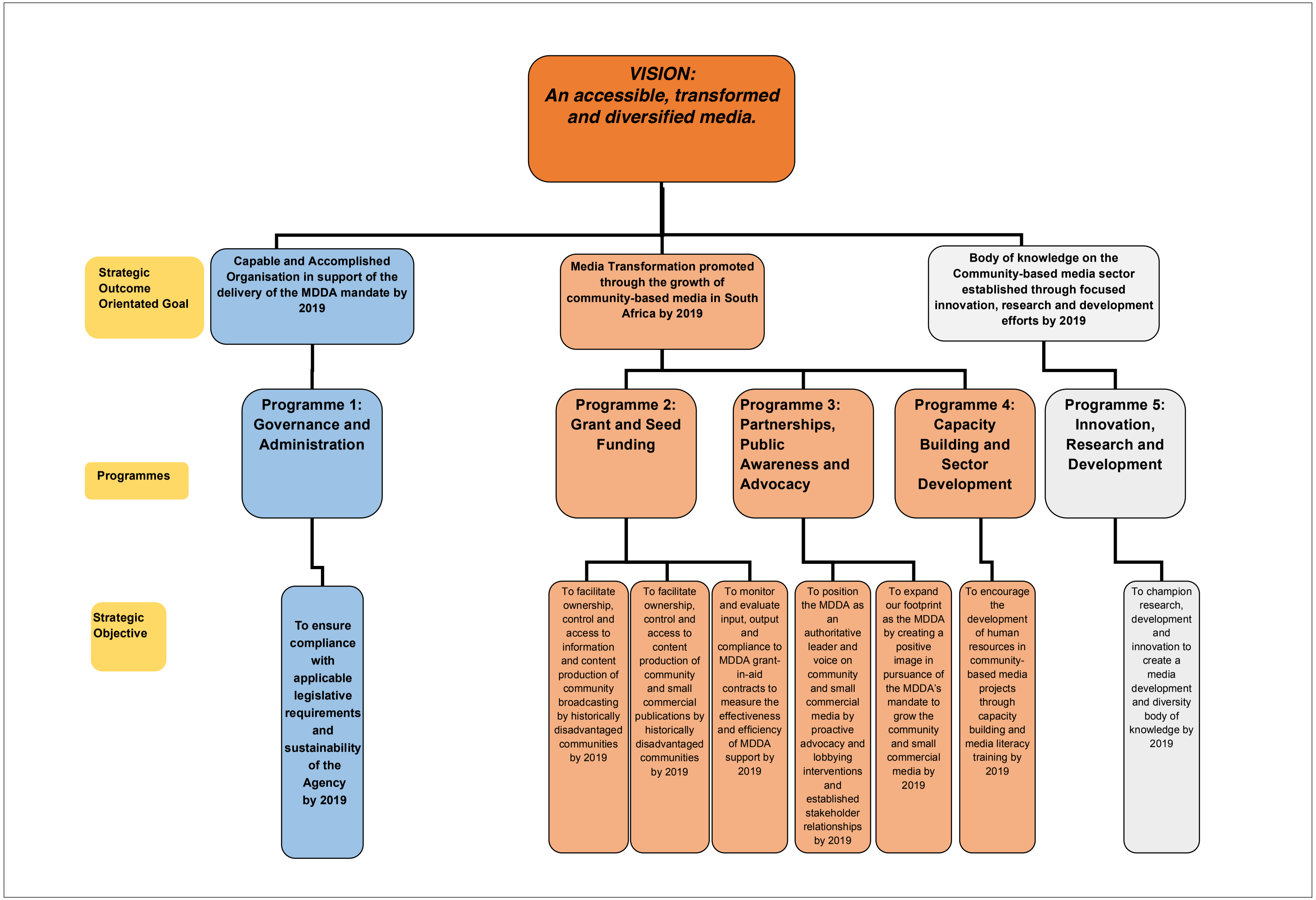
Geographical location of MDDA Projects funded in 2018/2019



2.2 Performance against Objectives

2.2.1 Programme

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.		
Sub-programme 1.1	Human Resources Management	To enhance organisational capacity building efforts through focused human resource interventions by 2019
Sub-programme 1.2	Legal and Regulatory Affairs	To ensure compliance with legislative requirements through a professionally managed corporate legal and regulatory affairs by 2019
Sub-programme 1.3	Financial Administration, Risk and Internal Audit	To provide good governance and financial management to ensure compliance with applicable legislative requirements and sustainability of the Agency by 2019
Sub-programme 1.4	Information Management and Technology	To implement IT initiatives geared towards improvement of IT value and performance 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	Sub-Programme	Strategic Objective
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 14 of 2002 on Section 3 (VI) outlines the objectives of the Agency to include (amongst others) to "encourage research regarding media development and diversity". There is also the 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 Determined Strategic Objectives in relation to Key Result Areas

Performance Information-Reporting - Financial Year 2018/2019

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 (80%) of the 20 Key Performance Indicators (KPIs) included in its Annual Performance Plan for 2018/2019.

Programme 1: Governance and Administration

To ensure a capable and accomplished organisation

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
To ensure compliance with applicable legislative requirements and sustainability of the Agency by 2019	Number of Human Resource Plans approved by end of first quarter of the financial year	-	1	1	0	Achieved
	Number of annual strategic risk assessments conducted	1	1	1	0	Achieved
	Number of reviewed Internal Audit 3 year and annual operational plans	1	1	1	0	Achieved
	Number of procurement plans submitted to National Treasury before 1 April of next financial year	1	1	1	0	Achieved
	Number of compliance frameworks reviewed and approved by Board within 1st quarter of financial year	1	1	1	0	Achieved
	Number of reviewed IT strategies and plans, approved by the Board within 1st quarter of financial year	1	1	0	-1	Target not achieved as the Board recommended that the IT strategy and plan be submitted to the Audit & Risk Committee first. It will be submitted in Q1 of 2019/2020.
	Unqualified audit opinion	1	1	1	0	Achieved

Programme 2: Grant and Seed Funding

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 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
To facilitate ownership, control and access to information and content production of community broadcasting by historically disadvantaged communities by 2019	Number of community radio stations approved by the Board for funding	8	24	19	-5	Target not achieved as some of the projects selected for Board approval were non-compliant or were not approved for lack of innovation, etc. A draft funding policy to strengthen the selection and funding criteria is before the Board for approval.
	Number of community television stations approved by the Board for financial support	0	3	1	-2	Target not achieved as limited requests from Community TV stations were received. In addition, of these applications received, some were non-compliant or were not approved by the Board for lack of innovation, etc. A draft funding policy to strengthen the selection and funding criteria is before the Board for approval.

Sub-Programme 2.2: Print and Digital Media

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
To facilitate ownership, control and access to content production of community and small commercial publications by historically disadvantaged communities by 2019	Number of Small Commercial Media projects approved by the Board for funding	5	8	8	0	Achieved
	Number of Community print projects approved by the Board for funding	1	4	4	0	Achieved

Sub-programme 2.3: Monitoring and Evaluation

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
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	Number of monitoring reports produced on input, output and compliance to MDDA grant-in-aid contracts	80	85	86	+1	Target exceeded due to additional project being monitored due to concerns over compliance.
	Number of evaluation reports produced on impact of MDDA funded projects on communities	35	10	10	0	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 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
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	Number of reviews of Community Media digital migration strategy approved by Board in last quarter of each year	0	1	0	-1	Target not achieved as the development of the strategy was delayed as, the MDDA, as part of its research strategy for 2019/2020, is initiating research into the state of digital readiness of community media prior to working on the digital migration strategy. This information is essential to a meaningful strategy.
	Number of reviews of Stakeholder engagement policy and plan in last quarter of each year	0	1	1	0	Achieved

Sub-programme 3.2: MDDA Brand Building

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
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	Number of reviews of Communications strategy and plan approved by Board by end of last quarter of financial year	0	1	1	0	Achieved

Programme 4: Capacity Building and Sector Development

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
To encourage the development of human resources in community-based media projects through capacity building and media literacy training by 2019	Number of training interventions aimed at capacitating the community media in key sustainability skills	5	6	9	+3	Target exceeded as, due to the upcoming national elections, election reporting training was critical to prepare the community media to provide accurate and fair coverage of election issues relevant to the communities they serve.
	Number of media literacy workshops conducted	0	1	1	0	Achieved

Programme 5: Innovation, Research and Development

Strategic Objective	Performance Indicator	Performance 2017/18	Actual Performance against Target		Variance	Reason for Variance
			Target 2018/19	Actual 2018/19		
To champion research, development and innovation to create a media development and diversity body of knowledge by 2019	Number of research projects funded on key trends/ developments impacting on the community media sector	-	1	1	0	Achieved
	Number of research projects commissioned on key trends/ developments impacting on the community media sector	1	2	2	0	Achieved

2.3 Summary of Projects Supported for the Financial Year

Description	Broadcast	Research	Print	Total
Opening Balance	61 903 176	1 356 155	7 453 480	70 712 811
Approvals	38 378 972	1 712 332	10 731 642	50 822 946
Payments	-32 452 452	-1 014 434	-7 091 628	-40 558 514
Write backs	-11 166 789	-341 721	-4 235 198	-15 743 708
Closing Balance	**56 662 907**	**1 712 332**	**6 858 295**	**65 233 534**

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	Community Radio	Community TV	Community Print	Small Commercial Print
North West				
Bojanala Platinum District			Arise and Shine	
	Village FM			
Dr Segomotsi Ruth Mompati	Vaaltar FM			
Limpopo				
Vhembe			Humula News	
Waterberg	Waterberg Community Radio			
Capricorn	Polokwane FM			
Eastern Cape				
OR Tambo	Ingwane FM Isajonisi Youth Radio			
Buffalo City Metropolitan Municipality			Rise ‘n Shine	
Western Cape				
Eden	Eden FM			
City of Cape Town Metropolitan Municipality		Cape Town TV		Treasure Magazine
Overberg	Whale Coast FM			
Cape Winelands				Winelands Echo

District Municipality	Community Radio	Community TV	Community Print	Small Commercial Print
Northern Cape				
Francis Baard				Mmaiseng News Seepakgang Local News
Namakwa	Radio NFM			
Mpumalanga				
Gert Sibande District Municipality	Ermelo Community Radio			Bushbuckridge News
Nkangala	Ikutani FM			
Ehlanzeni	Izwi Lethemba Community Radio			
KwaZulu-Natal				
EThekwini				KZN Community Newspaper EzakwaZulu News
Zululand	Pongola Community Radio			
uMkhanyakude	Rise Community Radio			
King Cetshwayo	uThungulu Youth FM			
Harry Gwala	Harry Gwala Community Radio			
Gauteng				
City of Johannesburg Metropolitan Municipality	Rainbow Community Radio ek fm		Diepsloot Kasi Hive	Alex Pioneer
Free State				
Mangaung Metropolitan Municipality	CUT FM			

2.3.1 Print and Digital Media

Eastern Cape

Rise 'n Shine Disability Magazine www.risenshine.org.za – Community Magazine (Strengthening) – R1 365 400.00

Rise 'n Shine Disability Magazine is a bi-monthly Disability magazine that is printed in 60% English and 40% isiXhosa. The primary objective of the magazine is to create awareness about disability issues in South Africa. It is distributed free of charge in areas within the Buffalo City Metropolitan Municipality, namely: Mdantsane, King Williamstown, Bisho, East London and outlying areas in the Eastern Cape.

Rise 'n Shine Disability Magazine was established in 2008 by nine disabled activists (six females and three males).

The overarching aims of Rise 'n Shine Disability Magazine are to create an enabling environment for people with disabilities, to promote and advocate for the rights of people living with disabilities and educate communities about physically challenged people.

The MDDA grant covers personnel costs, printing and distribution, operational costs, website maintenance and marketing.

Western Cape

Treasure Magazine – Small Commercial (Strengthening) – R839 000.00

Treasure Magazine is a 64 - page high gloss, bimonthly magazine, which is distributed in areas around Mitchells Plain, Boland, Gugulethu, Athlone, Lansdowne, Grassy Park and in the greater Western Cape Metropolis.

The magazine was launched in 2002 as a women's empowerment and development publication focusing on contemporary lifestyle features, such as women empowerment, polygamous marriages, inheritance, adoption, women and children abuse, child trafficking and other health awareness features. There are also articles that teach communities about prevalent diseases such as cancer, diabetes, HIV and AIDS, healthy eating and fashion.

Treasure Magazine splits its content amongst the main languages spoken in the Western Cape Metropolitan areas: 50% English, 30% isiXhosa and 20% Afrikaans. The publication prides itself on being a platform for women to showcase their success stories and cultural heritage and also promotes a culture of reading.

Treasure Magazine encourages the development of human resources and training. Students from local universities and colleges are afforded opportunities to complete their internships and capacity building, within the media industry, especially amongst the historically disadvantaged groups.

The MDDA funding covers printing and distribution, telecommunications and audit fees.

Winelands Echo - Small Commercial (Strengthening) – R1 027 840.00

Winelands Echo newspaper is a Small Commercial community newspaper that was established in 2004 as a means of giving a voice to the community.

The newspaper is 100% black owned and is distributed fortnightly free of charge to the residential community and surrounding townships all over the Winelands and Boland areas of the City of Cape Town Metropolitan Municipality in the Western Cape.

Winelands Echo offers an equal chance to each individual within the community to respond to vacancies, tenders and other advertised opportunities. The content is 70% Afrikaans and 30% English, in response to the bulk of the Afrikaans speakers in towns such as Paarl, Wellington, Stellenbosch, Somerset West and Strand and surrounding agricultural villages. The challenges facing these communities are alcohol abuse, substance abuse, teenage pregnancies and high school dropout rate, which are covered by the newspaper.

The MDDA grant covers printing of the newspaper, personnel costs, equipment and software, salaries, distribution, telecommunications and audit fees.

Northern Cape

Mmaiseng News – Small Commercial (Strengthening) – R869 000.00

Mmaiseng News is a monthly newspaper that is distributed free of charge in the Frances Baard District Municipality, which consists of five local municipalities: Magareng, Phokwane, Dikgatlong, Sol Plaatjie and Diamond Fields.

The newspaper was established in 2011 by two Black entrepreneurs in the Northern Cape. The publication sees itself as a developmental tool that disseminates information to diverse communities. It is printed in a number of languages that are dominant within the area: Setswana (50%), English (40%), and 10% is split between isiXhosa and Afrikaans, which are spoken by a minority of people in the province.

Mmaiseng News has filled a big gap in the access to information as the community of the Francis Baard District Municipality did not have any black-owned publications. The publication carries news about career guidance, lifestyle and health issues and also encourages a culture of reading by addressing the imbalances of information flow in Francis Baard where the majority of the population are Setswana speaking people.

The MDDA grant covers printing and distribution, running costs, telecommunications, audit fees, personnel costs and marketing.

KwaZulu-Natal

EzakwaZulu News - Small Commercial (Strengthening) - R1 030 000.00

EZAKWAZULU NEWS

SIYAZIQHENYA NGELIKAMTHANIYA

THE VALLEY TRUST, NO 1 ZULU RESERVE ROAD, KWANYUSWA

MID AUGUST 2019

Ulindwe ngabomvu uMampintsha Endaweni Shisanyama-KwaNyuswa

Sesizoncipha isibalo sokushona kwabantu ezingozini

Bathole ululeko lwezezimali omama be Bongumusa Widows

Iyomela I KZN intokazi yaso-Lundi emodelayo

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mdda

www.ezakwazulunews.co.za

EzakwaZulu News is located in KwaNyuswa, EThekwini Municipality in KwaZulu-Natal. The newspaper was registered in 2007 by a sole owner and is distributed free of charge on a fortnightly basis. The areas covered are Durban city centre, Pinetown, Berea, KwaNdengezi, Klaarwater, Clermont, KwaDabeka, Chatsworth, Hammarsdale and Pietermaritzburg.

EzakwaZulu News is 100% isiZulu and its content is geared towards promoting and increasing pride in isiZulu as a language. It is a communication tool that brings information to the majority of people in and around EThekwini District Municipality on careers, health and lifestyle. It also encourages a culture of reading.

With the current MDDA grant, EzakwaZulu News has been able to increase its print run from 8 000 to 10 000, which has expanded its distribution reach into areas of KwaXimba, Swayimane and Mkhizwane.

The MDDA grant covers printing and distribution, equipment, telecommunications, personnel costs, audit fees and bank charges.

KZN Community Newspaper – Small Commercial (Strengthening) - R848 000.00

26 JULY - 15 AUGUST 2019

KZN NAMUHLA COMMUNITY NEWSPAPER

Abafundi banikele ngezicathulo ezingu-200 esikoleni sabakhubazekile EMlazi

OKUQUKETHWE

Abakwa-NedBank noWildtrust baxwayisa ngobungozi bokulahlwa kwemfucuza emifuleni P 3

ISABELO MALI 2019

Isabelo-mali sezokuThutha esiphuthumisa uguquko

ISABELO-MALI 2019 / 2020

The KZN Community Newspaper is published fortnightly on a print run of 10 000 copies. The newspaper was established in 1998 by a black female entrepreneur. The content language split is 80% isiZulu and 20% English, and caters to the townships and rural areas around EThekwini District Municipality in KwaZulu-Natal, namely Umlazi, KwaNdengezi, KwaDabeka, KwaMashu, Chesterville, Mayville and UMgababa.

The main mission of KZN News is to transfer information to previously disadvantaged communities. The editorial news content covers education, entertainment and communication from government departments. The communities are also given the opportunity to share their experiences, views and concerns.

The newspaper prides itself for having produced several former interns who have gone on to have successful careers in mainstream publications. One of its ex interns is currently the editor of Isolezwe newspaper.

The MDDA grant covers printing and distribution, personnel costs, rental and other business overhead costs.

North West


FREE COPY 19 JUNE 2019 Serving Bojanala District Municipality

TOP NEWS Free

Tsoga O Phatsime

Your First Stop Infortainment Publication #YFSIP

mdda

BOJANALA SEZ WILL CREATE JOBS, GROW ECONOMY - MEC MOSENOGI

PAGE 2

Official Opening of the North West Provincial Legislature and the 2019 State of the Province Address

Visualise your Business

PAGE 4

Women in Business Conference

PAGE 7

ADVERTISE WITH US TODAY

...from only R100

Arise and Shine (Tsoga O Phatsime News) – Community Newspaper (Strengthening) - R749 400.00

Tsoga O Phatsime News is a 12-page community newspaper that is published bi-monthly and distributed in Mabeskraal, Bojanala Platinum District in the North West. The newspaper is the work of the Arise and Shine Youth Organisation, which was established in 2010 by the young people of Mabeskraal. There are six Board members who play an oversight role.

Tsoga O Phatsime News (loosely translated as Arise and Shine) addresses challenges faced by the youth and acts as the main source of information for young people. Its content is 80% Setswana and 20% English and it is distributed free of charge in villages located in the Moses Kotane Local Municipality.

The MDDA grant covers printing and distribution, running costs, website maintenance and personnel costs.


mdda

Seepakgang

TETLA YA TIRISO YA MOTOKWANE E TSENTSE TSEBETSEBE

Kgotlhatshekelo ya Lehurutshe e Busetsa Kopo ya Beili Morago

Basadi ba ungwelwa gotswa mo lefaphang la tsa Bojanala

ESTER SMIT

Motswedi's RM Diamond Ladies FC \ Crowned SAFA's Women's Champions

Seepakgang Local News - Small Commercial (First time funding) – R716 811.56

Seepakgang Local News is a monthly publication that is produced by Seepakgang Publications and Projects Pty Ltd, which was registered in January 2014 by a young black female entrepreneur. The newspaper caters for the information needs of people from the Ramotshere Moiloa Local Municipality (spanning 43 villages) in Zeerust, North West.

The newspaper is published in the two languages that have the majority of speakers in the region, which is 80% Setswana and 20% English. Seepakgang Local News serves communities that mostly work in mines, which is the backbone of the economy in the North West province.

Seepakgang Local News is distributed in municipalities that are remote, have poor infrastructure and previously solely relied on mainstream media for information, which does not necessarily address the local challenges that affect these communities.

The MDDA grant covers printing and distribution, equipment, running costs, personnel costs and website maintenance

Limpopo

Humula News – Community Newspaper (First time funding) – R746 085.00

Humula News was established in 2016 by a board of six directors after identifying a gap for an alternative community newspaper around the town and area of Malamulele, which falls under the Collins Chabane Local Municipality in Limpopo. The directors play an oversight role, and the project is fully accountable to the community.

Humula News will be published monthly in a tabloid format in XiTsonga and TshiVenda, which are two of the predominantly spoken languages in the area. The newspaper will cater to the needs of the entire community with a specific focus on young people and issues that affect them and seeks to promote the use of and respect of indigenous languages, especially amongst the youth.

The MDDA grant covers printing and distribution, running costs and personnel costs.


Humula News

Ku Lo Rhula Vito eRhulani Vutomi Ko Va Tihele

Dentist

Dr MB Seopa

Teeth Cleaning

Bleeding gums treatment

Extraction

False teeth

Gold and silver inlays

Fillings

Teeth whitening

Crowns and bridges

Slimming wires

mdda

Mpumalanga

Bushbuckridge News – Small Commercial (Strengthening) - R1 003 336.00

Bushbuckridge News is a 100% Black owned weekly publication, which was established in 2009 by two young female entrepreneurs from Langa Media in Bushbuckridge Municipality in the Mpumalanga Province.

The newspaper closes a huge gap in the market as a collective voice that addresses the challenges faced by the community of Bushbuckridge, Hazyview and Sabie.

Bushbuckridge News disseminates current affairs news to the people of the region to enable them to empower themselves and change the course of their lives, while indirectly promoting the culture of reading and writing with a special emphasis on telling their own stories in their own languages. The content is split three ways: XiTsonga (40%), Sepulane (20%) and English (40%).


BUSHBUCKRIDGE NEWS

Activating the youth!

SWEET AND TASTY!!

SUGAR PRICE WATCH

SHOPRITE

The publication has two innovations that enhance learning and pride amongst its communities.

- Bushbuckridge News writing competition: this promotes writing in local languages. The competition is for High School learners who write and submit essays and short stories in any of the three chosen languages.
- Ahichanchuleni: is an annual traditional dance competition hosted in September, during heritage month, to showcase local traditions and customs.

The MDDA funds covers printing and distribution, stationery, bank charges, insurance, telecommunications, personnel costs and website design and maintenance.

Gauteng

Alex Pioneer – Small Commercial (Strengthening) – R852 600.00

Alex Pioneer is an award-winning monthly newspaper (boasting two Sanlam awards in two categories in 2012) that addresses the community of Alexandra township and its outlying areas. The publication was launched in 2008, by a black female entrepreneur under Pioneer Enterprise (Pty) Ltd. The newspaper is distributed in Alexandra township and in the Johannesburg and Ekurhuleni Metropolitan areas in Gauteng.

The publication's language breakdown is 70% English, 10% XiTsonga, 10% isiZulu and 10% Sepedi. This reflects the diversity of Gauteng and the African languages used by the target market, which affirms the current slogan "Bua, Khuluma, Vulavula, Afrika Dzonga!

Since its inception, Alex Pioneer has managed to truly engage with the community's education, unemployment rate, training, housing and cultural norms. Over the years, the publication has managed to make available numerous platforms for skills transfer and knowledge gaining to young people within the communities it serves. To date, Alex Pioneer has employed and trained at least 50 staff members, some who have gone on to join mainstream media houses and have successful careers within the media sector.

The MDDA grant covers printing and distribution, equipment, running costs, personnel costs and website maintenance.

Diepsloot Kasi Hive (Township News) - Community Newspaper (First time funding) - R690 569.00

Diepsloot Kasi Hive (Township News) is a new monthly publication that is published by the Diepsloot Kasi Hive cooperative, which was registered in March 2014.

Township News is meant to address the communities of Diepsloot and its surrounding townships in the City of Johannesburg Metropolitan Municipality in Gauteng. The newspaper is printed in three languages, which are isiZulu (10%), Sepedi (70%) and English (20%). The language split is informed by the residents of Diepsloot, Lion Park, Cosmo City, Kya Sands, Honeydew, Ebony Park and Ivory Park.

The main aim of Township News is to inform, educate and entertain its audiences, whilst providing a platform for the communities to participate in the democratic processes of the country and interact freely with each other. The publication also promotes the growth and preservation of historically diminished languages by encouraging young people to read and write in languages that are predominantly spoken in the area.

The MDDA grant covers printing and distribution, operational costs and website development and maintenance.

2.3.2 Community Broadcast

North West

Vaaltar FM (Strengthening) – R1 044.00

Vaaltar FM is a community radio station based in Taung within the Taung Local Municipality, Dr Ruth Segomotsi Mompati District in the North West. The radio station is a non-profit organisation and has been broadcasting for an uninterrupted 17 years to date for 24 hours a day, 7 days a week.

The station's broadcast format is 50% talk and 50 % music, with the languages of broadcast being 60% Setswana, 30% English and 10% Afrikaans. It broadcasts at a frequency of 92.0 MHz. Its ownership resides completely with the local community.

The primary objective of the community radio station is to serve as a bridge to the vastly fragmented villages and rural towns in the Dr Ruth Segomotsi Mompati District Municipality.

MDDA funding covers transmission, operational and personnel costs.

Village FM (Strengthening) – R997 000.00

Village FM is a community radio station based in Matau, North West. It has been licensed to broadcast in the Moses Kotane Local Municipality in the Bojanala District Municipality. The community radio station went on air in August 2011, broadcasting 24 hours a day, 7 days a week. Village FM's broadcast format is 60% talk and 40 % music, with a language split of 85 % Setswana, 10% English, 2 % isiZulu and 2% isiXhosa.

Village FM is owned by the people of Moses Kotane Local Municipality and governed by people of the area as represented by seven members of the Board coming from the same community. The station's aim is to empower its listenership through developmental programmes. Although it targets all members of the community, a special focus is placed on young people through community dialogues that serve as a platform for social cohesion and information transparency.

The MDDA grant covers operational costs, transmission costs, capacity building and personnel costs.

Limpopo

Polokwane FM (First time funding) – R1 464 000.00

Polokwane FM was founded in 2015 by a group of seasoned community media professionals from the Capricorn District Municipality in the Limpopo province. While Polokwane FM is situated in Polokwane, which is the capital city of Limpopo, it also broadcasts to the surrounding rural areas such as Ga Moletsi, Ga Malope, Ga Mashashane and Ga Matlala. These areas are predominantly rural and do not have the platforms to express themselves and contribute to urgent matters within the district. Polokwane FM seeks to educate, inform and spark debates and dialogues to address social ills in its footprint and restore moral degeneration.

The station's broadcast format is 65% talk and 35% music. The station broadcasts 24 hours per day, 7 days a week, at a frequency of 1512 KHz. The languages of broadcast are Sepedi (30%), English (55%), XiTsonga (5%), TshiVenda (4%) and isiNdebele (1%).

The MDDA grant covers broadcast equipment, operational costs, transmission costs and personnel costs.

Waterberg Community Radio (First time funding) – R1 612 000.00

The Waterberg Community Radio initiative was formed in May 2011 by a group of young people from various towns and villages around the district with a view to creating a conversation platform for the communities of the Waterberg District Municipality, Limpopo province.

The project has been licensed to broadcast in Sepedi (40%), Setswana (40%), Afrikaans (10%) and English (10%). The Waterberg Community Radio's message is carried as far as the towns of Lephalale, Modimolle, Thabazimbi and Vaalwater and surrounding areas in the district.

The Waterberg Community Radio broadcasts at 99.3 MHz, 24 hours per day, 7 days a week. The content is 60% talk and 40 % music. The station is engaging with several community based organisations and TVET colleges in the area to contribute towards the station's outlook, content and mandate through the airwaves. They pride themselves on creating content and programming that is informative, educational and entertaining.

The MDDA grant covers operational costs, transmission costs, broadcast equipment, digital media and personnel costs.

Free State

Central University of Technology FM (CUT FM) (First time funding) – R1 580 000.00

Central University of Technology FM (CUT FM) is a campus-based community radio station established in 2013 and licensed in 2014. The radio station is part of the university's communication strategy with the student and external community in the Bloemfontein area under the Mangaung Metropolitan Municipality, Free State.

CUT is registered as CUT Student Media and went on air in November 2014, broadcasting 24 hours a day, 7 days a week at a frequency 105.8 MHz. The broadcast format is 60% talk and 40% music. The language split is 30% SeSotho, 60% English and 10% Afrikaans.

The aim of CUT is to inform, educate and entertain the community of Mangaung Metro Municipality. The community radio provides a platform wherein the community can voice their concerns and debate issues of concern, and serves as a bridge that connects the community with local government.

MDDA support covers broadcast equipment, transmission and personnel costs.

Eastern Cape

Ingwane FM (Strengthening) – R1 700 000.00

Ingwane FM has operated since 2016 from the Mthatha area in the O R Tambo District Municipality in the Eastern Cape. The area is predominately rural, with most of the coverage area undeveloped, and two of the key challenges being unemployment and slow development. The station puts the community at the centre through its airwaves. This has endeared Ingwane FM in the hearts of the uMkhanyakude District Municipality and surrounding areas.

The station's broadcast languages are isiXhosa (60%), isiZulu (20%), Sesotho (15%) and English (5%). The broadcast content composition is local news and information. Ingwane FM is on air 24 hours per day, 7 days a week on 90.6/104.5 MHz.

The MDDA grant covers broadcast equipment, transmission costs, operational cost and personnel costs..

Isajonisi Youth Radio (Strengthening) – R900 000.00

Isajonisi Youth Radio was established in 2011 by young people in Port St John's in the Eastern Cape who saw the need for a radio project in the community. The primary aim of the project is to inform, educate and entertain the community, which is mainly rural, by broadcasting relevant educational programmes in the local spoken languages.

Isajonisi Youth Radio's broadcast format is 60% talk and 40% music and it broadcasts 24 hours a day, 7 days a week. The broadcast languages are 70% Isimpondo, 20% IsiXhosa and 10% English. The community radio station has five members of the board who are fully accountable to the community. Its broadcast frequency is 88.5 FM.

The community radio station targets young people between the ages of 18 and 35 years in Port St John's and surrounding areas of the O R Tambo District Municipality.

The MDDA grant covers transmission costs, operational costs and personnel costs.

Mpumalanga

Ermelo Community Radio Station (Voice of the Community, (Strengthening) – R882 000.00

The Voice of the Community radio station was established in 2013 and covers the Gert Sibande District Municipality in Mpumalanga. The community radio broadcasts in mostly Nguni languages, which are the majority spoken languages within the district. The station's broadcast format is 50% talk and 50% music, with a language split of English (30%), isiZulu (20%), siSwati (15%), isiNdebele (15%), Sesotho (10%) and Afrikaans (10%).

The primary objective of the radio station is to disseminate information and it serves as a voice for the voiceless people within the district municipality and surrounding areas. Information is key so news is consolidated into 60 minutes per day of which 60% is local, 30% national and 10% international news. Its frequency is 102.9 MHz.

The Voice of the Community radio station employs and trains young people recruited from the community in various media aspects to assist in reducing youth unemployment and developing skills in the municipal area.

The MDDA grant covers operational costs, transmission costs and personnel costs.

Ikutani FM (Strengthening) - R 900 000.00

Ikutani FM operates from the Thembisile Hani Local Municipality and is a Christian based radio with a mixed editorial content. The place was predominantly a former Ndebele only territory but there is now a rich cultural mix and Ikutani broadcasts also in English to accommodate non-Ndebele speaking people.

As a Non-Profit Organisation, the community radio station has 11 members of the Board. The aims of the project are to reach and serve the interest of the previously disadvantaged community through broadcasting Christian aligned programmes, to enlighten and empower the youth of the community, and to provide entertainment and disseminate information to the community.

Ikutani FM is licensed to broadcast to Thembisile Hani Local Municipality and surrounding areas. The broadcast format is 60% talk and 40% music, and broadcast languages are 40% isiNdebele, 25% English, 15% isiZulu, 10% Northern Sotho and 10% isiSwati. Hours of broadcast are 24 hours a day, 7 days a week at a frequency of 107.9 FM.

MDDA funds cover personnel costs, operational costs and transmission.

Izwi Lethemba Community Radio (First time funding) - R1 600 000.00

Izwi Lethemba was established in 2002 as a Christian community radio station which strives to empower black people in its communities and provide people with life changing information through community radio. The radio station is licensed to broadcast in the Ehlanzeni District Municipality in Mpumalanga and surrounding areas.

Izwi Lethemba is a Non-Profit Company and has six members of the Board. The station is based in Nelspruit, which is dominated by Swati language speakers, though there are some areas with Nguni languages. The targeted area comprises both rural and urban listenership.

The license conditions are a geographic licence area of the Ehlanzeni District Municipality. The broadcast format is 60% talk and 40% music and broadcast languages are isiSwati (50%) and isiZulu (50%). The hours of broadcast are 24 hours a day, 7 days a week, at a frequency of 93.8 MHz.

MDDA funds cover personnel costs, broadcasting equipment, operational costs and transmission.

KwaZulu-Natal

Harry Gwala Community Radio (Sisonke FM) (First time funding) – R1 700 000.00

Harry Gwala Community Radio (Sisonke FM) has been in operation since 1998. The radio station serves the community within the Harry Gwala District Municipality in the KwaZulu-Natal province and the station prides itself on being a voice for the voiceless people.

The station is 60% talk and 40% music and broadcasts 24 hours a day, 7 days a week at a frequency of 92.0 MHz. The broadcast language split takes cognisance of the spoken languages within the area: 80% isiXhosa, 10% English, 5% SeSotho, 3% Afrikaans and 2% Dialect.

The MDDA grant covers transmission costs, rent, broadcast equipment, telecommunications and personnel costs.

Pongola Community Radio (Strengthening) – R1 049 612.50

Pongola Community Radio was established in 2008 by Phongolo community members who saw a need for a centre of information and entertainment. The radio station has been licensed to broadcast in the Zululand District Municipality in KwaZulu-Natal. The primary aim of the station is to empower the community.

Pongola Community Radio is a Non-Profit Organisation and has seven members of the Board.

The broadcast format is 75% talk and 25 % music. Broadcast languages are 70% isiZulu, 20% English and 10% Afrikaans. The radio station operates at 97.6 MHz, 24 hours a day, 7 days a week.

MDDA support is for studio relocation, transmission, operational costs and personnel costs.

Rise Community Radio (Strengthening) - R2 047 100. 00

Rise Community Radio is a radio station based in Mtubatuba, uMkhanyakude District, in northern KwaZulu-Natal. This is one of the country's poorest regions and the place is marked by low economic activity and low employment. The radio station was borne out of public need to drive economic development through mass media and it has since been a public run and controlled entity.

The station has been on air since late 2018, and, despite acquiring a second analogue broadcasting equipment thanks to public donation of funds, its quality of output is compromised by old tools. This however has not stopped the project winning the hearts of the community.

Its license conditions are a geographic licence area covering Mtubatuba and surrounding areas in the uMkhanyakude District Municipality in KwaZulu-Natal Province, a broadcast format of music (60%) and talk time (40%) and broadcast language of 100% isiZulu. Its frequency is 87.9 MHz, operating 24 hours per day, 7 days a week.

MDDA support covers transmission, operational costs, power back up, content production and broadcasting equipment.

UThungulu Youth FM (First time funding) - R1 750 000.00

UThungulu Youth FM (UYFM) station is a community radio station based at Embangweni (Empangeni) under the King Cetshwayo District Municipality, in northern KwaZulu-Natal. The area is some 20 km away from Richards Bay, which has mining activities and is a business hub of the area. Like all mining areas, the place is marked by environmental pollution (water and air) and the station has made a point of covering this among key areas of its operation.

The community radio station was established in 2014 by young people in the area, who mobilised to have a platform to empower themselves through the airwaves. The station is owned and controlled by the young people.

UThungulu Youth Radio broadcasts 24 hours a day, 7 days a week. Its format is 60% music and 40% talk time and the language split is isiZulu (40%) and English (60%), with local news and information as top priority.

The station targets young people between the ages of 15-34. UYFM is set to form strong partnerships with training centres, NGO's, correctional centres, local business and government institutions.

The MDDA grant covers broadcasting equipment, transmission costs, operational costs and personnel costs.

Northern Cape

Radio NFM (Strengthening) - R1 356 145.00

The Radio NFM initiative was formed in 1996 when the people from the Namaqua decided to join forces to form a community radio station. The primary purpose of the organisation is to be the voice of the people in Namaqualand. Namakwa Community Radio is currently on air, broadcasting to Okiep, Springbok, Nababeep, Concordia, Steinkoft and surrounding areas in the Northern Cape Province.

The station's target audience includes young people, elderly people, women, children, the disabled, and people living with HIV/AIDS. The primary aim of the project is to create a platform for community development by disseminating relevant information to the society in the local spoken languages.

The license conditions are a geographic license area covering Namakwa District Municipality, a broadcast format of 60% talk and 40% music and broadcast languages including 70% Afrikaans, 15% Nama, 10% isiXhosa and 5% English. It operates at 98.1 FM, 24 hours per day, 7 days a week.

MDDA support covers studio equipment, transmission, security features, operational costs, content production and personnel costs.

Western Cape

Cape Town TV (CTV) (Strengthening) - R1 873 500.00

Cape Town TV was launched by more than 100 civil society organisations in 2006 and began broadcasting in September 2008. CTV is committed to providing community access to the powerful medium of television as a tool to promote community development, human rights and social justice. CTV aims not just to empower citizens by providing them with useful information, but also to give them the tools, training and access to facilities that they need to make television programmes.

Our City is CTV's flagship, daily news and current affairs programme. It launched in mid-2014 and has been on air ever since. The programme now reaches audiences of up to 91 000 daily and has become a brand name in Cape Town.

CTV's license conditions are a geographic licence area covering the Greater Cape Town area, with broadcast languages of English (50%), Afrikaans (25%) and isiXhosa (25%). Its hours of broadcast are 24 hours per day, 7 days a week. It is free-to-air in greater Cape Town and available on Channel 263 on DStv.

MDDA support covers the production costs for the Our City programme.

Whale Coast FM (Strengthening) - R1 620 000.00

Whale Coast FM was established in 2006 by residents of Hermanus in the Overberg District Municipality. Initially an arts and culture project, the aim was to harness the talent of young people and give them a deserved platform. Eventually, a wider reaching concept was developed and this culminated in what is Whale Coast FM today. The primary objective of the radio is to use the airwaves as a vehicle to drive the views and aspirations of the community and thus disseminate information about issues that affect them directly. It aims to give a voice to the people of Overstrand, especially those who have historically been excluded from the airwaves.

Whale Coast FM is a Section 21 company and has three active directors appointed to lead the station. The geographic license area is the Overberg District Municipality and the broadcast languages are English, Afrikaans and isiXhosa. The station broadcasts at 96 MHz and is on air 24 hours a day, 7 days per week.

MDDA funds are for studio equipment and transmission.

Eden FM (Strengthening) – R1 616 000.00

The Southern Cape Community Radio initiative was formed in 2002 when people representing three organisations from the major towns in the area joined forces to form a community radio station as a voice for those who previously had no voice. The three community-based organisations were the Xamoxolo Women Organization from Thembalethu in George, the Club Coffee Bar Community centre in Oudtshoorn and the Mosselbay Radio Initiative.

The license conditions are a geographic licence area covering the Eden District Municipality of the Western Cape Province, providing services to the towns of Oudtshoorn, George, Mosselbay, Riversdale, Knysna, Calitzdorp, Ladismith and surrounding areas. The broadcast format is 60% talk and 40 % music in Afrikaans (75%), English (8%) and isiXhosa (17%). The station operates at 103.6 MHz (Oudtshoorn), 93.8 MHz (George), 87.8 MHz (Riversdale), 99.7 MHz (Knysna), 97.9 MHz (Ladismith), and 98.1 MHz (Uniondale). Its hours of broadcast are 24 hours per day, 7 days a week.

MDDA support is for broadcast equipment, transmission fees, operational costs and personnel costs.

Gauteng

eKasi Konexion Community Radio Station (ek fm) (Strengthening) - R1 466 000.00

eKasi Konexion Community Radio Station was founded in 2004 by a group of young people who were responding to the general feeling within the townships to create a platform where issues and challenges facing the community could speedily be addressed through broadcast. The project targets the historically disadvantaged communities of the Ekurhuleni Metropolitan Municipality of Gauteng. eKasi Konexion Community Radio Station is a Non-Profit Organisation and has eight members of the Board.

The license conditions are a geographic license area covering the Ekurhuleni Metro areas of Duduza, Kwa-Thema, Brakpan and Nigel, a broadcast format of 40% music and 60% talk and broadcast languages including 45% isiZulu, 20% Sesotho, 18% English, 10% isiXhosa and 7% Sepedi. It operates at a frequency of 103.6 MHz, broadcasting 24 hours per day, 7 days a week.

MDDA support covers transmission costs, studio equipment and programme enhancement.

Rainbow Community Radio (First time funding) – R1 356 145.00

Rainbow Community Radio is a community of interest station based in Roodepoort, Johannesburg and was originally known as Roodepoort Community Radio on establishment in 1996. It is one of the first, still existing community radio stations within the City of Johannesburg Municipality, in Gauteng.

The community radio station was established as a result of the advent of the new South African Constitution in 1997 as a tool to articulate the Bill of Rights among other constitutional values of a new budding society. Later the station adopted a faith outlook to address social ills within its community. The station is owned and controlled by the community with a Christian outlook and mandate.

Rainbow Community Radio's hours of broadcast are 24 hours a day, 7 days a week on 90.7 FM. The station's geographic license covers the West Rand area of Roodepoort, Randfontein, Krugersdorp, Kagiso and Ennerdale within the Gauteng Province. Its broadcast composition is music (60%) and talk time (40%). The languages covered are 45% English, 15% isiZulu, 15% SeTswana, 15% Afrikaans, 5% SeSotho and 5% TshiVenda.

The MDDA grant covers outside broadcast equipment.

2.3.3 Research, Training and Development

Capacity Building				
Name	**Date**	**Partners**	**Amount funded**	**Number of attendees**
Community Media Summit – digital training for community print and broadcast	31 July 2018	Caxton; University of the Witwatersrand	R10 000	250
Elections reporting training	March 2019	Open Society Foundation (OSF); Association of Independent Publishers (AIP)	R2 300 000	146
Web Rangers Digital Media Literacy Training	Launched 6 February 2019 (Safer Internet Day)	Media Monitoring Africa (MMA)	R 355 240	

Research		
Research Project	**Partner**	**Amount**
Skills and Capacity Assessment	Sizwe Media	R500 000
Community Media Summit Report - "Taking community media to the future"	Department of Communications	R1 234 756
Future Proofing Community Radio	National Association of Broadcasters (NAB)	R105 300

Elections Reporting Training

The MDDA partnered with the Open Society Foundation (OSF) and the Association of Independent Publishers (AIP) on election reporting training for community media, in preparation for the South African 2019 National Elections. While the role of the media has always been critical during an election period, the advent of social media has changed how news is produced and distributed. Even though this is an interesting opportunity for both media and politicians, the fact that news is able to be produced and disseminated almost instantly without much accreditation has placed further strain on quality and independent journalism. Against this background, journalists, including community media journalists, are required to find interesting and innovative ways of reporting the elections and telling the story that social media would have broken "as it happened".

The elections reporting training therefore aimed to assist community media report on elections in a professional manner, by upskilling them in areas ranging from understanding of the political and electoral system and their familiarity with electoral law, to election coverage and safety, new media in the context of elections coverage, candidate campaigns, citizen journalism, etc, and investigative journalism in the context of elections. Both community radio and print representatives from various community media projects around the country attended the training, which was carried out in four provincial clusters throughout March 2019.

Web Rangers Digital Media Literacy Training

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

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

Community Media Summit

The MDDA, together with the Department of Communications, and in collaboration with other entities, hosted a Community Media Summit on 30-31 July 2018 in Johannesburg, South Africa. With the theme, “Taking community media to the future”, the Summit brought all sectors of the community media, including print, radio, television and multi-media, together with Government and relevant stakeholders to explore new and innovative solutions to the challenges facing the sector for the short, medium and long-term.

While there has been considerable progress in the diversification of the media and the growth of the community media sector since the liberalisation of the airwaves in South Africa started in the 1990s, the sector is plagued by sustainability challenges, centring around, amongst others, financial and organisational weaknesses. These challenges are exacerbated by the emergence and disruptive impact of the Fourth Industrial Revolution, which is radically transforming the business models of community media.

The summit therefore focused on finding a sustainable funding model for the community media sector, with key partners, who include, among others, government in all spheres, the private sector, and international and local donor partners. The Summit also explored the state of readiness for the Fourth Industrial Revolution by community media and the development of a comprehensive programme to ensure community media benefit from digital migration.

Skills Audit

The MDDA 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, and map-out its capacity building and training.

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 and that 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.

Future-proofing Community Radio

The MDDA partnered with the National Association of Broadcasters (NAB) in supporting its research aimed at assisting community radio as well as industry stakeholders to unpack current and future challenges facing the sector. These include issues such as digital disruption, technology convergence and the impact of new content platforms.

The research is packaged as a guide, which essentially aims at enabling the user to prepare a “future-proof” strategy for continued relevance, sustainability and viability. It could also serve as a framework on which to build, as South Africa celebrates 25 years of community radio.

PART THREE:

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 approximately 240 community radio stations in existence, 156 have been funded by the MDDA. More than ever before, all the languages of South Africa are being actively used to communicate to and engage with communities. The MDDA has invested significantly in the purchase of world class radio equipment, enabling quality productions.

The community TV sector has also grown into a resilient industry, with the MDDA having supported four community television stations.

Similarly, the community and small commercial print sector has grown significantly in recent years with South Africa now boasting more than 200 small publishers, a large proportion of which are publishing in an indigenous language. 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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
COMMUNITY SPEND					
Community Print	R6 927 315.53	R3 949 236.69	R1 764 313.38	R -	R4 118 887.14
Community Radio	R15 170 546.84	R22 870 089.55	R20 497 102.25	R23 399 365.92	R16 201 218.81
Community TV	R9 553 537.97	R4 630 808.00	R4 395 710.63	R1 551 383.58	R1 995 547.24
TOTAL ADSPEND	**R31 651 400.34**	**R31 450 134.24**	**R26 657 126.26**	**R24 950 749.50**	**R22 315 653.19**

The Media Connection Revenue Indicator

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
COMMUNITY SPEND					
Community Radio	R32 179 213.14	R34 475 926.94	R42 881 105.78	R52 707 414.97	R49 126 634.05

3.3 Socio-Economic Impact and Return on Investment

Item	Number (Cumulative to date)
Number of jobs created through projects funded	2 098
Full time employed	778
Part time interns/freelancers	1 320
Number of people trained	3 295
Number of bursaries	348
Total Community Radio listenership	8 790 000 (as of March 2016 RAMS)
Total Radio listenership	33 562 000 (as of March 2016 RAMS)

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.

Description	2014/2015	2015/2016	2016/17	2017/18	2018/2019
	R	R	R	R	
Total budget from DoC	21 815 000	22 615 000	23 814 000	30 005 000	30 669 000
Broadcast Income	32 212 694	34 387 098	43 661 000	48 256 912	51 743 849
Print Funders	4 000 000	0	0	0	0
Total	58 027 694	57 002 098	67 475 000	78 261 912	82 412 849

Reaching Out

Top: MDDA engagement with Cape Town TV
Above: Media students hosted by the MDDA and tour a community broadcast station
Left: MDDA supporting Deputy Minister of Communications Outreach

Broadcast Partners

- Multichoice
- South African Broadcasting Corporation Ltd (SABC)
- Electronic Media Network Ltd (M-Net)
- e-TV (Pty) Ltd
- Primedia Broadcasting (Pty) Ltd
- Kagiso Broadcasting (Pty) Ltd (East Coast Radio)
- Kagiso Broadcasting (Pty) Ltd (Jacaranda FM)
- AME (Radio Algoa)
- AME (OFM)
- Kaya FM
- Yfm
- Capricorn FM
- Heart FM
- Radio Pulpit
- Starsat

Foreign Grants

No foreign grants were received in the year under review.

Rollover

For the period under review, the MDDA has requested R65 235 535 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 is funded by Government 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.

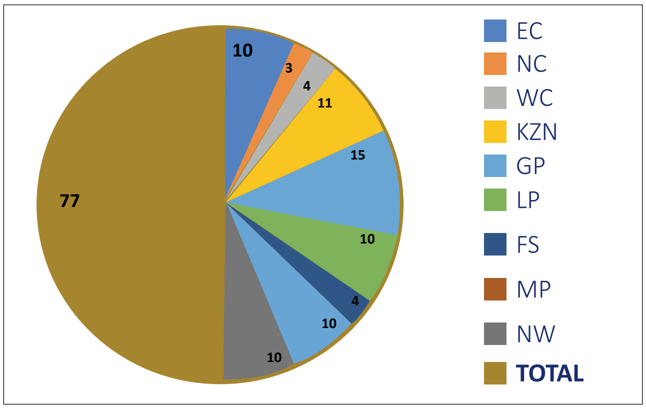
3.5 Monitoring & Evaluation

The Agency carries out monitoring and evaluation of beneficiaries to ensure that there is a high level of accountability in how the financial and non-financial resources provided by the MDDA are utilised as approved by the Board of the MDDA.

During 2018/2019, the Monitoring and Evaluation Unit monitored 81 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 Fourth Industrial Revolution
- Increased printing and distribution costs

Provincial breakdown of projects monitored during 2018/19



Reaching Out

Top: Engagement with media students at the University of Limpopo
Left: Deputy Minister of Communications engagement at Alex Pioneer
Above Right: Freedom of Expression Institute round table discussion on hate speech
Above Left: Radio Riverside and Moletjie FM at the State of the Nation address in February 2019

PART FOUR:
GOVERNANCE AND LEGAL

4.1 The Board

Per the MDDA Act, 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 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.

4.2 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.

Schedule of Board and Committee Meetings (2018/2019) MDDA Board Meetings

26 May 2018	Board Meeting
29 May 2018	Special Board Meeting
21 August 2018	Board Meeting
25 September 2018	Board and ARC Induction
07 November 2018	Board Meeting Special
22 to 23 November 2018	Board Strategic Planning
21 January 2019	Board Telecon Meeting
28 February 2019	Board Meeting (Adjudication)
26 March 2019	Board Meeting (Adjudication)

MDDA Board Sub-committee meetings

23 April 2018	Audit and Risk
07 May 2018	Audit and Risk
12 May 2018	Audit and Risk
26 May 2018	Audit and Risk
25 June 2018	Audit and Risk
25 July 2018	Audit and Risk
29 August 2018	Audit and Risk
22 October 2018	Audit and Risk
23 January 2019	Audit and Risk
18 March 2019	Audit and Risk
22 March 2018	Audit and Risk
16 November 2018	Projects Oversight
22 November 2018	Projects Oversight
15 March 2019	Projects Oversight
25 January 2019	Research, Capacity Building, M&E

Board of Directors and ARC Members attendance at meetings	Board	Audit
No. of meetings held	9	11
N Munzhelele (Board Chairperson)	7	-
M Sishange	2	1
P Phukubje	6	8
M Daza	2	5
M Mbedhli	3	5
N Madiba	-	3
M Bukula	-	4
D Modiba	-	3
M Della Togna	7	3
N Mbava	2	3
S Boulton	1	4
T Mmushi	3	9
M Monare	9	1
T Carrim	4	-

4.3 Legal Disputes

Two project-related legal disputes were in progress at year end:

- MDDA vs Joburg Post: Matter initiated in April 2018, and file closed in February 2019 at no cost to the MDDA.
- MDDA vs Mogale FM: Matter initiated in December 2016. Strategy has been re-developed and matter set down for a court hearing in April 2019.

4.4 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 IV); 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 IV and Public Sector Risk Management Framework recommendations. The purpose of this process is to identify, measure and manage potential critical risks (strategic, financial, governance, operational and IT governance) for the Agency to formulate appropriate risk strategies and action plans.

The top five strategic risks identified in 2018/2019 covered:

- Insufficient budget allocation by Government and Funders
- Inadequate skills and capacity within the MDDA to achieve its mandate and failure to attract and retain skilled staff
- Fraud, corruption and theft
- Inadequate corporate governance
- Non-compliant projects approved by the Board

4.5 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.

4.6 Fraud and Corruption

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

An annual strategic risk assessment was conducted in 2018/2019 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.

4.7 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. 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.

4.8 Compliance with Laws and Regulations

The MDDA Code of Conduct states that all employees and stakeholders must comply with all laws and regulations that 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.

4.9 Health, Safety and 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.

4.10 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.

The National Development Plan - Vision 2030 (NDP) informs the Agency's strategic and annual performance plans, which speak directly to three outcomes of the South African Government's Medium Term Strategic Framework priorities. The latter is structured around 14 priority outcomes, which cover focus areas identified in the NDP. Outcomes 6, 12 and 14 of the MTSF are relevant to the MDDA.

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 FIVE:
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 has prioritised 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

5.1 Staff Complement

There was a total permanent staff complement of 27 at the end of the period under review, out of 39 approved positions. There were 11 terminations and 12 appointments during the FY 2018/2019; and five interns commenced on 5 March 2018 and one learner (with a disability) .

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

Employment Equity Profile as at 31 March 2019

Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/Senior Manager	0	0	1	0	0	0	0	0	1
Manager	4	0	0	0	2	0	0	1	7
Professionals/Specialist	7	1	0	0	9	0	0	0	17
Administrative/Support	0	0	0	0	2	0	0	0	2
Total	**11**	**1**	**1**	**0**	**13**	**0**	**0**	**1**	**27**
Internship	2	0	0	0	2	0	0	0	4
Learnership	1	0	0	0	0	0	0	0	1
Grand Total	**14**	**1**	**1**	**0**	**15**	**0**	**0**	**1**	**32**

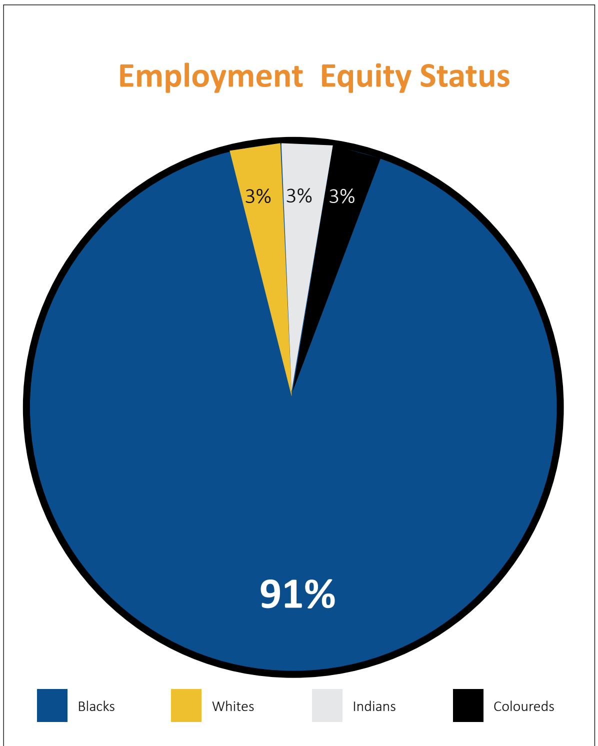
A - African C - Coloured I - Indian W - White

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 a geographical representation of our society and create equal employment opportunities for all. The MDDA's Employment Equity Policy and Plan aim 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, 91% of our employees were black, of which 60% are women, and 1% are disabled. Plans are afoot to increase the latter by filling an officer position with a person with a disability.

The total workforce at the MDDA is between the ages of 20–61.



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 Human Resources Policies and Procedures manual was recently workshopped and reviewed to increase its relevance and manage the risks associated with its implementation.

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; 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:

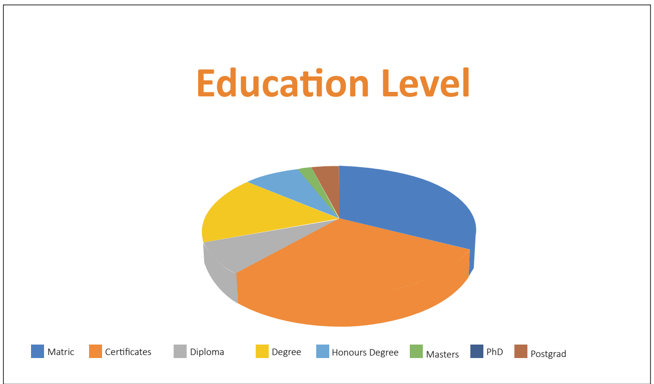
- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery.
- Assessment of the impact of learning interventions on overall company performance

Further, we invested over R484 908.40 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. During the year under review, five interns were appointed in the following units:

- Communications,
- Finance,
- Broadcast and
- Print.

A skills audit as well as competency assessments were undertaken to ascertain the gap in the skills and competencies required against those that exist within the organisation. This will be used as a feeder into individual development plans.



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 R1 701.87 per month was offered for the 2018/2019 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 MDDA to join the medical aid scheme.

5.5 Employee Wellness Programme and Occupational Health and Safety

At the MDDA, our 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.

Our 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, the 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 (A) - Acting	African		Asian		Coloured		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Chief Executive Officer		(A)							Vacant
Chief Financial Officer			1						1
Project Director									Vacant
Director: Strategy. M&E								(A)	Vacant
Internal Audit Manager		1							1
Internal Audit Officer	1								1
Risk Specialist									Vacant
HR & Corp Affair Mngr	(A)								Vacant
Project Managers	2								2 (1 Vacant)
Project Officers	2	1							3 (1 Vacant)
Exec. Secretary to CEO		(A)							Vacant
Company Secretary		1							1
Ass Company Secretary	1								1
Legal and Contracts	1								1
Finance Admin Officer		1							1
Disbursement Officer		1							1
Projects Administrator		1							1
Receptionist		1							1
Office Attendant & Cleaner		1							1
Finance Manager	1								1
IT Manager	1								1
Comms & Branding Mngr								1	1
Supply Chain Mngt Officer	1								1 (1 Vacant)
HR Officer					1				1
Research & Capacity Co.		2							2
M&E Manager		1							1
M&E Coordinator		2							2
Communications Officer		1							1
Knowledge Co-ordinator									Vacant
Travel Co-ordinator									Vacant
Digital Media Co-ordinator									Vacant
Total Head Count	**10**	**14**	**1**		**1**			**1**	**27**

5.7 Declaration of Emolument

Executive Management

Employee Name	Position	Time Period	Salary	Performance Bonus	Acting Allowance	Travel Allowance	Other Allowance	Total
Ms Zukiswa Potye	ACEO	03/04/2018 – 31/03/2019	1 711 108	-	-	13 478	38 786	1 763 372
Mr Y Asmal	CFO	17/09/2018 - 31/03/2019	484 517	-	-	3 800	40 033	892 350
Ms CA Langbridge	Acting Director	01/10/2018 - 31/03/2019	689 202	45 680	183 165	9 566	186 690	1 114 303
Ms V Mdazana	Acting Director	01/10/2018 - 28/03/2019	718 189	65 680	130 832	11 414	142 875	1 048 989
TOTAL			**3 957 015**	**91 361**	**313 996**	**38 258**	**403 384**	**4 819 014**

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, 2018/2019

Programme	Personnel Expenditure	Training Expenditure	Professional & Special Services
Office of CEO	5 450 188	29 897	175 852
Finance	3 989 213	60 660	5 552
Projects	8 183 514	-	-
Administration	2 207 361	494 010	112 509
Interns	406 451	-	-
TOTAL	**20 236 727**	**584 567**	**293 913**

Overtime

There was no overtime paid during the 2018/19 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 the new CFO, Finance Manager, Research Manager and Internal Audit Manager.

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 the key variables: programme 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 2019

Programme	Number of posts	Number of posts filled	Number of posts vacant	Number of post filled additional to the Agency
CEO's Office	6	3	3	0
Projects	9	5	4	0
Finance	6	5	1	0
HR and CA	5	4	1	0
Internal Audit	2	2	0	0
Risk Mgt	1	0	1	0
Comms	3	2	1	0
SM&E	7	6	1	0
Total	**39**	**27**	**12**	**0**

Employment and vacancies by critical occupation, 31 March 2019

Programme	Number of posts	Number of posts filled	Number of posts vacant	Number of posts filled additional to the Agency
CEO & Legal and Contracts Manager	2	1	1	0
CFO, Finance Manager and IT	3	3	0	0
Comms Manager	1	1	0	0
Project Director and Project Managers	4	1	3	0
HR Manager	1	0	1	0
SM&R Director	1	0	1	0
Total	**12**	**6**	**6**	**0**

5.11 Job Evaluation

Job grading was undertaken in the 2018/2019 financial year for alignment with industry and public- sector norms. The benchmarking exercise is in process and will be finalised in the 2019/2020 financial year.

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 critical occupations, as well as reasons why staff are leaving the Agency.

Annual turnover rates by critical occupation for the period 1 April 2018 – 31 March 2019

Programme	Number of employees per occupation as at 1 April 2018	Appointments and transfers into the Agency	Terminations and Transfers out of the Agency
CEO & Legal and Contracts	1	1	1
CFO, Finance Manager and IT	1	3	1
Project Director and Project Managers	2	0	1
HR Manager	1	0	1
Total	**5**	**4**	**4**

Reasons why staff are leaving the Agency

Termination type	Number	Percentage of total
Death	0	0
Resignation	9	82%
Expiry of contract	0	0
Dismissal - operational changes	0	0
Dismissal - misconduct	2	18%
Dismissal - inefficiency	0	0
Discharged due to ill health	0	0
Retirement	0	0
Transfers to pther Public Services Departments	0	0
Other	0	0
Total	11	
Total number of employees who left as a % of the total employment as of 31 March 2018 (26)		**42%**

There were no promotions by critical occupations and no promotions 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.

Employment Equity Profile as at 31 March, 2019

Position (A) - Acting	MALES				FEMALES				
	A	C	I	W	A	C	I	W	TOTAL
Executive/Senior Manager	0	0	1	0	0	0	0	0	1
Manager	4	0	0	0	2	0	0	1	7
Professionals/Specialist	7	1	0	0	9	0	0	0	17
Administrative/Support	0	0	0	0	2	0	0	0	2
Total	**11**	**1**	**1**	**0**	**13**	**0**	**0**	**1**	**27**

Recruitment for the period 1 April 2018 to 31 March 2019

Occupational Band	MALES				FEMALES			
	A	C	I	W	A	C	I	W
Senior Management	0	0	1	0	0	0	0	0
Professionally qualified and experienced specialists and middle management	3	0	1	0	2	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	2	0	0	0
Total	**6**	**0**	**2**	**0**	**4**	**0**	**0**	**0**

Terminations for the period 1 April 2018 to 31 March 2019

Occupational Band	MALES				FEMALES			
	A	C	I	W	A	C	I	W
Senior Management	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and middle management	1	0	1	0	3	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	4	0	0	0
Total	**3**	**0**	**1**	**0**	**7**	**0**	**0**	**0**

5.14 Performance Rewards

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

Salary Band	No of beneficiaries	Number of employees	Total Cost	Av Cost per employee
Executive	2	4	91 361	45 608
Management	6	6	178 185	29 698
Staff	18	18	349 003	19 389
Total	**26**	**26**	**618 548**	**23 790**

5.15 Foreign Workers

There are no foreign employees within the MDDA.

5.16 Disciplinary Matters and Outcomes

A collective agreement was entered into with the trade union, Communications Workers Union (CWU), in June 2018 and in September 2018 the trade union was found to be in breach of the collective agreement. To date the trade union is in breach.

There was one misconduct and two disciplinary hearings within the Agency during the 2018/2019 financial year.

There were no grievances lodged within the Agency during the 2018/2019 financial year.

There were three disputes during the 2018/2019 financial year. One dispute was referred to CCMA for arbitration and was resolved; and two disputes were referred for conciliation and are due for arbitration.

There was no strike action within the Agency during the 2018/2019 financial year.

There were three precautionary suspensions within the Agency during the 2018/2019 financial year. The matter has been investigated, and led to two dismissals and one resignation.

PART SIX:

ANNUAL FINANCIAL STATEMENTS

Table of Contents

6.1 Report of the Auditor General

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 Media Development and Diversity Agency set out on pages 94 to136, which comprise the statement of financial position as at 31 March 2019, the 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 2019, 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 entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and 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.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting

authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did 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.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 - Grant and seed funding	33 –34
Programme 4 - Capacity building and sector development	36

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and

related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 4: Capacity building and sector development

Number of training interventions aimed at capacitating the community media in key sustainability

15. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the *number of training interventions aimed at capacitating the community media in key sustainability* indicator. This was due to a lack of standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement as reported in the annual performance report.

16. I did not raise 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 36 for information on the achievement of planned targets for the year and explanations provided for the under or over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 15 of this report.

Adjustment of material misstatements

19. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 4: Capacity building and sector development. As the misstatement was not quantifiable, management has not corrected the misstatements and we raised 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 entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material findings on compliance with specific matters in key legislations are as follows:

Annual Financial Statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements in the cash flow statements and disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified opinion.

Expenditure Management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R39 126 159 as disclosed in note 33 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with the supply chain management regulations.

Other information

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

25. 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.

26. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

28. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

29. The accounting authority did not exercise adequate oversight responsibility regarding compliance with key laws and regulations and related controls which resulted in instances of non-compliance with PFMA and supply chain management prescripts.

30. Management did not implement sufficient monitoring controls on compliance with legislation and accurate and complete financial reporting.

31. The inability of the accounting authority to consistently hold meetings affected the governance of the entity. As a result, there was no consistent oversight over the combined assurance providers and the management of the entity.

Auditor-General

Johannesburg

31 July 2019

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 selected programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

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

   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
   - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability 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 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, related safeguards.

6.2 Board's Responsibilities and Approval

The members are required by the PFMA, 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 members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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 members 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 members to meet these responsibilities, the board sets 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 members 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 members have reviewed the entity's cash flow forecast for the year to 31 March 2020 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 Department of Communications for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Communications has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The board is 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 81.

The annual financial statements set out on page 94 , which have been prepared on the going concern basis, were approved by the board on 31 May 2019 and were signed on its behalf by:

Member
Chairperson

6.3 Audit and Risk Committee (ARC)

We are pleased to present our report for the financial year ended 31 March 2019.

Audit committee members and attendance

The audit 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 11 meetings were held of which 4 were special meetings.

Name of member	Number of meetings attended
P Phukubje (Chairperson) - From 26/05/2018 to 25/05/2020	6/11
N Mbava - From 19/10/2017 to 18/10/2020	3/11
M Della Togna - From 19/10/2017 to 18/10/2020	3/11
M Daza - From 31/08/2018 to 31/08/2020	4/11
S Boulton - From 21/07/2016 to 21/07/2018	3/11
N Madiba (Chairperson) - From 01/05/2016 to 30/04/2018	3/11
M Bukula - From 21/07/2016 to 21/07/2018	3/11
M Sishange - From 17/06/2015 to 16/06/2018	1/11
T Mmushi - From 29/05/2018 to 29/05/2021	7/11
M Mbedhli - From 31/08/2018 to 31/08/2020	4/11
D Modiba - From 01/05/2016 to 30/04/2018	2/11
M Bukula - From 01/05/2016 to 30/04/2018	3/11
MN Monare - From 28/09/2017 to 30/08/2018	1/11

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 satisfied that the entity has an on-ongoing risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations. This has been in place for the year under review and up to the date of approval of the Annual Financial Statements.

6.3 Audit and Risk Committee (ARC) Report (Continued)

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:

i. Performance Audit (EEE)

ii. Performance audit quality assurance Q3 and Q4

iii. Bi-annually Financial Statements Review (quarterly financial management reports review)

iv. EMS forensic audit: Irregular Expenditure

v. Procurement: Centralization of Broadcast Equipment. Additional text

The following were areas of concern:

HR - High rate of vacancies, Executive positions in Acting capacity, Some Performance Contracts not signed, Leave controls deficiencies, Inconsistent implementation of HR policies

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

Corporate Governance - No evidence of evaluation of the Board.

Procurement and Payments - Inconsistent compliance with 30 days payment prescript, Deviation from competitive bidding processes for awards above R30,000 without complying with Preferential Procurement Framework. Appointment of consultants not performed in compliance to regulations, Insufficient enquiry conducted in relation to irregular, fruitless and wasteful expenditure.

Programmes and Projects - Online application system for projects not effective, Inconsistent approval of Monitoring and Evaluation Reports.

Follow-up Audits - Some audit recommendations not implemented per agreed timelines.

Asset Management - Insufficient controls of asset management and asset register.

IT - Inadequate disaster recovery plan, IT risk register, Inadequate service level agreement management, Application user and administrator activities not monitored

6.3 Audit and Risk Committee (ARC) Report (Continued)

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 2018/2019 financial year. The audit committee is satisfied with the independence of the external auditors from Auditor-General of South Africa.

Mr. P Phukubje: Chairperson of the Audit and Risk Committee

Date: 31 May 2019

6.4 Board's Report

The members submit their report for the year ended 31 March 2019.

1. Incorporation

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

2. Going concern

We draw attention to the fact that at 31 March 2019, the entity had an accumulated surplus of R 84 683 160 and that the entity's total assets exceed its liabilities by R 84 683 160. The statement of financial performance shows a surplus of R11 763 026

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.

3. Subsequent events

The president of the republic has announced down scaling of public entities which led to the merger of Department of Communications and the Department of Tele Communications and Postal Services. Rationalisation of entities within the communications portfolio is still underway. With effect from June 2019, MDDA has been moved from the Department of Communications Portfolio and it is reporting to The Presidency. Financial Statements have been prepared on a going concern bases.

4. Board

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

Name
Norman Munzhelele
Appointed: 20/07/2018
Moshoeshoe Nkgakga Monare
Appointed: 22/09/2017
Tasneem Carrim
Appointed: 22/09/2017
Nombeko Mbava
Appointed :19/10/2017
Martina Della-Togna
Appointed: 19/10/2017
Musa Sishange
Term ended: 16/06/2018

5. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports 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 board 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:

6.4 Board's Report (Continued)

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
  - executive directors.
- has established a Board directorship continuity programme.

Chairperson and chief executive

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

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

Executive meetings

The board has met on separate occasions during the financial year. The board had nine meetings in 2018/19 financial year.

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

6. Auditors

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

The annual financial statements set out on page 94, which have been prepared on the going concern basis, were approved by the board on 31 May 2019 and were signed on its behalf by:

Member
Chairperson

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.

PP

Khululwa Seyisi
Company Secretary
Friday, 31 May 2019

6.6 Statement of Financial Position as at 31 March 2019

Figures in Rand	Notes	2019	2018 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	7	14 217 155	717 140
Receivables from non-exchange transactions	8	134 062	120 418
Cash and cash equivalents	9	105 171 070	104 237 849
		119 522 287	**105 075 407**
Non-Current Assets			
Property, plant and equipment	4	1 682 423	2 197 950
Intangible assets	5	135 175	275 061
		1 817 598	**2 473 011**
Total Assets		**121 339 885**	**107 548 418**
Liabilities			
Current Liabilities			
Finance lease obligation	10	549 565	487 539
Deferred lease liability	6	134 277	185 727
Payables from exchange transactions	13	3 828 966	4 340 556
Unspent conditional grants and receipts	11	31 262 890	28 298 043
Provisions	12	881 031	764 793
		36 656 729	**34 076 658**
Non-Current Liabilities			
Finance lease obligation	10	-	552 598
Total Liabilities		**36 656 729**	**34 629 256**
Net Assets		**84 683 156**	**72 919 162**
Accumulated surplus		84 683 160	72 919 164

6.7 Statement of Financial Performance

Figures in Rand	Notes	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Interest received - investment	15	5 638 611	5 161 566
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	30 694 846	30 005 000
Broadcast funders contributions	17	51 743 849	48 256 912
Donations	18	20 000	131 408
Total revenue from non-exchange transactions		**82 458 695**	**78 393 320**
Total revenue	14	**88 097 306**	**83 554 886**
Expenditure			
Employee related costs	19	(20 406 769)	(16 290 000)
Depreciation and amortisation	5	(1 014 496)	(1 126 145)
Impairment loss/ Reversal of impairments	21	(166 301)	-
Finance costs	22	(102 742)	(159 802)
Grant cost disbursement	34	(40 328 234)	(46 829 485)
Administration expenses	20	(14 315 738)	(17 990 655)
Loss on disposal of assets	4	-	(38 623)
Total expenditure		**(76 334 280)**	**(82 434 710)**
Surplus for the year		**11 763 026**	**1 120 176**

6.8 Statement of Changes in Net Assets

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2017	**71 798 988**	**71 798 988**
Changes in net assets		
Surplus for the year	1 120 176	1 120 176
Total changes	1 120 176	1 120 176
Restated* Balance at 01 April 2018	**72 920 134**	**72 920 134**
Changes in net assets		
Surplus for the year	11 763 026	11 763 026
Total changes	11 763 026	11 763 026
Balance at 31 March 2019	**84 683 160**	**84 683 160**

Note(s)

6.9 Cash Flow Statements

Cash Flow Statement

Figures in Rand	Notes	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Grants		33 659 693	30 005 000
Interest income		5 638 611	5 161 566
Contributions - Broadcast		51 743 849	48 256 912
Donations		20 000	131 408
		91 062 153	83 554 886
Payments			
Employee costs		(20 290 531)	(15 043 000)
Suppliers		(28 530 257)	(16 353 000)
Grant cost expenditure		(40 328 234)	(46 829 485)
Finance cost		(102 742)	(160 000)
Other cash item		(1 234)	-
		(89 252 998)	(78 385 485)
Net cash flows from operating activities	23	**1 809 155**	**5 169 401**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(282 621)	(198 602)
Cash flows from financing activities			
Finance lease payments		(593 314)	(431 000)
Net increase/(decrease) in cash and cash equivalents		**933 220**	**4 539 799**
Cash and cash equivalents at the beginning of the year		104 237 849	99 698 050
Cash and cash equivalents at the end of the year	9	**105 171 070**	**104 237 849**

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	4 821 706	-	**4 821 706**	5 638 611	**816 905**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	30 669 000	-	**30 669 000**	30 694 846	**25 846**	
Contributions - Broadcast	73 753 732	-	**73 753 732**	51 743 849	**(22 009 883)**	
Public contributions and donations	-	-	**-**	20 000	**20 000**	
Total revenue from non-exchange transactions	**104 422 732**	**-**	**104 422 732**	**82 458 695**	**(21 964 037)**	
Total revenue	**109 244 438**	**-**	**109 244 438**	**88 097 306**	**(21 147 132)**	
Expenditure						
Employee related cost	(19 510 642)	(1 300 000)	**(20 810 642)**	(20 406 769)	**403 873**	
Administration	(16 650 847)	1 477 797	**(15 173 050)**	(14 315 738)	**857 312**	
Depreciation and amortisation	(463 000)	(551 496)	**(1 014 496)**	(1 014 496)	**-**	
Impairment loss/ Reversal of impairments	-	(166 301)	**(166 301)**	(166 301)	**-**	
Finance costs	(240 000)	-	**(240 000)**	(102 742)	**137 258**	
Grant Expenditure	(71 508 972)	540 000	**(70 968 972)**	(40 328 234)	**30 640 738**	
Total expenditure	**(108 373 461)**	**-**	**(108 373 461)**	**(76 334 280)**	**32 039 181**	
Surplus before taxation	**870 977**	**-**	**870 977**	**11 763 026**	**10 892 049**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**870 977**	**-**	**870 977**	**11 763 026**	**10 892 049**	

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 122(3) of the PFMA.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

6.11 Accounting Policies (Continued)

1.4 Property, plant and equipment (continued)

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.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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 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.

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.

6.11 Accounting Policies (Continued)

1.4 Property, plant and equipment (continued)

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.

6.11 Accounting Policies (Continued)

1.5 Intangible assets (continued)

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.

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.

6.11 Accounting Policies (Continued)

1.6 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

6.11 Accounting Policies (Continued)

1.6 Financial instruments (continued)

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

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

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 transacions	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.

6.11 Accounting Policies (Continued)

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

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

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

6.11 Accounting Policies (Continued)

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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

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

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

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

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

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

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

1.6 Financial instruments (continued)

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.

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.

6.11 Accounting Policies (Continued)

1.7 Statutory receivables (continued)

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

6.11 Accounting Policies (Continued)

1.7 Statutory receivables (continued)

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

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

1.8 Leases

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

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

Finance leases - lessee

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

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

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

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

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.

6.11 Accounting Policies (Continued)

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.

6.11 Accounting Policies (Continued)

1.10 Provisions and contingencies (continued)

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.

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 significat 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)

1.12 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

Interest, royalties and dividends

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

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

Interest is recognised, 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.

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.

6.11 Accounting Policies (Continued)

1.13 Revenue from non-exchange transactions (continued)

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.

6.11 Accounting Policies (Continued)

1.13 Revenue from non-exchange transactions (continued)

Taxes

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

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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 transfered 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.

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.

6.11 Accounting Policies (Continued)

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.

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.

6.11 Accounting Policies (Continued)

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 -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/04/01 to 2019/03/31.

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.

6.11 Accounting Policies (Continued)

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 venturers).

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

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

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

Close members of the family of a person are 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.

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.

6.12 Notes to the Annual Financial Statements

Figures in Rand	2019	2018

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:
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact
• GRAP 12 (as amended 2016): Inventories	01 April 2018	The impact of the is not material.
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	The impact of the is not material.
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	The impact of the is not material.
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	The impact of the is not material.
• GRAP 27 (as amended 2016): Agriculture	01 April 2018	The impact of the is not material.
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	The impact of the is not material.
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	The impact of the is not material.
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the 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 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2019	Not expected to impact results but may result in additional disclosure
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	01 April 2019	Unlikely there will be a material impact

6.12 Notes to the Annual Financial Statements (Continued)

3. New standards and interpretations (continued)

• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods but are not 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	Unlikely there will be a material impact

Figures in Rand

4. Property, plant and equipment

	2019			2018		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Furniture and fixtures	974 663	(759 198)	215 465	968 739	(832 052)	136 687
Office equipment	782 833	(295 750)	487 083	802 683	(301 409)	501 274
IT equipment	1 371 679	(754 506)	617 173	1 242 898	(623 028)	619 870
Leasehold improvements	1 471 491	(1 108 789)	362 702	1 471 491	(531 372)	940 119
Total	**4 600 666**	**(2 918 243)**	**1 682 423**	**4 485 811**	**(2 287 861)**	**2 197 950**

Reconciliation of property, plant and equipment - 2019

	Opening balance	**Additions**	**Transfers**	**Other changes, movements**	**Depreciation**	**Total**
Furniture and fixtures	136 687	253 859	(13 970)	(99 315)	(61 796)	215 465
Office equipment	501 274	-	-	(929)	(13 262)	487 083
IT equipment	619 870	269 324	(8 924)	(66 058)	(197 039)	617 173
Leasehold improvements	940 119	-	-	-	(577 417)	362 702
	2 197 950	**523 183**	**(22 894)**	**(166 302)**	**(849 514)**	**1 682 423**

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fixtures	205 901	-	(37 651)	(11 128)	(20 435)	136 687
Office equipment	459 365	35 440	-	154 655	(148 186)	501 274
IT equipment	869 263	163 162	-	(185 577)	(226 978)	619 870
Leasehold improvements	1 684 133	-	(260 760)	7 243	(490 497)	940 119
	3 218 662	**198 602**	**(298 411)**	**(34 807)**	**(886 096)**	**2 197 950**

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

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 Years (Lease term)

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	362 702	940 119

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses	22 176	-

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

Figures in Rand	2019	2018

5. Intangible assets

	2019			2018		
	Cost	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	568 098	(432 923)	135 175	568 098	(293 037)	275 061

Reconciliation of intangible assets - 2019

	Opening balance	**Other changes, movements**	**Amortisation**	**Total**
Computer software, other	275 061	25 096	(164 982)	135 175

Reconciliation of intangible assets - 2018

	Opening balance	**Amortisation**	**Total**
Computer software, other	515 110	(240 049)	275 061

Other information

Intangible Assets consist of Computer software which is amortised through straightline method over the average useful life of three years.

6. Deferred lease asset (accrual)

Current liabilities	(134 277)	(185 727)

The operating lease costs for leashold property were straight-lined from commencement of rental agreement. The contract is valid for a priod of 36 months. The contract commenced on 01 March 2017 and expires on 28th February 2020. The lease escalates at 9% per annum and no arrangements have been entered into for contigent rental.

7. Receivables from exchange transactions

Deposits	665 890	675 890
Other receivables	41 250	41 250
Prepaid expenses	13 510 015	-
	14 217 155	**717 140**

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:

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.

6.12 Notes to the Annual Financial Statements (Continued)

Figures in Rand	2019	2018

8. Receivables from non-exchange transactions

Staff debtors	134 062	120 418

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

Receivables from non-exchange transactions consist of interest free staff loans given to MDDA officials.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	498	28
Bank balances	74 994 949	30 728 285
Short-term deposits	30 175 623	73 509 536
	105 171 070	**104 237 849**

10. Finance lease obligation

Minimum lease payments due		
- within one year	590 723	590 723
- in second to fifth year inclusive	-	590 723
	590 723	1 181 446
less: future finance charges	(38 125)	(140 867)
Present value of minimum lease payments	**552 598**	**1 040 579**

Present value of minimum lease payments due		
- within one year	552 598	487 981
- in second to fifth year inclusive	-	552 598
	552 598	**1 040 579**

Non-current liabilities	-	552 598
Current liabilities	549 565	487 539
	549 565	**1 040 137**

The average lease term was 3 years and the average effective borrowing rate was 12.5% (2018 : 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 .

6.12 Notes to the Annual Statements (Continued)

Figures in Rand	2019	2018

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DoC Broadcast equipment roll-out	19 828 906	19 828 906
DoC - Programme production	5 802 470	5 802 470
Competition commission	5 631 514	2 666 667
	31 262 890	**28 298 043**

Movement during the year

Balance at the beginning of the year	28 298 043	25 631 376
Additions during the year	2 964 847	2 666 667
	31 262 890	**28 298 043**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

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 the R19.8 million grant will be realised as revenue as the installations occurs.

Programme production

During the year 2008/9 financial year, MDDA entered into a MoU with the Department of Communications for programme production project for an amount of R20 million. The remainder of the R5.8 million grant will be realised as revenue as the spending occurs.

Competition commission

The competition commision fines different role players within the media industry and requst MDDA to implement remedial projects on its behalf. The remainder of the R5.6 million grant will be realised as revenue as the spending occurs.

6.12 Notes to the Annual Financial Statements (Continued)

Figures in Rand	2019	2018

12. Provisions

Reconciliation of provisions - 2019

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

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	2 120 066	98 099	-	(2 120 066)	98 099
Employee cost provisions	474 184	666 694	(474 184)	-	666 694
	2 594 250	**764 793**	**(474 184)**	**(2 120 066)**	**764 793**

13. Payables from exchange transactions

	2019	2018
Trade payables	3 200 873	2 952 378
Employee related - PAYE, UIF, SDL, Medical, Provident fund	335 570	638 519
Employee related - Leave accrual	292 523	749 659
	3 828 966	**4 340 556**

14. Revenue

	2019	2018
Interest received - investment	5 638 611	5 161 566
Government grants & subsidies	30 694 846	30 005 000
Broadcast funders contributions	51 743 849	48 256 912
Public contributions and donations	20 000	131 408
	88 097 306	**83 554 886**

	2019	2018
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - investment	5 638 611	5 161 566

	2019	2018
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	30 694 846	30 005 000
Levies	51 743 849	48 256 912
Public contributions and donations	20 000	131 408
	82 458 695	**78 393 320**

6.12 Notes to the Annual Statements (Continued)

Figures in Rand	2019	2018

15. Investment revenue

Interest revenue		
Bank	5 638 611	5 161 566

The amount included in Investment revenue arising from exchange transactions amounted to R5 638 611 (2018: R5 161 566).

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus ofR5 638 611 (2018: R5 161 566).

16. Government grants and subsidies

Operating grants		
Department of Communications (DoC) - Unconditional	30 669 000	30 005 000
MICT : SETA Grant - Conditional	25 846	-
	30 694 846	**30 005 000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received (Conditions not yet met: Refer to note No.11)	-	-
Unconditional grants received	30 694 846	30 005 000
	30 694 846	**30 005 000**

17. Broadcast funders contributions

Broadcasters Contribution	51 743 849	48 256 912

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	131 408

During 2018/19 financial year, MDDA reveived 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	2019	2018

19. Employee related costs

Basic	14 548 432	12 543 001
Bonus	881 031	808 259
Medical aid - company contributions	564 893	497 909
UIF	59 380	46 083
SDL	172 279	128 522
Leave pay provision charge	1 076 683	350 116
Cell phone allowance	534 539	15 369
Provident Fund	1 441 413	1 260 217
Travel, motor car, accommodation, subsistence and other allowances	176 762	16 959
13th Cheques	75 634	-
Acting allowances	836 217	-
Other employee costs	39 506	623 565
	20 406 769	**16 290 000**

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

Secondment allowance	1 711 108	-
Subsistence and travelling	13 478	-
Other allowances	38 786	-
	1 763 372	**-**

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

Annual Remuneration	848 517	-
Subsistence and travelling	3 800	-
Other allowances	40 033	-
	892 350	**-**

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

Annual Remuneration	689 202	-
Acting allowance	183 165	-
Performance Bonuses	45 680	-
Subsistence and travelling	9 566	-
Other allowances	186 690	-
	1 114 303	**-**

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

Annual Remuneration	718 189	-
Acting allowance	130 832	-
Performance Bonuses	45 680	-
Subsistence and travelling	11 414	-
Other allowances	142 875	-
	1 048 990	**-**

Remuneration of acting CFO: Mr T Kuodza (11 Aug 2016 to 28 Feb 2018)

Annual Remuneration	-	632 000
Acting Allowance	-	425 000
Performance Bonuses	-	31 000
Subsistence and travelling	-	9 000
	-	**1 097 000**

6.12 Notes to the Annual Statements (Continued)

Figures in Rand	2019	2018

19. Employee related costs (continued)

Remuneration of Acting CEO: Mr W Baloyi (06 Dec 2017 - 31 Mar 2018)

Annual Remuneration	-	259 000
Subsistence and travelling	-	4 000
	-	**263 000**

Remunerations of Acting CEO: Ms K Seyisi (09 Oct 2017 - 05 Dec 2017)

Annual Remuneration	-	171 000
Acting Allowance	-	109 000
Subsistence and travelling	-	6 000
	-	**286 000**

Remunerations of Acting CEO: Mr D Liphoko (08 May 2017 - 06 Oct 2017)

Acting Allowance	-	597 000
Subsistence and travelling allowance	-	13 000
	-	**610 000**

20. Administrative expenditure

	-	-

Cleaning	3 782	2 030
Professional services	283 939	1 614 449
Fines and penalties	349	79 318
Refuse	4 079	3 677
Operating lease costs	2 861 844	2 081 405
Internal audit	282 707	1 434 178
External audit	1 144 783	1 148 568
Board administration cost	1 106 299	1 261 186
Non-executive management emoluments	730 945	1 514 307
Other administration costs	7 897 011	8 851 537
	14 315 738	**17 990 655**

21. Impairment of assets

Impairments		
Property, plant and equipment	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. Board has approved the derecognition of impaired assets on 31 May 2019. Impairment expenditure was recognised on the carrying value of impaired assets.

22. Finance costs

Finance leases	102 742	159 802

6.12 Notes to the Annual Financial Statements (Continued)

Figures in Rand	2019	2018

23. Cash generated from operations

Surplus	11 763 026	1 120 176
Adjustments for:		
Depreciation and amortisation	1 037 390	1 168 181
Impairment	166 301	-
Movements in operating lease assets and accruals	(51 450)	172 460
Movements in provisions	116 238	(1 660 750)
Impairment of assets	-	36 623
Other non-cash items	78 614	-
Changes in working capital:		
Receivables from exchange transactions	(13 500 015)	682 138
Receivables from non-exchange transactions	(13 644)	(99 544)
Payables from exchange transactions	(752 152)	1 083 450
Unspent conditional grants and receipts	2 964 847	2 666 667
	1 809 155	**5 169 401**

24. Commitments

Authorised operational expenditure

Grant commitments		
• Opening balance of commitments	70 712 811	93 719 846
• Projects approved in current year	50 822 946	30 702 804
• Payments to projects made in current year	(40 558 514)	(44 813 475)
• Write-backs	(15 743 708)	(8 896 365)
	65 233 535	**70 712 810**

Total operational commitments		
Already contracted for but not provided for	65 233 535	-

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 a period of 18 months) .

Other operational commitments

Open orders	406 205	-
Long term contracts	196 092	-
	602 297	**-**

Figures in Rand	2019	2018

25. Contingencies

Media development and diversity agency // Trevor Boqo

Litigation is in the process against the entity relating to a dispute with a beneficiary (Trevor Boqo) who alleges that the entity has infringed contractual agreement and is seeking payment of the second grant trenche. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next year.

The estimated fees to settle the matter is estimated at R350 000.

Labour matters

MDDA is a party to a CCMA dispute with two former employees who were dismissed after the disciplinary hearing on alleged misconduct. 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

Directors (Executive and non-executive)	Refer to members' report note 19
Controlling entity	Department of Communication
Common control	GCIS

Related party balances

Loan accounts - Owing (to) by related parties	2019	2018
GCIS	-	-
DoC	-	-
	-	-

Department of Communications: MDDA has received grants to the value of R30 669 000 from DoC in the 2018/19 financial year,
GCIS - MDDA acting CEO is a seconded from GCIS where MDDA paid secndment fee of R1 711 108 in the 2018/19 financial year

Figures in Rand	2019	2018

27. Members' emoluments

Non-executive

2019

	Members' fees	Total
Norman Munzhelele Appointed: 20/07/2018	109 353	109 353
Moshoeshoe Nkgakga Monare Appointed: 22/09/2017	140 188	140 188
Tasneem Carrim Appointed: 22/09/2017	-	-
Nombeko Mbava Appointed :19/10/2017	118 556	118 556
Martina Della-Togna Appointed: 19/10/2017	202 017	202 017
Musa Sishange Term ended: 16/06/2018	63 147	63 147
	633 261	**633 261**

2018

	Members' fees	Total
Zanele Mngadi Resgined: 30/08/2017	18 000	18 000
Louise Vale Term ended: 05/02/2018	225 000	225 000
Palesa Kadi Resigned: 05/05/2017	10 000	10 000
Neo Momodu Resigned: 25/04/2017	9 000	9 000
Ronald Lamola Resigned:" 04/012018	18 000	18 000
Nombeko Mbava Appointed :19/10/2017	75 000	75 000
Martina Della-Togna Appointed: 19/10/2017	108 000	108 000
Phelisa Nkomo Term Ended: 22/01/2018	405 000	405 000
Musa Sishange Term ended: 16/06/2018	485 000	485 000
Fezile Soyizwaphi Term ended: 22/01/2018	2 000	2 000
Sandile Ndaba Term ended: 22/01/2018	20 000	20 000
	1 375 000	**1 375 000**

28. Change in estimate

Property, plant and equipment

The useful life of furniture and fittings was estimated in to be 11 years. In the current period management have revised their estimate to 16 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R -14 081.6

29. Prior period errors

Donations - Donations were incorrectly classified as exchange revenue instead on non-exchange revenue. The total donations amount of R131 408 was retrospectively reclassified.

Figures in Rand	2019	2018

29. Prior period errors (continued)

Cell phone allowance - A portion of cell phone allowance was incorrectly classified as administration expenditure in the 2017/18 financial year instead of employee cost. The total misclassified cell phone allowance of R15 369 was retrospectively reclassified to employee cost.

Municipal rates - Municipal rates were incorrectly classified as board cost in the 2017/18 financial year. The total R180 707 misclassified rates and taxes were retrospectively reclassified to administrative cost.

Operating lease - Deferred leased liability was incorrectly claculated as R186 000 in the 2017/18 financial year. The deffered lease liability has been recalculated as R185 727 and retrospectively adjusted.

Disposed off assets were erroneously included on the assets register in the 2017/18 financial year.

Commitments were incorrectly calculated as R50 605 000 in the 2017/18 financial year, the restated commitments balance amounts to R70 712 810.81

Old items of Property planrt and equipment that were abondoned in the MDDA park town offices, we erroneously included on the assets register. Prior period financial statements have been updated to remove disposed off assets.

Amortisation on intangible assets was erroneously incorrectly calculated in the 2017/18 financial year. The error has been corrected in the 2017/18 financial year which resulted in increase in amortisation and accummulated amortisation by R37 246.

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

Statement of financial position		
Property, plant and equipment	-	37 651
Deferred lease liability	-	273
Accummulated amortisation	-	37 246
Statement of financial performance		
Depreciation expense	-	(21 839)
Exchange revenue	-	(131 408)
Non exchange revenue	-	131 408
Administrative expenses	-	(15 369)
Employee cost	-	15 369
Board costs	-	(180 707)
Administrative expenses	-	180 707
Loss on disposal of assets	-	37 651
Amortisation	-	37 246

Disclosure

Commitments		
Increase in commitments	-	20 107 811

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 board. Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The board 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.

Figures in Rand	2019	2018

30. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3 828 966	-	-	-
Deferred lease liability	134 277	-	-	-
Provisions	881 031	-	-	-

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	4 340 556	-	-	-
Deferred lease liability	185 727	-	-	-
Provisions	764 793	-	-	-

The table below analyses the entity's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount 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.

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:

31. Going concern

We draw attention to the fact that at 31 March 2019, the entity had an accumulated surplus of R84 683 160 and that the entity's total assets exceed its liabilities by R84 683 160

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.

Figures in Rand	2019	2018

31. Going concern (continued)

The ability of the entity to continue as a going concern is dependent on a number of factors including the fact that the Department of Communications has no intentions to discontinue MDDA operations and will continue funding in the foreseeable future.

32. Fruitless and wasteful expenditure

Opening balance	82 000	-
Incurred during the year	-	82 000
Written off during the year	-	-
	82 000	**82 000**

The above fruitless and wasteful expenditure has been investigated and processes are underway to acquire condonement from the National Treasury..

33. Irregular expenditure

Opening balance	9 929 000	6 715 000
Add: Irregular Expenditure - current year	39 126 159	3 214 000
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	49 055 159	**9 929 000**

Analysis of expenditure awaiting condonation per age classification

Current year	39 126 159	3 214 000
Prior years	3 214 000	6 715 000
	42 340 159	**9 929 000**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Deviation from SCM regulations	Awaiting condonation by National Treasury	39 126 159

34. Grant cost disbursement

Grant disbursements	36 174 263	44 823 966
Project tracking expenses	50 299	55 919
Workshops and travelling costs	4 103 672	1 949 600
	40 328 234	**46 829 485**

35. Budget differences

Material differences between budget and actual amounts

Interest on Investments

Additional surplus funds invested resulted in more than budgeted interest income

Contributions - Broadcast

Contributions from the brodcast industry was below anticipated revenue, print industry is still not contributing due to bad economic conditions in the industry.

6.12 Notes to the Annual Financial Statements (Continued)

Figures in Rand	2019	2018

35. Budget differences (continued)

Donations

MDDA has received R20 000 donations during the 2018/19 financial year which was not budgeted and not anticipated in the beginning of the financial year.

Employee cost

The Minister of Department of Communications has instructed all entities within the communications group to implement a moratorium on filling of vacancies. The budgeted vacant post will remain vacant up until the end of the moratorium. Officials have been seconded from the Department of Communications and other entities within the communications group.

Administrative expenditure

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

Grant expenditure

There is higher level of non-compliance by the beneficiaries who do not submit the financial report required for further funding. The entity is conducting assessment for the write backs on old projects that are non compliant so that the budget can be freed for new applications, comprehensive training is offered and stringent contracting measures are being implemented to ensure improvement in the level of compliance.

ACRONYM	DESCRIPTION
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
SoC	State Owned Company
DoC	Department of Communications
GCIS	Government Communication and Information System
PFMA	Public Finance Management Act No. 1 of 1999
SETA	Education and Training Authority
COID	Compensation for Occupational Injuries and Diseases

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