mdda

MEDIA DEVELOPMENT & DIVERSITY AGENCY

ANNUAL REPORT
2015 - 2016

This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period **1 April 2015 to 31 March 2016.**

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.

MDDA and the South African Agency for Science and Technology Advancement (SAASTA) partnership: the first trainees and community media journalists who attended a two-day workshop at the SAASTA offices as part of the Science and Technology Youth Journalist Programme that the two organisations have launched.

TABLE OF CONTENTS

Mission

"Ensuring the sustainable development of a vibrant, innovative and people centred media."

Values

- Integrity: We are honest, transparent, reliable, fair, accountable and responsible for our actions
- Ubuntu: We are empathetic, courteous and respectful to our staff and clients alike
- Professionalism: We are efficient, effective, service delivery orientated, punctual, performance driven and work collectively
- Commitment: We are passionate, go the extra mile, responsive, have a strong work ethic, and are consistent and accessible
- Developmental: We are inclusive, open and participatory

MDDA Value Proposition

"Integrated development services and resources that enable

media development and diversity"

Overall Objective

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

Mandate

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

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

PART ONE: INTRODUCTION

1.1 MINISTER OF COMMUNICATIONS FOREWORD

It gives me great pleasure as the Executive Authority to submit the 2015/2016 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 2015 to 31 March 2016.

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. The role community-based media plays in fostering social cohesion by bringing communities together and in nation-building is also immeasurable.

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.

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.

Ms Faith Muthambi, MP

Executive Authority
Minister of Communications
30 August 2016

1.2 CHAIRPERSON'S STATEMENT AND FOREWORD

It is with great pleasure that I present this Annual Report of the Media Development and Diversity Agency (MDDA) on behalf of the Board. For the past 12 years, in line with its statutory mandate, the MDDA has consistently sought to redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and media industry. As a result, the MDDA has seen an encouraging increase in the number of media projects that are sustainable and which have created jobs through MDDA financial support. During the 2015/2016 financial year for example, more than 170 direct jobs and more than 400 indirect jobs were created in the community radio sector, as a result of MDDA funding, with a further 100 direct and indirect jobs created in the local print sector.

As a result of Board members' terms expiring, the MDDA only had a fully quorating board from July 2015, the second quarter of the year, delaying the achievement of targets by some three months. Despite this, it successfully met a significant number of its annual targets in the delivery of its mandate to provide financial and non-financial support to the community and small commercial media sector.

With a fully constituted Board, enthusiastic and committed to media diversity and the growth of the local media sector, the year 2015/2016 was a year of strategic changes designed to position the MDDA as a knowledge based organisation, strongly equipped to continue its critical work of promoting and growing media diversity in a rapidly changing landscape.

Mandate

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

The MDDA funded its first project in 2004, following its establishment by an Act of Parliament in 2002. In subsequent years, in line with its mandate, the Agency has rapidly increased both the number and reach of the projects it supports, with the cumulative total in 2015/2016 reaching more than 200 media projects across all nine provinces of South Africa. This has been a powerful force in giving a voice to our communities, building skills and creating employment in the local media sector for people from our historically disadvantaged communities.

Despite the significant strides made in media freedom, the media landscape across South Africa does not uniformly exhibit a fully-entrenched diversity and recognition of indigenous languages and culture, while the local media face ongoing sustainability challenges. In this context, the MDDA continues to play a critical role in working towards ensuring a flourishing, vibrant and robust local media sector – a sector which supports nation building, as well as defending and strengthening our democracy, social cohesion and good governance.

Matters of Governance

The MDDA is a juristic person, is independent and must be impartial, exercising its powers and performing its duties without fear, favour or prejudice and without any political or commercial interference. The Agency is a well-managed organ of state, which has a continuous record of unqualified audit opinions, testimony to the good corporate governance and prudent management of the Agency since its inception.

The MDDA is governed by a unitary Board of Directors, which is independent and impartial, and has a separate role and authority from the Chief Executive Officer (CEO). The Board is primarily responsible for setting the strategic direction of the organization, whilst the CEO is entirely responsible for the implementation of the strategic business and annual performance plans.

The terms of some Board and committee members came to an end in 2015/2016, and I would like to thank those members who left the Board during the year for their contribution and willingness to work as a collective, providing good guidance and leadership to the management team.

During 2015/2016, the Board continued to provide oversight and leadership to the organization through its various committees. The Audit and Risk Committee fulfilled its responsibilities for the year, complying with section 38(1) (a) of the PFMA and Treasury Regulation 3.1. I would like to express my appreciation to Ms Palesa Kadi who chaired the Audit and Risk Committee for the past year.

As part of the Agency's commitment to further enhancing its ability to proactively respond to the needs of the sector and to continue on our path of continuous improvement in the delivery of our mandate, the Board has embarked on a programme of oversight visits to projects in all provinces. These visits will enable the Board to gather first-hand information and further its understanding of governance and sustainability issues in the sector, as identified through our monitoring and evaluation system.

Executive Authority

Our Executive Authority, the Minister of Communications, the Honourable Faith Muthambi, and the Department of Communications are strongly committed to the community media sector. This is evident in her shared concerns with the MDDA regarding the funding of the Agency in view of its large and critical mandate. With the consistent political support, the enabling legislative environment and the positioning of the MDDA in the Department of Communications, the Agency is empowered to drive its proposition and give it priority and prominence.

Funding for the Agency

The Agency receives funding from the South African Government through the Department of Communications, as well as from major commercial entities such as broadcast service licensees. Towards the end of the 2015/2016 financial year, the MDDA embarked on strengthening relationships with various funders – both broadcast and print, commencing an initiative to widen its funding base to enable it to play an even greater role in championing media diversity.

The funding agreements with broadcasting service licensees are aligned to the ICASA regulation and prescribe that each broadcast licensee contributes 0.2% of their annual turnover of licensed activities. In the past years, the MDDA saw a reduction in print media funding and in 2015/2016 received no funding from this sector at all. The MDDA views the print media as an important partner towards achieving media development and diversity in South Africa, and will continue to engage this sector towards establishing a mutual understanding.

As the Agency, we appreciate the trust bestowed upon us by the mainstream/ commercial media industry and the contribution they make to accelerating transformation through supporting the MDDA. With the support of our funders and partners, the Agency continues to expand its reach into rural and poor communities, as well as to historically diminished language and cultural groups and inadequately served communities. It is only with their support that we can make a meaningful impact and bring some form of media to historically disadvantaged communities.

Why Support the MDDA

The role that local media has to play in fostering social cohesion and bringing communities together is immeasurable. Local media plays a pioneering role in vividly portraying the social-cultural realities of society, bringing them to the national stage. Local media is a strong force for social change, driving the transformational agenda outlined in the country's National Development Plan.

The Way Forward

The Board has reviewed and approved the MDDA Management's reassessment of its work to date, and its resulting redefined focus to ensure the promotion of a vibrant and diversified media in South Africa, in pursuance of its constitutional prescripts.

The 2015/2016 financial year ended with the community media sector at the advent of exciting changes in South Africa's media landscape, including the launch of the migration to digital broadcasting. Such developments will have a significant impact on community media and reinforce the importance of the role the MDDA plays in leading the discussions on and championing the necessary changes for the sector. Going forward, the MDDA intends to strengthen its position as a change and innovation agent for the sector, providing the leadership that will ensure the sustainability of community media in such dynamic times.

Strengthening the role of the MDDA in social transformation and access to information for all requires the MDDA to expand its activities to reach a much wider audience through innovative means and public platforms. This includes the promotion of indigenous languages and making a contribution to community development and the alleviation of poverty and inequality. As a result, while the core activity of the MDDA remains grant and seed funding for community media projects, the Agency has reviewed and intends to reinforce its capacity building, training, advocacy and lobbying roles.

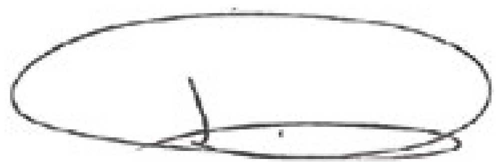
The MDDA will also continue to carry out research in the sector and interrogate the implementation of the findings. This will be valuable for the sector, allowing the MDDA to identify gaps in the sector and improve its intervention measures. With the Agency now in operation for over a decade, an Impact Assessment Study has been commissioned to reflect and evaluate the extent to which the MDDA is responding to its mandate of community media development and diversity by, amongst other objectives, describing the impact of MDDA funded projects and identifying and sharing best practices.

Similar reviews will be done on the MDDA capacity building interventions, both those that have been undertaken and those that are currently offered to the sector. This will enable the MDDA and its partners to address the real needs of the sector in an effort to further ensure its sustainability.

Our stakeholder management processes will also be strengthened. We will work closely with the Minister of Communications, the Department of Communications and our sister entities and sector bodies to support and engage the community and small commercial media in their initiatives. The MDDA will also be more active in the sector, playing a stronger lobbying and advocacy role on the many issues facing the community sector.

The Minister of Communications has indicated the intention to review the MDDA Act and its associated regulations. I commit the MDDA, on behalf of the Board and Management, to supporting this initiative, and to ensure that the MDDA accelerates its impact on media transformation.

A special word of thanks to our Executive Authority, the MDDA Board, the MDDA leadership and staff for their commitment to the Agency and its mandate of encouraging and accelerating the growth of community media.



Phelisa Nkomo

Chairperson

The MDDA Media Literacy Exchange Programme 2015 hosted the winning school in the newspaper competition, which was part of the Media Literacy Programme.

1.3 CHIEF EXECUTIVE OFFICER'S EXECUTIVE SUMMARY AND OVERVIEW

The MDDA is the largest contributor to enabling access to, control of and management of the sector by historically disadvantaged individuals. Of the more than 200 community radio stations in existence today, some 135 were funded by the MDDA. With less than 10 years having passed since the first one year license was granted in South Africa to a community TV station, this sector has also grown encouragingly, with MDDA having supported four TV 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 good proportion of which are publishing in an indigenous language.

Performance

The Agency achieved 71% of its performance indicators for 2015/2016; this translates into 96 of the 135 performance indicators being achieved, a positive outcome given the challenging environment.

During 2015/2016, the MDDA saw a number of important achievements in delivering on its mandate. Financial and non-financial support to projects exceeded annual targets, with the beneficiaries of direct and indirect support being community and other non-profit media as well as small commercial media, including radio, television, print and new media, such as on-line platforms.

The emphasis was on projects, publishing and broadcasting in indigenous languages, and which bring disadvantaged communities and sectors – particularly women, people with disabilities, and the rural-based, working class and poor – into the information and communications loop. Most of the communities served by our projects have few economic prospects, with high unemployment, and are beset by problems such as lack of access to basic services, and to media which could serve as a platform to raise awareness around these issues.

In the community broadcast sector, there were 26 community broadcasters funded for the 2015/2016 financial year. Of these 13 were start-up projects and 13 were for strengthening. Of the 24 print and digital media projects funded, 10 were start-ups and 14 were strengthened.

The MDDA is focused on strengthening gender equality within the sector, but there is still much work to be done. Of the 2015/2016 projects, 4 of the community broadcast projects and 6 of the print and digital media projects are led by females. More positively is the number of projects that are led by youth, totalling 12 in community radio and 7 in print and digital.

While none of the funded projects in the 2015/2016 financial year are led by people living with disabilities, a substantial number of people with disabilities play several roles on the boards of various stations / projects.

In line with our mandate, the projects funded are weighted heavily to rural areas where most disadvantaged communities reside. In Community Broadcast, 13 of the projects, for which funding was approved during 2015/2016, are rural based as opposed to 5 urban based, and, similarly, in print and digital, 13 projects serve rural communities and 5, urban communities.

The MDDA's impact on social cohesion was further enhanced during 2015/2016. by its involvement in the development of a social engagement strategy, based on a shared broadcast platform between the communities of Mamelodi and Eersterus, and Gugulethu and Khayelitsha, respectively.

During 2015/2016, the MDDA actively supported the Minister of Communications digital roll out, both sensitizing the community to the benefits and implications of the switch-over from analogue to digital, and working with our projects to ensure they manage the switch-over seamlessly. A focus was therefore on supporting new and existing stations to migrate them to digital equipment, and granting funds for purchase of digital broadcast equipment. Stations are also funded for audio streaming to encourage them to have an online presence. In this respect, the Agency has formed strategic partnerships with other sector stakeholders dealing with telecommunications, licensing, film and video, and on-line platforms.

Importantly, content development is also a focus area to enable the stations to appeal to and deal with the issues relevant to the wider audience made possible by digital broadcast. This is a major objective of the MDDA's training and capacity building initiatives, in addition to ensuring that projects are equipped with the necessary skills to operate, manage and govern the organizations efficiently and successfully. During 2015/2016, capacity building projects included the award of bursaries to community radio stations to enrol at the Wits Radio Academy. Eight people taking the Advanced Radio Management Certificate and 3 stations being mentored were all from the rural communities.

The Learning Forum held in May 2015, prior to the MDDA-Sanlam Awards, was attended by more than 100 delegates and addressed diverse issues important to content generation. The annual grantee orientation workshop, held in March/ April 2016, was an important orientation exercise for new projects, assisting the MDDA projects understand their funding contractual commitments and improve their reporting skills.

Considerable progress was made during 2015/2016 in forming partnerships with stakeholders to intensify our capacity building initiatives, given that there is a definite link between capacitated projects and sustainability of such projects. A partnership with gains that are sure to spiral beyond the media sector is that between the MDDA and SAASTA (Southern African Agency for Science and Technology Advancement), to support and train community media in engaging with and reporting to communities on science, technology and related matters using indigenous languages. During 2015/2016, the MDDA identified community media projects to host 17 interns during 2016/2017 in a pilot project with printers and radio stations in Limpopo.

The MDDA also finalised a memorandum of understanding with SEDA to roll out an enterprise development programme using the latter's network across the country, and reached the final stage of reviving a partnership with MICT SETA to roll out quality and accredited capacity building programmes, with a focus on rural areas.

The MDDA's research activities in the last financial year provided support to the National Community Radio Forum on a study into sustainability challenges facing community radio, while the Agency also embarked on a process of reviewing the annual community media awards. It is anticipated that this research will give us the green light to proceed with more community-focused awards. In line with our commitment to greater gender representativity, the MDDA approved funding during the year for the women-empowered Uhuru Press to develop an interactive website for women writers.

With the local government elections taking place in 2016, the MDDA commenced engagements with the IEC (Independent Electoral Commission) for meaningful participation by both the broadcast and print media sector in supporting these elections.

The Agency also provides support for various Media Cooperative initiatives and Hubs that are mushrooming nationally, with the intention of having a well organised community and small commercial sector that will benefit from Government and business advertising revenue. The MDDA has revised its monitoring and evaluation systems which will also enable us to monitor the advertising expenditure of municipalities' contribution towards the sustainability of the sector.

Financial Summary

The spending of the MDDA for the year under review is well within the regulated percentage of allocations. The MDDA has experienced under spending due to delayed disbursement as a result of late project reporting by grantees. Compared to the prior year, the MDDA expenditure decreased to R53 million as compared to R57 million of the previous year. Overall the surplus for 2015/2016 amounted to R7 million, compared to the previous year's surplus of R1.7 million.

Way Forward

With the new strategy and a new organizational structure in place, the Agency has made significant strides over the past financial year in renewing, reinvigorating and re-engineering the Agency. As a result, the MDDA is looking forward to a productive year ahead, one in which it will build on its past successes, coupled with new knowledge-based approaches that will enable it to continue its valuable work of providing access to the media for all.

The MDDA's role in the transformation agenda requires it to improve its resource mobilization efforts in order to increase its support for community and small commercial media produced in indigenous languages, and to promote local content. Progress has been made on this score but a lot more still needs to be done.

I would like to thank our Executive Authority, the Minister of Communications and the Department of Communications, and the MDDA Board for their strategic leadership and guidance and continued support of the Agency.

Thembelihle Sibeko

Acting Chief Executive Officer


Minister of Communications Budget Vote

MDDA Community Radio Project

Swearing in of Board Members


Media 24 dinner with the Deputy Minister of Communications

MDDA Board Committees

AUDIT AND RISK COMMITTEE
Palesa Kadi (Chairperson)

Musa Sishange (Alternate)

Albert Dzuguda (term expired 20 February 2016)

Nkoana D Modiba

Given Sibiya (term expired 20 February 2016)

FINANCE AND OPERATIONS
Musa Sishange (Chairperson)

Jabulane Blose (term expired 31 October 2015)

Themba Khumalo

Zanele Mngadi (from 24 December 2015)

POLICY, LEGISLATIVE AND REGULATORY
Roland Williams (Chairperson)

Jabulane Blose (term expired 31 October 2015)

Musa Sishange

REMUNERATION AND HUMAN RESOURCES
Louise Vale (Chairperson)

Roland Williams

Phelisa Nkomo

Neo Momodu

RESEARCH, TRAINING, MONITORING AND EVALUATION
Louise Vale (Chairperson)

Phelisa Nkomo

Palesa Kadi

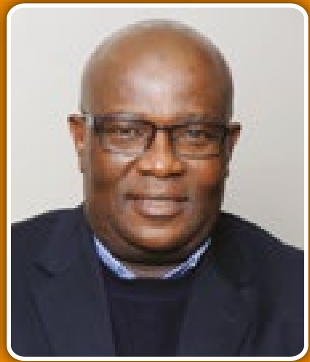
COMMUNICATIONS AND ICT
Roland Williams (Chairperson)

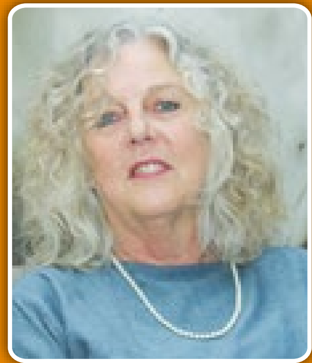
Jabulane Blose (term expired 31 October 2015)

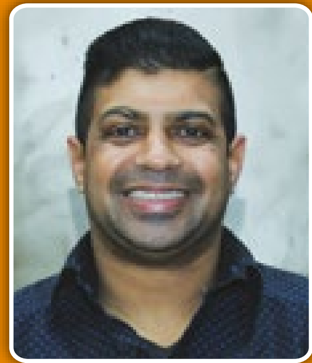
Musa Sishange

2015/2016 MDDA Board of Directors


Phelisa Nkomo
(Chairperson)


Jabulane Blose


Louise Vale


Roland Williams


Musa Sishange

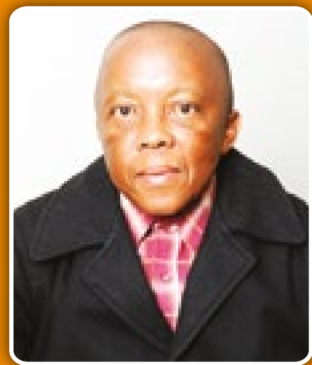

Palesa Kadi


Neo Momodu


Zanele Mngadi

2015/2016
MDDA
Executive Management


Thembelihle Sibeko
Acting Chief Executive Officer


Lindinkosi Ndibongo
Acting Chief Operating Officer

Board Oversight visits by MDDA Chairperson, Phelisa Nkomo, to funded MDDA community radio and print projects.

Media Literacy Programme for learners in Upington, Northern Cape.

2016 MDDA Board and Management strategic planning

PART TWO:
PERFORMANCE FOR 2015/2016

2.1 PERFORMANCE AGAINST OBJECTIVES

2.1.1 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	APPROPRIATION 2015/2016 R'000
PROGRAMME 1: ADMINISTRATION *Programme Purpose*: Provide overall management and support for the promotion of media development and diversity *Programme Objective*: Provide agile, cost-effective and business-focused corporate services and general administration			12 585
Sub-programme 1.1	Human Resource Management	Attract and retain highly qualified and skilled human capital for efficient and effective implementation of the Agency' strategies	3 469
Sub-programme 1.2	Legal and Regulatory Affairs	Positively contribute towards policy development, and ensure legally sound contract management as well as a litigation free Agency	64
Sub-programme 1.3	Financial Administration and Auxiliary Services	Strengthen, grow and protect the MDDA funding base	7 185
Sub-programme 1.4	Risk Management and Internal Audit	Enhance governance processes, enterprise-wide risk management, control, and accountability of the Agency	1 060
Sub-programme 1.5	Information Management and Technology	Provide IT infrastructure and systems to deliver adaptive and cost-effective service	176
Sub-programme 1.6	Communication, Branding and Stakeholder Management	Maintain and strengthen a reputable brand and a well-functioning communication system that proactively informs and engages all stakeholders	631
PROGRAMME 2: GRANT FUNDING AND NON-FINANCIAL SUPPORT *Programme Purpose:* Promote media development and diversity *Programme Objective*: Provide technical, non-financial and financial support to diverse media platforms and increase the participation of communities in ownership and control of community and small commercial media			56 115
Sub-programmes 2.1	Community Broadcast Media	Promote ownership, control and access to information and content production by communities	28 776
Sub-programme 2.2	Print and Digital Media	Enhance ownership, participation and control of print and digital media by independent media entrepreneurs	10 244

PROGRAMME	SUB-PROGRAMME	STRATEGIC OBJECTIVE	APPROPRIATION 2015/2016 R'000
Sub-programme 2.3	Research, Training, Development, Capacity Building and other	Create and enhance a body of knowledge regarding the media landscape and build capacity for a diverse media industry	16 735
Sub-programme 2.4	Monitoring and Evaluation	Support and strengthen decision-making, accountability, learning and capacity development	360

2.1.2 Determined Strategic Objectives in relation to Key Result Areas

Performance Information Reporting - Financial Year 2015/2016

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.

PROGRAMME 1: ADMINISTRATION

Sub Programme 1.1: Human Resource Management - To attract and retain highly qualified and skilled human capital to deliver value products and services

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Retention of suitable skills and competencies	100%	Percentage compliance to turnaround time for filling of vacancies	85%	24%	-61%	Recruitment put on hold whilst organization researching appropriate organogram in line with strategic business plan. New organogram has been approved and recruitment has commenced.

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
	0	Vacancy rate reduced to a set rate	Vacancy rate reduced to 0.2% by end of March 2016	50 %	-50%	Recruitment put on hold whilst organization researching appropriate organogram in line with strategic business plan. New organogram has been approved and recruitment has commenced.
	0	Number of skills audit conducted	1	2	+1	Revised skills audit was required following the strategic revision of the business plan and organizational structure.
	1	Annual Skills Report submitted to Department of Labour	1	0	-1	Report was not submitted due to staff turnover in HR management, with incomplete handover of work.
	1	Workplace Skills Plan submitted to Department of Labour	1	0	-1	Plan was not submitted due to staff turnover in HR management, with incomplete handover of work.
	0	Number of personnel on Leadership Development Programme	1	0	-1	As a result of lack of capacity in HR and across the MDDA, and high turnover in leadership, this issue was not prioritized and was postponed until permanent leadership in place.
	0	Internship Policy in place	1	1	0	Achieved
	0	Number of internship programmes in place	2	0	-2	The programme was developed but not activated due to staff turnover in HR management, with incomplete handover of work.

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Performance Management	100%	Percentage of MDDA staff submitting performance contracts	100%	100%	0	Achieved
	100%	Percentage of MDDA staff completing bi-annual reviews	100%	100%	0	Achieved
Reviewed policies	1	Number of reviews of the MDDA Human Resource Policy and Procedure	1	1	0	Achieved
100% resolution of grievances	100%	Percentage disputes resolved	100%	100%	0	Achieved
	0	Employee relations strategy in place	1	0	-1	As a result of staff turnover in HR management, with incomplete handover of work, this issue was not prioritized and was postponed until permanent leadership in place.
Remuneration strategy and policy	0	Remuneration strategy and policy in place	1	1	0	Achieved
Talent management	0	Retention policy in place	1	1	0	Achieved
	0	Succession planning policy in place	1	1	0	Achieved
	0	Number of MDDA staff put on succession planning	1	1	0	Achieved
	85%	Percentage of MDDA employees in critical positions retained	85%	80%	-5%	Only one incumbent resigned as she was offered an external promotion.
Personnel information systems and reports	0	Human Resource Information Management System in place	1	1	0	Achieved
Job evaluation and grading	0	Job evaluation and grading of new and identified jobs conducted	100%	0%	-100%	This is currently underway. It was delayed due to new organogram requiring new skills set.

Sub Programme 1.2: Legal and Regulatory Affairs - Positively contribute towards policy development, and ensure legally sound contract management as well as a litigation free Agency

Output	Baseline	Performance Indicator	Actual Performance against Targets		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Improved contracts management	1	Revised contracts management strategy	1	0	-1	The strategy was not revised as the Legal and Contracts position was vacant while the MDDA organogram was being revised in line with new strategy. The filling of this position has been prioritised together with review of the strategy.
	1	Legal and regulatory affairs workshop conducted	2	0	-2	No workshops were conducted as the Legal and Contracts position was vacant while the MDDA organogram was being revised in line with new strategy. The filling of this position has been prioritised.
	100%	Percentage of contractual disputes resolved	100%	100%	0	Achieved
	1	Contracts Register with Grantees and Service Providers	1	1	0	Achieved
Compliance with laws and regulations	10	Number of incidences of non-compliance with laws and other regulatory requirements	0	1	-1	The EMP201 UIF monthly payments were not submitted due to prolonged absence of Acting CFO due to ill health.
	New Indicator	Percentage of contracts developed	100%	100%	0%	Achieved
Resolved litigation cases	New Indicator	Percentage of resolved litigations	100%	50%	-50%	One dispute is pending. The second dispute was resolved.
Concluded investigations	New Indicator	Percentage of resolved investigations	100%	100%	0%	Achieved
Policy development contributions	New Indicator	Number of submissions for policy development contributions	2	4	+2	The new Board requested that all policies be reviewed for alignment with public sector norms.

Sub-programme 1.3: Financial Administration and Auxiliary Services - To strengthen, grow and protect the MDDA funding base

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Revenue received	R56.6m	Rand amount of transfers and grants received	R47.1m	R54.4m	+15.5%	More revenue was collected than budgeted for as a result of drive to establish relationships with funders for a wider funding base.
100% Adherence to the approved budget	0%	Percentage of acceptable variance of actual vs budget	8%	15%	+7%	An increased number of contracts was signed with broadcast funders as a result of drive to establish relationships with funders to enable a wider funding base.
	1	Approved surplus retention request	1	1	0	Achieved
Disbursement of funds to the grantees	55%	Percentage of grants disbursed to projects	80%	24%	-56%	Slow disbursement of funds was due to the tranche release process and non-compliance in project reporting.
100% adherence to supply chain management policy, PPPFA, PFMA and TR	0	Number of incidents of Irregular, Unauthorised, Fruitless and Wasteful Expenditure	0	27	-27	Critical positions in Finance and Supply Chain were vacant during the year; therefore standard procedures were not followed. These positions have been filled.
Improved grant funding, reporting, and accountability	New Indicator	Approved grant funding strategy and framework	1	1	0	Achieved
Updated policies	2	Number of reviewed policies (SCM and Finance policy)	2	0	-2	The reviewed policies are pending submission for Board approval.
Budget submissions	2	Number of ENE/MTEF submissions to National Treasury	2	2	0	Achieved

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Transparent and compliant SCM processes	1	Number of procurement plans submitted to National Treasury	1	0	-1	The plan was not submitted due to capacity constraints in Finance. Positions are being filled.
	100%	Percentage of approved invoices paid within 30 days	100%	100%	0	Achieved
	New Indicator	Invitation of potential service providers for database registration on Government Tender Bulletin	1	1	0	Achieved
	100%	Advertisement of the bid prices and bid results on Government Tender Bulletin	100%	100%	0	Achieved
	Database	Reviewed and updated Supplier Database	4	1	-3	The Supply Chain position was vacant for a long time; however the position has been filled.
	SCM checklist in place/use	Supply chain management compliance checklist (for all payment memos)	1	1	0	Achieved
Maintenance and assets safeguard	4	Number of asset / inventory counts	4	4	0	Achieved
	1	Number of active assets insurance policies	1	1	0	Achieved
Maintaining a positive audit opinion and accountability	0	Number of significant audit findings and emphasis of matter	0	0	0	Achieved
	Unqualified Audit Opinion	Nature of the audit opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	0	Achieved
	New Indicator	Percentage implementation of an automated financial reporting system	100%	100%	0	Achieved

Sub-programme 1.4: Risk Management and Internal Audit - Enhance governance processes, enterprise-wide risk management, control and accountability of the Agency

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Enhanced governance and improved enterprise-wide risk management process	1	Risk management strategy and plan	1	1	0	Achieved
	1	Annual risk assessment	1	1	0	Achieved
	10	Number of top ten (10) risks mitigated	10	10	0	Achieved
	2	Number of divisional risk education events	4	0	-4	Internal Audit and Risk position was vacant. The appointment is in progress.
	1	Combined Assurance Plan	1	1	0	Achieved
Fraud and corruption prevention	2	Divisional fraud prevention education events	4	0	-4	Internal Audit and Risk position was vacant. The appointment is in progress.
Risk based internal auditing system and reports	1	Internal audit 3-year rolling plan	1	1	0	Achieved
	8	Number of risk based internal audit reports	8	8	0	Achieved
	New Indicator	Percentage of fraud incidences identified and investigated.	100%	100%	0	Achieved
	New Indicator	Functional external fraud and corruption line	1	1	0	Achieved

Sub-programme 1.5: Information Management and Technology - Provide IT infrastructure and systems to deliver adaptive and cost-effective service

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
IT governance	1	Revised IT strategy	1	1	0	Achieved
	1	Revised business continuity and disaster recovery plan	1	1	0	Achieved
	New Indicator	Seated IT steering committee meetings	4	0	-4	The MDDA did not have an IT advisory committee chairperson to identify the gaps in the IT environment. The chairperson has now been appointed.
	New Indicator	100% of identified and mitigated IT risks	100%	100%	0%	Achieved
IT Audit Report	2	Reduced significant IT Audit findings	0	0	0	Achieved
Personnel trained in IT systems	New Indicator	Trained users	100%	100%	0%	Achieved
IT server facility	Concept	Upgraded server room infrastructure	0	1	+1	There was no UPS as back-up in power failures. A UPS has been installed.
Accessibility	0	Reduced downtime of interactive website and intranet	0	0	0	Achieved
	12	Updated website	12	12	0	Achieved
	Concept	Implemented virtual private network (business case)	N/A	N/A	N/A	No target for the period
	2 hours	Reduced downtime of the network	2 hours	2 hours	0	Achieved
IT service reports	12	Completed IT service providers' reports	12	2	-10	The outsourced service provider contract expired before completing some of the IT service reports.

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Information security	1	Updated firewall	4	4	0	Achieved
	12	Stored offsite backup tapes	12	0	-12	The MDDA did not have an IT Manager until the last quarter to oversee this. This has now been addressed as a priority.
	1	Completed backup and restore procedure manual	1	1	0	Achieved
	1	Completed data recovery drill	1	0	-1	The MDDA did not have an IT Manager until the last quarter. The hardware has been acquired.
	1	Upgraded antivirus software	1	1	0	Achieved

Sub-programme 1.6: Communication, Branding and Stakeholder Management - Maintain and strengthen a reputable brand and a well-functioning communication system that proactively informs and engages all stakeholders

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Improved customer and satisfaction survey	Customer relationship management policy framework	Revised customer relationship management policy framework	1	1	0	Achieved
	0	Customer survey	1	1	0	Achieved

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Increased MDDA brand publicity	1510	Number of entrants and winners in the SANLAM/MDDA Local Media Awards	1 520	0	-1520	The media awards were postponed to later in the following year pending outcome of the awards research.
	40	Number of participating winners in the SANLAM/MDDA Local Media Awards	50	0	-50	The media awards were postponed to later in the following year pending outcome of the awards research.
	1	Review of branding strategy	1	1	0	Achieved
Stakeholder management	10	Number of public and/or corporate partnerships in support of media development and diversity	10	10	0	Achieved
	4	Funders newsletter reports	4	2	-2	Communication Manager position was vacant for the greater part of the year. The position has been filled.
	New Indicator	Stakeholders meeting/forum	1	1	0	Achieved
Enhanced communication management	1	Review of communications strategy	1	1	0	Achieved
	1	Internal communication, correspondence and record management toolbar	1	1	0	Achieved
	1	Revised communication manual	1	1	0	Achieved
	20	Number of articles in newspapers and publications	25	25	0	Achieved
	5 000	Number of social media postings	10 000	unknown	unknown	The amount required to engage a service provider to track social media postings was over the amount initially estimated and the engagement was therefore cancelled. It was therefore impossible to verify the number.
	5	Number of TV and radio features	10	10	0	Achieved
	1	Annual Report	1	1	0	Achieved

PROGRAMME 2: GRANT FUNDING AND NON-FINANCIAL SUPPORT

Sub-programme 2.1 Community Broadcast Media - Promote ownership, control and access to information and content production by communities

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Operational projects funded	100%	Percentage of funded projects that are operational	100%	100%	0	Achieved
Projects funded for digital broadcast infrastructure roll-out for BDM processes	12	Number of community radio stations supported for digital broadcast equipment and operational support through grant funding	12	20	+8	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Content production projects	2	Number of community radio stations funded for programme production	4	12	+8	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Jobs created	150	Number of direct jobs created in the community media sector	150	171	+21	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
		Indirect jobs created in the community media sector	250	405	+155	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Grants disbursement	70%	Percentage of funds disbursed of the funded projects.	70%	43%	-27%	Disbursements are done in tranches. This therefore slows down the rate at which projects are fully paid. This is a monitoring and control measure.
Promotion of digital platforms and new media	10	Number of community radios with on-line presence (audio streaming)	10	11	+1	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Web-based community media database	New Indicator	Number of community media projects on the web-based database	1	1	0	Achieved

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Capacity building in the community media sector	60	Number of community media capacitated to run their projects effectively and efficiently through a learning forum	65	111	+46	The number of broadcasters attending learning forum and grantee orientation increased because of the rollover funds from the 2014/15 financial year approved by Treasury enabling more projects to be supported.
Local content and infrastructure support strategy	New Indicator	Research study into local content and infrastructure support activated	1	1	0	Achieved
MDDA research recommendations implemented	1	Number of implemented recommendations arising from the MDDA research report	1	1	0	Achieved
Integrated programmes and operations meetings	4	Number of integrated programme and operations meetings attended	4	8	+4	Meetings were increased due to report backs on stakeholder engagements, without impacting on the budget.

Sub-programme 2.2: Print and Digital Media - Enhance ownership, participation and control of print and digital media by both the independent media entrepreneurs and the community based non-governmental organisations

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Grant and seed funding allocated for print and digital media	R1.9m	Rand value of Small Commercial Media projects funded	R2m	R 12m	+R10m	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
	3	Number of Small Commercial Media projects funded	4	16	+12	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
	New Indicator	Rand value of Community Print projects	R4m	R5.5m	+R1.5m	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
	New indicator	Number of Community Print projects funded	5	8	+3	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Disbursement	70%	Percentage of Small Commercial Media print funds disbursed	70%	59%	-11%	Disbursements are done in tranches. This therefore slows down the rate at which projects are fully paid. This is a monitoring and control measure.
	New Indicator	Percentage of Community Print funds disbursed	70%	59%	-11%	Disbursements are done in tranches. This therefore slows down the rate at which projects are fully paid. This is a monitoring and control measure.
Job creation	New Indicator	Number of jobs created for Small Commercial print	8	84	+76	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
	New Indicator	Number of jobs created for Community print	10	20	+10	The rollover funds from the 2014/15 financial year approved by Treasury enabled more projects to be supported.
Creation of an enabling environment for print industry development and SMME and media co-operatives growth	New Indicator	Number of publications assisted on sector growth including digitisation/ online presence through strategic partners/ stakeholders	55	79	+24	All projects on the MDDA database are provided financial and non-financial support though linkages with stakeholders.

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Web-based print media projects database	New indicator	Number of print supported projects on MDDA web database	80	79	-1	A number of project applications were not at a state of readiness for approval and are being assisted by the MDDA for resubmission for grant approval.
Print media capacity building	45	Number of projects benefiting from workshops and learning forums	80	79	-1	Some of the participants did not attend both Grantee Orientation and Learning Forum.
Implementation of media co-operatives research recommendation	New Indicator	Number of recommendations arising from MDDA research reports	1	1	0	Achieved
Integrated programmes and operations meeting attended	New Indicator	Minutes of meetings attended	4	8	+4	Meetings were increased due to report backs on stakeholder engagements, without impacting on the budget.

Sub-programme 2.3: Research, Training and Development - Create and enhance a body of knowledge regarding the media landscape and build capacity for a diverse media industry

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Capacity building	4	Number of training and development interventions that integrate mentorship	4	5	+1	Partnership forged with SAASTA resulted in more budget being available for the unit.
	400	Number of beneficiaries trained on content development, governance and grantee orientation	300	357	+57	Partnership forged with SAASTA resulted in more training opportunities.
	40	Number of trainers / mentors on the MDDA database on the project tracking system (PTS)	40	29	-11	Number of trainers / mentors is limited by the number of qualifying applications received.
	1	Grantee Orientation Workshop in partnership with content stakeholders (e.g.: *SARS, CIPC, SETAs, etc.)*	1	1	0	Achieved
	1	Updated database of beneficiaries trained through MDDA interventions	1	1	0	Achieved
	1	Financial Management Guidebook printed and distributed	1	0	-1	The unit had capacity constraints due to vacant positions, and this was not prioritised.

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Research reports	1	Sector knowledge management project	1	1	0	Achieved
	2	Number of research projects undertaken through GFC/strategic partners (incl. Social Impact Monitoring and Evaluation Study)	2	2	0	Achieved
	3	Consolidated report of MDDA research (findings/ recommendations)	1	1	0	Achieved
Media literacy and advocacy	1	Media Literacy and Culture of Reading Summit held	1	1	0	Achieved
	2	Advocacy for media development and diversity campaigns *(UN and SA Media Days: May 3rd and October 19th)*	2	1	-1	The unit has capacity constraints due to vacant positions and only one campaign was supported.
Integrated programmes meetings	3	Number of integrated programmes and other operations meetings attended	4	8	+4	Meetings were increased due to report backs on stakeholder engagements, without impacting on the budget.

Sub-programme 2.4: Monitoring and Evaluation - Support and strengthen decision making, compliance, capacity building and learning

Output	Baseline	Performance Indicator	Actual Performance against Target		Variance	Reason for Variance
			Target 2015/16	Actual 2015/16		
Project monitoring and evaluation framework	1	Reviewed M&E framework in place	1	1	0	Achieved
	New Indicator	Revised M&E template	1	1	0	Achieved
Monitoring reports	44	Number of projects monitored through site visit	75	75	0	Achieved - 60 monitored through site visits and 15 through desktop studies.
	New indicator	Impact assessment survey on funded projects	50	0	-50	The target was deferred for overall impact assessment study which is underway.
Evaluation reports	New Indicator	Number of closed projects evaluation reports per financial year	30	30	0	Achieved
	1	Summative evaluation report	1	1	0	Achieved
Integrated programmes and operations meetings	4	Minutes/attendance of the meetings	4	4	0	Achieved
Revised Project Management Cycle	New Indicator	A revised Project Management Cycle in place	1	1	0	Achieved

2.2 SUMMARY OF PROJECTS SUPPORTED FOR THE FINANCIAL YEAR

Project Type	Amount Approved	Disbursement
Small Commercial	R17 443 628.32	(R5 005 555.86)
Research, Training and Capacity Building	R2 712 000.00	-
Print and Broadcast	R38 190 310.77	(R19 395 211.96)
Programme Production		(R691 553.30)
Monitoring and Evaluation	R360 000.00	(R295 939.78)

2.2.1 Community Radio

1. Isajonisi Youth Radio, OR Tambo District Municipality, Eastern Cape – R 1 688 720.22 (Start-up)

Isajonisi Youth Radio as an initiative was established in 2011 by young people in Port St Johns, 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 targets young people between the ages of 18 to 35 years in Port St Johns and surrounding areas. The format of the license is 60% talk and 40% music. The project has been assigned a permanent Radio Frequency of 88.5 FM to broadcast 24/7. The broadcast languages are 70% Isimpondo, 20% IsiXhosa and 10% English. MDDA support is for digital broadcast studio equipment, transmission costs, salaries, operational costs and audio streaming.

2. Maruleng Community Radio, Mopani District Municipality, Limpopo – R 1 706 511.74 (Start-up)

Maruleng Community Radio was established in 2009 to address the destitution and challenges of the community. The primary objective of the station is to improve access to local information, community events and entertainment. Maruleng Community Radio targets the entire community. The licensed coverage area is Maruleng Local Municipality. The licensed format is 60% talk and 40% music. The broadcast language is 100% Sepedi. The project has been assigned a permanent Radio Frequency of 94.4 MHz and is licensed to broadcast 24/7. MDDA support is for salaries, operational costs, transmission costs, broadcast equipment and audio streaming.

3. Mpumalanga East Community Radio, Gert Sibande District Municipality, Mpumalanga – R1 674 640.42 (Start-up)

African Young Dreamers, a non-profit organisation established in 2003, was approached by the young people of Embalenhle Township to start a youth community radio station in 2010. The primary aim is to become a dominant source of information and news within the Govan Mbeki Local Municipality. Mpumalanga East Community Radio targets young people, although the entire community, irrespective of age, listens to the station. The project has been licensed to broadcast in Secunda East. The format is 35% talk and 65% music. The broadcast languages are 90% English, 5% isiZulu and 5% Sepedi. The project has been assigned a permanent Radio Frequency of 97.6 MHz and will broadcast 24/7. MDDA support is for broadcast equipment, transmission costs, operational costs and audio streaming.

4. Nqubeko Community Radio NPC, Uthukela District Municipality, KwaZulu-Natal – R1 440 678.40 (Start-up)

Ngubeko Community Radio was initiated in 2012 by community volunteers in the Ladysmith Local Municipality to establish a community radio station that will address a number of community issues, including health and education. The project has been licensed to broadcast in the uThukela District Municipality in KwaZulu-Natal. Nqubeko Community Radio targets the entire family. The format of the license is 40% music and 60% talk. The broadcast languages are 90% isiZulu, 8% English, 1% Afrikaans and 1% Islamic. The project has been assigned a permanent Radio Frequency of 104 MHz to broadcast 24/7. MDDA support is for operational costs, salaries, transmission costs, broadcast equipment and audio streaming.

5. Mafikeng FM, Ngaka Modiri Molema District Municipality, North West – R1 904 206.42 (Strengthening)

Mafikeng FM has been in operation for the past 10 years and the listenership as at December 2014 was 112 000. It ranks as the number one community radio in the district and number two in the province. The community radio station is licensed to broadcast in the Mahikeng Local Municipality. The primary aim of the radio station is to promote social cohesion in the municipal area by facilitating dialogue between different role players in the community. The format of the license is 60% talk and 40% music. The broadcast languages are 75% Setswana, 20% English and 5% Afrikaans. The project has a permanent Radio Frequency of 96.7 MHz to broadcast 24/7. MDDA support is for management salaries, office equipment, digital on-air and production studio equipment, rent, office furniture, audio streaming, audit fees and bank charges.

6. Madibogo Community Radio, Ngaka Modiri District Municipality, North West – R1 910 877.74 (Start-up)

The primary objective of Madibogo Community Radio is to educate, inform, entertain and address issues on holistic care, religion and tradition that affect the entire community. The community radio station targets the entire family and is licensed to broadcast in the Ratlou Local Municipality and surrounding areas. The format of the license is 60% talk and 40% music. The broadcast languages are 70% Setswana, 15% Sesotho, 10% English, 5% isiXhosa and 3% Sepedi. The project has a permanent Radio Frequency of 100.4 MHz to broadcast 24/7. MDDA support is for transmission costs, digital on-air and production studio equipment, rent, salaries, office furniture, audio streaming, audit fees, bank charges and programme production.

7. Kgatleng Community Radio, Bojanala Platinum District, North West – R1 562 368.54 (Start-up)

Kgatleng Community Radio is based in Moruleng Village, with its primary objective being to create a platform where issues and challenges faced by ordinary citizens can be discussed in the dominant spoken language of Setswana. The project targets the entire family. The project has been licensed to broadcast in the Moses Kotane Local Municipality and surrounding villages. The format of the license is 60% talk and 40% music. The licensed broadcast languages are 90% Setswana and 10% English. The project has been assigned a permanent Radio Frequency of 91.3 MHz to broadcast 24/7. MDDA support is for digital on-air and production studios, signal distribution, salaries, rent, overheads, audio streaming, bank charges, audit fees and programme production.

8. UMgungundlovu Community Radio, uMgungundlovu District Municipality, KwaZulu-Natal – R1 562 582.20 (Strengthening)

UMgungundlovu Community Radio was established in 2006 in the Umsunduzi Local Municipality, first went on-air in 2008 and is currently fully operational. The format of the license is 40% talk and 60% music. The broadcast languages are 81% isiZulu, 16% English, 1% Afrikaans and 2% other languages. The project has a permanent Radio Frequency of 107.6 MHz to broadcast 24/7. MDDA support is for management salaries, rent, transmission costs, telephone costs, upgrade of on-air production studio, on-air studio upgrade, production studio and flight case outside broadcast equipment, marketing costs, audit fees, board meeting and AGM costs and SAMRO fees.

9. Radio Riverside, ZF Mgcawu District Municipality, Northern Cape – R512 200.00 (Strengthening)

Radio Riverside was established in 1998 and operates from Upington. The station is licensed to broadcast in the Khara Hais Local Municipality. The format of the license is 65% talk and 35% music. The broadcast languages are 60% Afrikaans, 20% English, 15% isiXhosa and 5% Setswana. The project has a permanent Radio Frequency of 91.3 MHz to broadcast 24/7. MDDA support is for the production of educational programmes on human rights protection and teenage pregnancy. A total of 48 (24 programmes per theme) programmes using one format, a 30 minute documentary, will be produced and broadcast on a weekly basis for 12 months. The funds are also for bank charges and audit fees.

10. Bagaka FM, City of Tshwane Metropolitan Municipality, Gauteng – R1 494 720.80 (Start-up)

Bagaka FM targets people from the age of 35 years. It was established by veterans who seek to bring their wealth of broadcast experience to the community broadcast sector, ensuring that young locals are provided with the necessary training. The format of the license is 70% talk and 30% music. The broadcast languages are 20% Sepedi, 20% Setswana, 20% Ndebele, 15% Xitsonga, 15% Tshivenda and 10% English. The project has a permanent Radio Frequency of 864 KHz (medium wave) to broadcast 24/7. MDDA support is for operational costs, salaries, transmission costs, local content generation and digital on-air and production studio equipment.

11. Inkonjane Community Radio, O.R Tambo District Municipality, Eastern Cape – R 805 200.00 (Strengthening)

Inkonjane FM was established in 2006 and has been fully operational since then. The project was formed through a merger by two community radio initiatives – Wild Coast FM and Ngqungqushe Community Radio, who had both applied for the same frequency. The primary aim of the station is to provide a means through which communities can communicate, interact with and provide feedback to government officials on development issues, and to promote and preserve the culture of communities through music, cultural plays and drama. The format of the license is 60% talk and 40% music. The broadcast languages are 70% isiMpondo, 20% isiXhosa and 10% English. The project has a permanent Radio Frequency of 100.5 MHz to broadcast 24/7. Listenership was 87 000 as of September 2015. MDDA support is for production of developmental programmes on social cohesion and constitutional rights using various formats; operational costs; transmission costs; and audio streaming.

12. Greater Giyani Community Radio, Mopani District Municipality, Limpopo – R755 200.00 (Strengthening)

Greater Giyani Community Radio was established in 2011 and has been fully operational since then. The radio station has been licensed to broadcast in the Greater Giyani Local Municipality. The primary aim of the organisation is to educate, inform, entertain and empower the community, especially young people, through the airwaves. The format of the license is 65% talk and 35% music. The broadcast languages are 50% Xitsonga, 20% Tshivenda, 20% SePedi and 10% Setswana. The project has a permanent Radio Frequency of 106 MHz to broadcast 24/7. The listenership was 125 000 as of September 2015, the second highest in Limpopo. MDDA support is for production of educational programmes using two thematic areas: drug and substance abuse and social cohesion.

13. Mohodi FM, Capricorn District Municipality, Limpopo – R581 200.00 (Strengthening)

The project was initiated in 1995 and operates from Ga-Manthata village. The station is licensed to broadcast in the Greater Molemole Local Municipality. The primary objective of the organisation is to help educate, inform, entertain and, most importantly, empower the community in making informed decisions in a democratic environment. The format of the license is 65% talk and 35% music. The broadcast languages are 60% Sepedi, 20% Afrikaans and 20% English. The project has a permanent Radio Frequency of 106 MHz to broadcast 24/7. Listenership was 46 000 as of September 2015. MDDA support is for operational costs and the production of educational programmes in two thematic areas: social cohesion and functions of government.

14. Lekoa Community Radio, Sedibeng District Municipality, Gauteng – R1 427 222.46 (Start-up)

Lekoa FM was established in January 2011 by the community in the Vaal Triangle and went on air in November 2014. The primary objective of the radio station is to provide the people in the Sedibeng District Municipality with news that is accurate and relevant. The format of the license is 65% talk and 35% music. The broadcast languages are 40% Sesotho, 10% isiZulu and 50% English. The project has a permanent Radio Frequency of 91.3 MHz to broadcast 24/7. Listenership was 14 000 as of September 2015. MDDA support is for upgrading the current analogue and make shift on-air and production studios to digital broadcast infrastructure, transmission costs, salaries, operational costs, local content production and audio streaming.

15. Radio KC, Drakenstein District Municipality, Western Cape – R861 638.32 (Strengthening)

Radio KC was established in 1996 and is on-air. The station is licensed to broadcast in Paarl and surrounding areas. The format of the license is 60% talk and 40% music. The broadcast languages are 60% Afrikaans, 30% English and 10% IsiXhosa. The project has a permanent Radio Frequency of 107 MHz to broadcast 24/7. The listenership was 70 000 as of September 2015. MDDA support is for stipends, operational costs, CCTV security cameras, marketing material and branding, outside broadcasting system, local content generation/programming and transmission costs.

16. Makhado FM, Vhembe District Municipality, Limpopo – R 563 200.00 (Strengthening)

Makhado FM, based in Makhado, was established in 2009 and operated as one of the Luonde Media Resource Centre projects until it was fully registered as an independent Public Benefit Company in 2014. The station had a listenership of 50 000 as at December 2015. The radio station has been licensed to broadcast in the three rural Local Municipalities of Makhado, Thulamela and Mutale. The station broadcasts in various languages, namely: TshiVenda 60%, SePedi 92%i, XiTsonga 15% and English 5%. MDDA support is for production of educational programmes on human rights protection and social cohesion. A total number of 24 (12 programmes per theme) using one format, 30 minute documentaries, will be produced and broadcasted on a weekly basis for 12 months.

17. The Voice of Community (Ermelo CR), Gert Sibande District Municipality, Mpumalanga – R1 872 155.98 (Strengthening)

Ermelo Community Radio was established in 2013. The primary objective of the station is to serve as a voice for the voiceless people of the community and surrounding areas, addressing development concerns such as the awakening of cultural issues, poverty alleviation, education, community development, socio-economic issues, the HIV/AIDS pandemic, children and women abuse and substance abuse. The project went on-air in June 2014 and is fully operational. The broadcast format is 50% talk and 50% music. The project has a permanent Radio Frequency of 102.9 MHz to broadcast 24/7. The station broadcasts in various languages, namely: English 30%, isiZulu 20%, siSwati 15%, isiNdebele 15%, Sesotho 10% and Afrikaans 10%. MDDA support is for on-air studio and production studio equipment, salaries, operational costs, transmission costs and local content generation.

18. VUT FM, Sedibeng District Municipality, Gauteng – R951 900.00 (Strengthening)

VUT FM operates from Vanderbijl Park and has been in existence for 17 years as a campus radio, broadcasting consistently. The organisation has managed to forge strategic relationship with students and non-studying young people around the Vaal region, the business community and other stakeholders in the community media sector. The station is licensed to broadcast in the Emfuleni Local Municipality. Its primary aim is to serve as a training base for those who want to follow careers in radio, journalism, media and public relations. The station broadcasts in various languages, namely: English 60%; Afrikaans 10%; Sesotho, Sepedi and Setswana 20%; and isiXhosa and isiZulu 10%. MDDA support is for outside broadcast equipment, salaries, and production of 24 educational programmes on drugs and substance abuse, using various formats.

19. Ngqushwa FM, Amathole District Municipality, Eastern Cape – R 2 199 911.00 (Start-up)

Noponi Rural Development was established in 2010 and operates from Peddie. The station is licensed to broadcast in the Ngqushwa Local Municipality. Its primary aim is to groom young people through broadcasting. The broadcast format is 60% talk and 40% music. The project has a permanent Radio Frequency of 99.5 MHz to broadcast 24/7. The station broadcasts mainly in isiXhosa (99%), with the balance in English (0.7%) and Afrikaans (0.3%). MDDA support is for broadcast equipment, local content development, transmission costs and operational costs.

20. Hope FM, Nkangala District Municipality, Mpumalanga – R 1 676 984.99 (Start-up)

Hope FM was established in 2013 and it is not yet operational owing to lack of finances. The radio station has been licensed to broadcast in the eMalahleni Local Municipality in Mpumalanga. The primary aim of the organisation is to teach, through its radio programmes, family values and ethical behaviour that will uplift the moral standards of Witbank and Middelburg. The broadcast format is 50% music and 50% talk. The project has a permanent Radio Frequency of 109.3 MHz to broadcast 24/7. The station broadcasts in various languages, namely: isiZulu and isiNdebele 40%, isiSwati 30%, English 15% and Afrikaans 15%. MDDA support is for digital broadcasting studio equipment, transmission through Sentech, content development, generator and operational costs.

21. Elgin FM, Overberg District Municipality, Western Cape – R 1 846 632.00 (Start-up)

Elgin FM was established in 2012 and operates from Grabouw. Its primary aim is to be an impartial conveyor of information on issues affecting the community, country, continent and world. Elgin FM targets the entire family. The broadcast format is 60% talk and 40% music. The project has a permanent Radio Frequency of 96.8 (Grabouw); 92.4 (Villiersdorp) and 91.2 (Napier) MHz to broadcast 24/7. The station broadcasts in various languages, namely: isiZulu and isiNdebele 40%, isiSwati 30%, English 15%, and Afrikaans 15%. MDDA support is for capital expenses, local content development, transmission costs and operational costs.

22. Ikuthani FM , Nkangala District Municipality, Mpumalanga – R 1 932 773.40 (Start-up)

Ikuthani FM was established in 2014 and will operate from Kwaggafontein. The radio station is licensed to broadcast in the Thembisile Hani Local Municipality and surrounding areas. Its primary aim is to serve the interests of previously disadvantaged people through broadcasting Christian aligned programmes. The broadcast format is 60% talk and 40% music. The project has a permanent Radio Frequency of 107.9 FM to broadcast 24/7. The station broadcasts in various languages, namely: isiNdebele 40%, English 25 %, isiZulu 15%, Northern Sotho 10%, and isiSwati 10%. MDDA support is for broadcasting equipment, transmission, streaming and operational costs.

23. Ekhephini CR, Joe Gqabi (Ukhahlamba) District Municipality, Eastern Cape – R 825 200.00 (Strengthening)

Ekhephini Community Radio was established in 2005 and operates from Barkley East. The station is licensed to broadcast in the Singqu Local Municipality, targeting the 16-24 and 24-32 year olds. Listenership is 11 000, a significant percentage of the municipal area's population. The broadcast format is 70% talk and 30% music. The project has a permanent Radio Frequency of 107.9 MHz to broadcast 24/7. The station broadcasts in various languages, namely: isiXhosa 70%, SeSotho 20%, English 5% and Afrikaans 5%. MDDA support is for production of educational programmes on human rights protection and social cohesion.

24. Poort 'n Mams FM, Tshwane Metro Municipality, Gauteng – R2 160 600.00 (Strengthening)

On a visit to Eersterus in Pretoria in August 2015 as part of a Presidential Izimbizo, the Honourable President Jacob Zuma made a commitment to the community to assist it to establish its own community radio to drive the development agenda in the area, as well as to inform, educate and entertain the community. The local issues of Eersterus are not adequately covered by the neighbouring community radio based in Mamelodi (Mams FM). The Honourable Minister of Communications, Minister Faith Muthambi, was assigned to oversee the project. The stakeholders/task team leading the project are the Department of Communications, the MDDA, the Independent Communications Authority of South Africa (ICASA), SENTECH and the National Electronic Media Institute of South Africa (NEMISA). The Department of Communications is the lead coordinator; while SENTECH is responsible for identifying the frequency spectrum and provision of signal distribution services; ICASA for verifying the identified frequency spectrum and issuing of Broadcast Service and Frequency Spectrum Licenses; the Executive Mayor of Tshwane for office space in Eersterus; NEMISA for training; MDDA for funding; Mamelodi FM for mentoring and/co-broadcasting; and GCIS and other entities for advertising revenue once the project is fully operational.

25. Cape Town Television, City of Cape Town Metropolitan, Western Cape – R1 772 500.00 (Strengthening)

Cape Town TV was established in 2006. The TV station is licensed to broadcast in the City of Cape Town Metropolitan and surrounding areas. Its primary aim is to create awareness about the concept of community TV in Cape Town through marketing, community outreach and education; and to encourage and ensure ongoing community participation at all levels of the station. The station broadcasts 24/7 and has a viewership of 3 900 000. The station broadcasts in various formats and languages, namely: isiXhosa 25%, Afrikaans 25%, and English 50%. MDDA support is for capital expenses, local content development, transmission costs and operational costs.

26. Mogale FM, Westrand District Municipality, Gauteng – R1 736 687.36 (Start-up)

Mogale FM was established in 2009 and operates from Kagiso. The station is licensed to broadcast in the Mogale City Local Municipality. Mogale FM targets the14-24 and 24-32 year age groups. The total listenership is 44 000. The broadcast format is 50% talk and 50% music. The project has a permanent Radio Frequency of 93.6 MHz to broadcast 24/7. The station broadcasts in various languages, namely: SeTswana 40%, SeSotho 10%, SePedi 10%, isiZulu 5%, English 5%, isiXhosa 5%, siSwati 5%, isiNdebele 5%, xiTsonga 5%, TshiVenda 5%, and Afrikaans 5%. MDDA support is for broadcast infrastructure, transmission costs, operational costs and production of educational programmes on substance and drug abuse and crime.

2.2.2 Print and Digital Media

1. The Youth Voice, Bushbuckridge Local Municipality, Mpumalanga – R821 700.00 (New)


The Youth Voice

Family refuses to remove graves to make way for a new shopping complex.

Vanuna va mune va khomiwile entangeni wa swiharhi wa Kruger

The Youth Voice is a 100% black owned small commercial newspaper founded in 2010 by an entrepreneur from Marite and published under Larato La Batho. The initiative is a multilingual small commercial publication with 30% English, 60% Xitsonga, and 10% Sepulane/Sepedi. The paper is a monthly publication targeting the youth of Bushbuckridge. The aim of the project is to encourage the youth to take positive steps in life, encourage them to make informed career decisions, as well as to assist in unifying the youth in the district. The MDDA grant covers printing, distribution, rental, equipment, furniture, stipends, telecommunications, transport, website, stationery, bank charges and audit fees.

2. Ulwazi, Amathole District Municipality, Eastern Cape – R850 000.00 (New)


Ulwazi School Newspaper

ADVERTISE HERE

CALL US NOW

ULWAZI targets school learners, parents, teachers, school community members and the unemployed, seeking to empower them with media literacy skills, as well as to pave the way for the introduction of media and information literacy components into school curricula. ULWAZI prints and distribute copies to 20 schools which have about 500 learners each, and to the related school community within the Mbhashe, Mnquma, Nkonkobe, Amahlathi, Ngqushwa and Nxuba Local Municipalities. The MDDA grant covers printing, distribution, transport, rental, equipment, stipends, telecommunications, website development, marketing, stationery, bank charges and audit fees.

3. Loxion News, Sedibeng District Municipality, Gauteng – R750 000.00 (New)


LOXION NEWS

Thabong

BATSHWARWA BA HLOKOMEDISWA KA

DITHETHEFATSE

Loxion News is a township newspaper that was established in 2009 in response to the fact that there was only one newspaper in the Vaal Triangle and this did not depict a good image of the communities in the townships in the Vaal area. This vibrant Vaal based community newspaper covers all parts of the Vaal Triangle in a unique tabloid format that seeks to reveal the brighter side of living in the communities it serves. The paper is published in Sesotho, Zulu, Xhosa Tsonga and English. The MDDA grant covers transport, rent, stationery, insurance, audit fees and telephone.

4. Arise and Shine, Sedibeng District Municipality, Gauteng – R619 251.00 (New)


TSOGA O PHATSIME NEWS

The future is bright for Lucky Moabi

LIFE IS ABOUT CHOICES

Arise and Shine Youth Organisation was started in 2010 by the youth of Mabeskraal to address challenges faced by and to act as the main source of information for young people. The organisation seeks to produce a community newspaper called Tsoga O Phatsime in order to disseminate information to the beneficiary community. The proposed publication will be a fortnightly 12-page community newspaper; produced in 50% Setswana, 30% English and 20% other languages (isiZulu, and isiXhosa). The MDDA grant covers salaries, office equipment, printing and distribution, operational costs, office furniture, website and marketing.

5. Dizindaba News, Western Cape – R888 200.00 (Strengthening)


Dizindaba
Iphephandaba IsiXhosa
AMASELA EZIDUMBU ANGAMANINA ABANJIWE
UKUGQIBELELWA KWAMATYALA EMZANTSI AFRIKA

Dizindaba is a small commercial media isiXhosa newspaper, which was founded in 2007. The newspaper is specifically targeted at the isiXhosa-speaking communities largely found in the townships and informal settlements in the Western Cape (Khayelitsha, Gugulethu, Langa, etc.). The publication is a free 12-page fortnightly tabloid published in English (95%) and isiXhosa (5%). The 5% English is the sports section. The newspaper's core aim is bridge the communication and information gap that exists between the isiXhosa speaking people of the Western Cape and the different spheres of government, as well as the business community. The MDDA grant covers printing, distribution, stipends, rent, telecommunications and audit fees.

6. Ngoho News, Vhembe District Municipality, Limpopo – R811 120.00 (Strengthening)


NGOHO
R2
KHETHO DZO SWIKA
THANDULULO I KHOU BALA?
YOUR FAVOURITE SUPERMARKET

Ngoho News was established in 2011, with the aim to diversify the media landscape as there no Tshivenda language publication in the Vhembe District Municipality or throughout South Africa. The newspaper is owned by a black entrepreneur and publishes 100% in Tshivenda. Ngoho News is a tabloid size small commercial paper with a distribution of 10 000 copies/fortnightly. The MDDA grant covers printing, distribution, rent, stipends, equipment, telecommunications, website, bank charges and audit fees.

7. Ezakwazulu News, KwaZulu-Natal – R746 000.00 (Strengthening)


EZAKWAZULU NEWS
Sishaqekile isizwe ngokushona kuka Khaba Mkhize
mdda

Ezakwazulu Newspaper was founded in 2007 by a young black entrepreneur from Kwanyuswa as a free fortnightly small commercial paper. The editorial content is 100% isiZulu and promotes and therefore increases the pride in the isiZulu language and culture, and the human values of the majority of the population in the City of eThekwini. The MDDA grant covers printing, distribution, rent, stipends, equipment, telecommunications, website, bank charges and audit fees.

8. Khanyisa News, Gert Sibande District Municipality, Mpumalanga – R1 081 248.00 (Strengthening)


Khanyisa
Kufa Awudelil
mdda
Free Inside
I-Meya Yasemkhondo Ku-ward Ward 6 e-Daliya

Khanyisa News is a weekly small commercial newspaper, which was launched in September 2007. The newspaper operates from Ermelo in the Msukaligwa Local Municipality. Currently, the project distributes 10 000 copies/week and covers the whole District Municipality with its seven Local Municipalities. Khanyisa is a bilingual newspaper, publishing in 50% English and 50% isiZulu/SiSwati. The MDDA grant covers printing, distribution and audit fees.

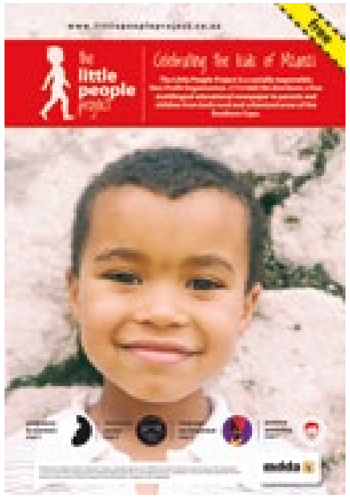
9. Puisano News, Free State - R680 880.00 (Strengthening)

Puisano News is a bilingual (Sesotho 60% and English 40%) small commercial newspaper which was started in 2006 as People's Agenda Newspaper, before changing its name to Puisano News in 2008. The paper was started by a group of community members based in Sasolburg who initially sought to set up a printing company. However, due to financial constraints the team reviewed their strategy and initiated a newspaper after identifying a gap in the market for such a publication. The MDDA grant covers printing, distribution, telecommunications, stipends, audit fees, bank charges, rent and website.

10. Eastern Cape Women's Magazine, O.R. Tambo District Municipality, Eastern Cape - R807 000.00 (Strengthening)

The Eastern Cape Women's Magazine is a bilingual small commercial provincial magazine, which was established in 2006 and was officially launched in 2007. The main objective of the magazine is to relate women's stories and profile projects or initiatives being implemented by women in the Eastern Cape (with specific reference to the O.R. Tambo District), especially those involved in rural development. The magazine also seeks to promote the culture of reading and writing amongst the people of the poverty stricken O.R. Tambo District and other areas of the Eastern Cape. The project is owned by a black woman entrepreneur and editorial content is 50% English and 50% isiXhosa. The MDDA grant covers printing, distribution, rental, stipends, stationery, telecommunications and audit fees.

11. Inqubo Yabantu Abancinci - R530 242.00 (Strengthening)



Inqubo Yabantu Abancinci (Little People's Newspaper) was founded in 2008 with the vision of developing the publication to become a tool for social upliftment, with a specific focus on young children and their health and education issues. The primary aim of the publication is to raise awareness about the discrepancies between the qualities of preschool education in different economic areas of the community. The community newspaper is a 12-page tabloid size, produced in English with articles in isiXhosa. The MDDA grant covers audit fees, bank charges, telephone and internet, office rental and website maintenance.

12. SMME News, iLembe District Municipality, KwaZulu-Natal - R793 500.00 (New)


SMME news

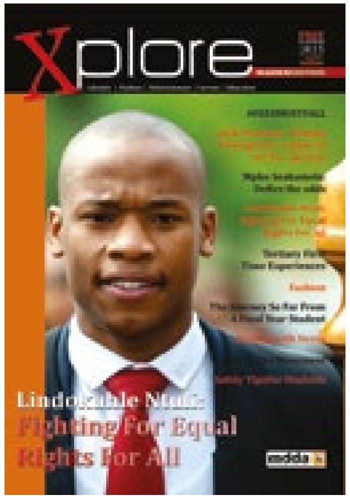
mdda

MEC Calls For Unity in Business at Mandeni

Special Offer

Phumelela Farms and Projects is a legally registered entity with the CIPC, in accordance with the Cooperatives Act, for the purposes of providing training services. It was formed in May 2010. SMME will be published by Phumelela Farms and Projects and was borne out of the challenges that the publisher (the founder and entrepreneur) experienced when she wanted to start her own business. She discovered that, while much information was available via the internet, brochures, etc., she still needed assistance in interpretation of certain policies and regulations. While the long term version for the project is to target all SMEs and small businesses throughout the country, the iLembe District Municipality has been identified for the first phase of project implementation. This is mainly as a result of the financial constraints of the company and taking cognisance that the district itself presents a fair amount of business opportunities. The iLembe District Municipality consists of four Local Municipalities, namely Mandeni, Kwadukuza, Ndedwe and Maphumulo. SMME News is a free, monthly newspaper printed 70% in isiZulu and 30% in English. The MDDA grant covers printing, distribution, rental, equipment, furniture, stipends, telecommunications, website, stationery, bank charges and audit fees.

13. Xplore Magazine, Free State - R1 232 600.00 (New)



Xplore Magazine will be published under ProAct Communications, a media and marketing company. Xplore is a bilingual small commercial magazine with 60% English and 40% South Sotho content. Xplore Magazine is targeting the youth, particularly students at tertiary institutions in the Free State urban and rural areas. The project also targets historically disadvantaged youth in communities by promoting and offering them a free media publication, thus addressing the need for marginalised and disadvantaged communities and persons to access media. The aim of the project is to better the lives of the youth in the Free State by exposing them to the media industry. The MDDA grant covers printing, distribution, rental, equipment, furniture, stipends, telecommunications, website, stationery, bank charges and audit fees.

14. Nkomazi Observer, Ehlanzeni District Municipality, Mpumalanga - R603 800.00 (Strengthening)

Nkomazi Observer is a bilingual small commercial newspaper, publishing in 60% SiSwati and 40% English. The project is based and currently circulated in the Nkomazi Local Municipality, which is predominately isiSwati speaking. The project was formed by five youth members in 2008. The newspaper is a tabloid size (16 pages). The MDDA grant covers printing, distribution, stipends, rental, telecommunications, website and audit fees.

15. Mmaiseng News, North West - R626 600.00 (Strengthening)

Mmaiseng News was founded in 2011 by two black individuals from Pampierstad, who identified a gap in the media landscape as there was no black owned publication in the Dr Ruth Segomotsi Mompati and Frances Baard District Municipalities. Mmaiseng News is a bilingual small commercial newspaper publishing in 50% Tswana, 40% English and 10% other languages (Sesotho and isiXhosa). The MDDA grant covers printing, distribution, stipends, rental, telecommunications, website and audit fees.

16. Religious News - R615 600.00 (Strengthening)

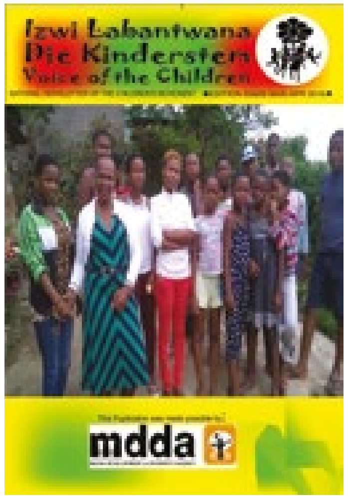
Religious News was registered as a closed corporation in 2004 after informal research conducted between various churches identified that religion was receiving unfair or less coverage about their community development initiatives and role in society than other groupings, from the mainstream media, particularly print. These consultations reflected an urgent need for religion in general to have a voice for the activities being undertaken by both orthodox and non-orthodox churches. The publication is a 12-page newspaper with 10 000 copies per print run on a monthly basis. The MDDA grant covers printing, distribution, stipends, rental, telecommunications, website and audit fees.

17. Die Horison News, ZF Mgcawu District Municipality, Northern Cape - R615 299.28 (Strengthening)


DIE HORISON
Namakwa Mall-Konstruksie begin binnekort
Die Horison
Baba foto Kompetisie

Die Horison Newspaper was established and registered in 2011, after a niche market was identified in the community as the existing newspapers in the area failed to report sufficiently on developments and events that took place in the township areas of Upington. The aim was to make a difference in the previously disadvantaged townships and locations. The 12-page fortnightly newspaper is published in Afrikaans and English but is working towards accommodating other languages such as Xhosa, Tswana and Zulu. The paper is distributed throughout the Khara Hais Local Municipality area and it plans to accommodate more people from different cultural and language backgrounds. The MDDA grant covers printing, distribution, stipends, rental, telecommunications, website and audit fees.

18. Children Resource Centre - R760 594.04 (Strengthening)


Izwi Labantwana
Die Kinderstem
Voice of the Children
mdda

The Voice of the Children (Izwi Labantwana) has been in existence from the time the organisation (Children Resource Centre) that publishes it, was born 30 years ago. The newsletter was started as part of a broad movement to develop alternative ways of learning and creating an environment in which children can learn. Izwi Labantwana is a 16-page A4 size children's journal published on a monthly basis. The organisation has tried over the years to publish the newsletter in a few local languages, mainly in English, Afrikaans, Xhosa and Zulu but, due to cost restrictions, it is published in English with summaries in Xhosa, Afrikaans and Zulu. The MDDA grant covers telephone and internet, stationery and bank charges.

19. Metro News, Mangaung Metropolitan Municipality, Free State - R436 800.00 (Strengthening)


metro NEWS
"RE YA HLASELA WE HAVE DELIVERED"
TraXdor

Metro News is a newspaper published by O B Technology and Design (Pty) Ltd for the areas of Thaba Nchu, Botshabelo and Bloemfontein. The project can reach up to 60 000 readers monthly. Mangaung has a population of about 80 000 of which Sesotho is the dominant language, followed by isiXhosa. The languages used in the publication are a mix of English 20%, Sesotho 40%, and isiXhosa 40%. A Facebook page carries English translations of Sesotho and isiXhosa stories. The editorial policy is to keep the news 100% local and brand the paper accordingly. The MDDA grant covers printing, distribution, stipends, rent, telecommunications and audit fees.

20. InhlosoYesizwe, Uthukela District Municipality, KwaZulu-Natal - R430 200.00 (Strengthening)


INHLOSO YESIZWE NEWS
Ugxeke umasipala uDlomo ngokubukelela odokotela mbumbulu
BIMBO'S

InhlosoYesizwe is a small commercial 100% isiZulu-language newspaper published in Ladysmith by the Multi-Purpose Magazine Newspaper and Caterers cc. The newspaper is published monthly, with 10 000 copies per edition being printed and distributed in Ladysmith and surrounding areas. The newspaper was formed by a group of five members from the communities of the Watersmeet, Peacetown, Sunchards and uMkhamba rural areas around the town of Ladysmith. The MDDA grant covers printing, distribution, stipends, rent, telecommunications and audit fees.

21. Elitsha News, Western Cape - R776 800.00 (New)


Edition 5 | 25 May - 15 June 2016

Elitsha

Cape Edition

Ubomi bethu, amabali ethu

Mineworkers could be compensated with billions

Elitsha Newspaper is a strategic extension of Workers' World Media Production's original flagship project, which was established in 2013. Currently, the publication is an eight-page monthly tabloid published in English (60%) and IsiXhosa (40%). The project set out to inform, educate and empower marginalised workers and local, poor working class communities by providing them with a democratically-controlled local media platform. Three pilot editions, with a print run of 10 000 for the first two pilots and 20 000 for the third one, have been published and distributed in Khayelitsha and Mitchells Plain. The newspaper was distributed (personally handed out to people) at all five Khayelitsha railway stations, shopping centres and other pertinent points in the huge sprawling township, as well as in Mitchells Plain. The MDDA grant covers printing, office rent, stipends, distribution, telecommunications (internet and telephones), bank charges and audit fees.

22. Nhlalala News, Limpopo - R696 000.00 (New)


NHLALALA

mdda

VAAKI VA TEREKA VA PFALA GONDZO

XINGHIZANI

The project was established in June 2013 by the community of Gandlanani as a registered non-profit making organisation. The publication will be an eight-page monthly tabloid to be published 75% in Xitsonga and 25% in English, with a print run of 10 000 copies. The distribution strategy will be knock and drop in the villages of Gandlanani, Nwamankena, Basani, Maxavhele, Hlaneki, Babangu, Maswanganyi, Bobe, Shimange, Dingamanzi, Shikukwani, Krematart, Giyani Section A, Giyani Section F, Giyani Section D1, Giyani Section D2, Ngobe, Siyandani, Makosha, Mageba, Ndenyeza, Phikela, and Noble Hook. The MDDA grant covers printing, distribution, telephone and internet, stationery, office rental, website design, audit fees, insurance and bank charges.

23. Community News - R663 244.00 (New)


INYANDA
COMMUNITY NEWS
Remember June 16

The establishment of the Trust for Community Outreach and Education (TCOE) was influenced by the Ginsberg Education Foundation that was founded by the late Steve Biko, a youth activist in the late 1970s. The initial mandate of the organisation was to source funds for bursaries for students who were marginalised and denied opportunities during the apartheid era. Through many difficult apartheid years, the organisation survived and continuously responded to the needs of the rural poor. Today, TCOE is a national organisation that operates mainly in the rural areas of South Africa. Its main focus in the past 10 years has been to stimulate the building of local organisations and local leadership and assist these associations to access land and productive assets to improve their livelihood. The publication is a tabloid size, black and white bi-monthly newsletter published in 35% English, 20% Afrikaans, 25% isiXhosa, 10% SeSotho, and 10% Sepedi and Tshivenda. Community News is 100% editorial and 100% biased towards development issues. The publication is distributed free of charge in the Western Cape, Northern Cape, Eastern Cape, Free State and Limpopo. The MDDA grant covers printing, distribution, telephone and internet, stationery, bank charges, insurance, audit fees, and maintenance and building of a database and website.

24. Youth Mate News, KwaZulu-Natal - R606 950.00 (New)


Youth Mate News
Free
Ubumbano emiphakathini

Qhawes Entertainment Group is a youth and community development organisation established by a young activist in Empangeni in 2003. The organisation submitted an application for funding to the MDDA in 2011 for its proposed newspaper, Youth Mate News but, while the concept was good, its feasibility had not been tested in the community. In 2012, the MDDA Board approved an application for funds for a study to determine the feasibility of the newspaper, with the Sol Plaatje Institute for Media Leadership of Rhodes University conducting the eight month study from 2013 to 2014. The research was conducted in the three district municipalities of uThungulu, Zululand and UMkhanyakude where the newspaper will be distributed. The MDDA grant covers printing, distribution, telephone, travel costs for the editorial team, stationery, office rent, electricity and water, audit fees, insurance and bank charges.

2.2.3 Research, Training and Development

Description	Date	Partners	Amount funded
Media Literacy Summit	10 – 12 April 2015	Department of Education Northern Cape/MDDA	R300 000.00
World Press Freedom Day - May 03	5 May 2015	MDDA/UNESCO	R150 000.00
Media Literacy Exchange Programme	5 – 7 October 2015	MDDA	R250 500.00
Advanced Radio Certificate	2015/16	Wits Radio Academy	R300 000.00
Station Advisory and Monitoring	2016	Wits Radio Academy	R374 300.00
Grantee Orientation Workshop	30 March – 1 April 2016	MDDA	R800 000.00
Science Journalism	17 – 18 February 2016	MDDA/SAASTA	R155 000.00
Online Training - The Writers Room Website	2016	Uhuru Press	R161 220.00
Research on the Sustainability of the Community Radio Sector	2016	NCRF	R76 500.00
World Association of Community Radio Broadcasters	2015	NCRF	R100 000.00
National Capacity Building and Policy Conference	2016	AIP	R600 000.00

World Press Freedom Day 2015

The World Press Freedom Day 2015 was themed "Let Journalism Thrive! Towards Better Reporting, Gender Equality and Media Safety in the Digital Age". It was held as a joint partnership between the MDDA, the Institute for the Advancement of Journalism (IAJ) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO). It brought together government departments and entities, academia, activists, sector bodies, media practitioners and students to engage and participate in a panel discussion.

Grantee Orientation Workshop

The Grantee Orientation Workshop aims to assist projects to understand their funding contract commitments to the Agency and improve on their reporting. The workshop provides newly approved grantees with an understanding of the Grant Funding Circle, the funding agreement / contract, and the reporting templates (narrative and financial). The Grantee Orientation Workshop is an annual activity on the MDDA calendar.

Learning Forum 2015

The Learning Forum is a platform for community media projects to be capacitated to run their projects efficiently and effectively in order to become self-sustaining. The Learning Forum is hosted for community broadcasters, and community and small commercial printers.

Media Literacy and Culture of Reading Summit

The Media Literacy and Culture of Reading Summit is an annual event held in different District Municipalities of South Africa to promote literacy and a culture of reading amongst diminished language groups and inadequately served communities. The aim of the summit is to introduce a culture of reading and basic media literacy amongst learners in schools, to promote debate and dialogue on media for learners and to encourage learners to be media aware and be involved in producing their own media. Literacy is the foundation of education, development and the improvement of local economies and the MDDA believes that these summits bring media to the classrooms in South Africa by offering an opportunity for young people to learn critical consumption of media and to raise their awareness of the role of the media in a democratic society.

Media Literacy Exchange Programme

During the Media Literacy and Culture of Reading Summits, learners with the help of teachers are required to work in teams to design and enter a "Newspaper Front Page Competition". The winners of a competition are awarded an opportunity to attend a practical media training programme, through which they can learn about career opportunities through formal presentations from and tours to media technology companies.

Science Journalism

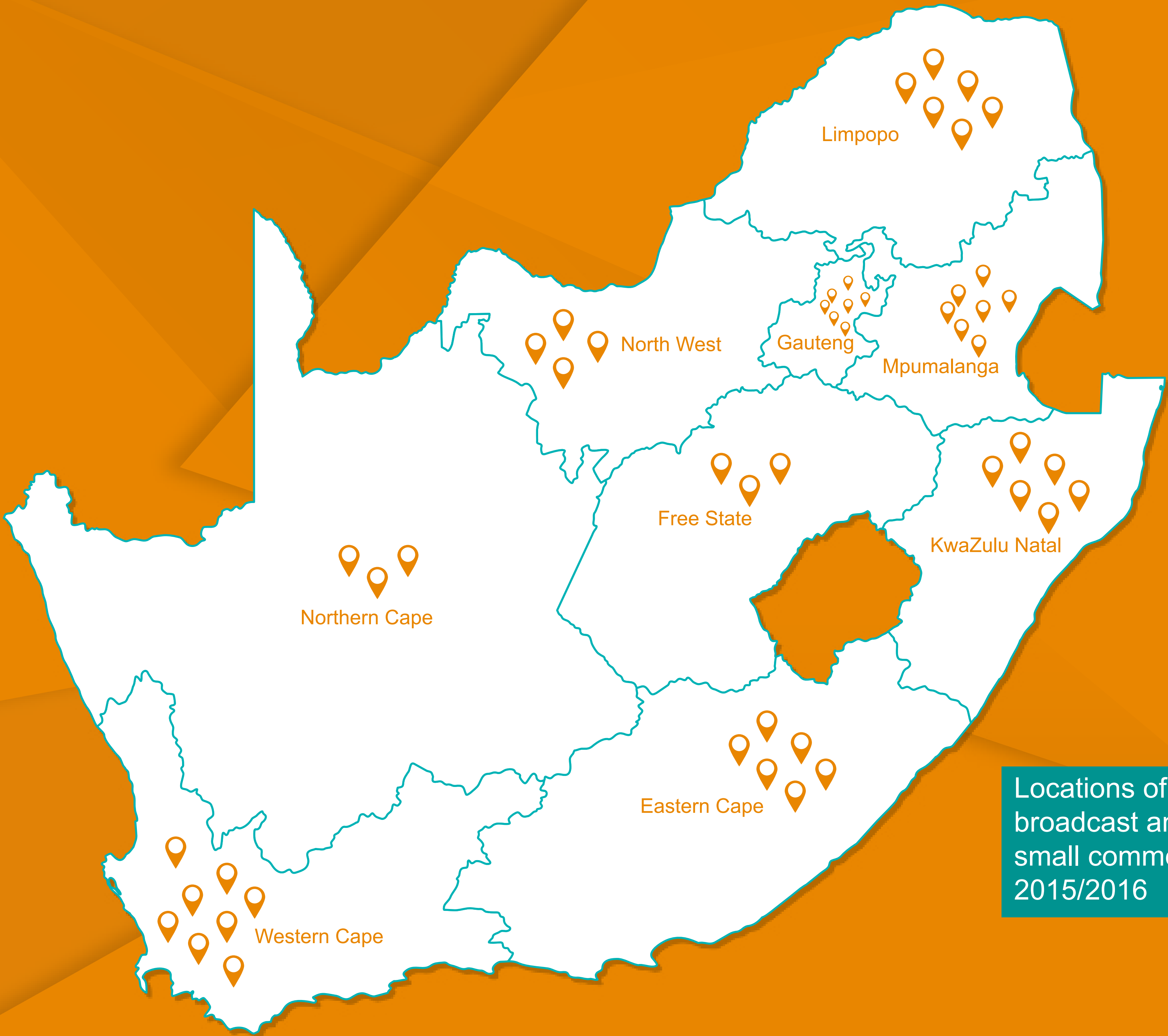
The MDDA and the South African Agency for Science and Technology Advancement (SAASTA) have entered into a memorandum of understanding (MoU) to promote science journalism. As part of the MoU, the Science and Technology Youth Journalist Programme was launched with trainees and community media journalists attending a two-day workshop at SAASTA offices, following which the trainees are placed as interns at community media projects around the country. The Science and Technology Youth Journalist Programme is implemented within District Municipalities where the Department of Science and Technology's Innovation Partnership for Rural Development Programme's (IPRDP) technologies are being demonstrated. It is aimed at youth (18-35 years) residing within these communities, specifically unemployed youth with undergraduate qualifications in science and engineering, communications and journalism studies.

2.2.4 Number of projects approved per District Municipality 2015/2016

District Municipality	Community Radio	Community Print	Community TV	Small Commercial Print	Research and Training
North West					
Bojanala	Katleng Community Radio				
Bojanala				Arise and Shine (Tsoga O Phatsime)	
Ngaka Modiri Molema	Mafikeng Community Radio				
Ngaka Modiri Molema	Madibogo Community Radio				
KwaZulu-Natal					
City of Thekwini				Ezakwazulu News	
ILembe				SMME News	
UMgungundlovu	UMgungundlovu Community Radio				
UThukela				Inhloso yesizwe	
UThukela	Nqubeko Community Radio NPC				
uThungulu				Qhawes Entertainment Group (Youth Mate News)	
Eastern Cape					
Amathole				ULWAZI School Newspaper	
Amathole	Ngqushwa FM				
Joe Gqabi	eKhephini Community Radio				
OR Tambo	Isajonisi Youth Radio				
OR Tambo	Inkonjane FM				
OR Tambo				Eastern Cape Women Magazine	
Limpopo					
Capricorn	Mohodi FM				
Mopani	Maruleng Community Radio				
Mopani	Greater Giyani Community Radio				

District Municipality	Community Radio	Community Print	Community TV	Small Commercial Print	Research and Training
Mopani				Nhlalala News	
Vhembe	Makhado FM				
Vhembe				Ngoho News	
Western Cape					
City of Cape Town		Trust for Community Outreach and Education (TCOE) - Community News			
City of Cape Town		Elitsha News			
City of Cape Town		Children Resource Centre – Izwi Labantwana			
City of Cape Town				Dizindaba News	
City of Cape Town			Cape Town CTV		
Drakenstein	Radio KC				
Eden				Inqubo Yabantu Abancinci	
Overberg	Elgin FM				
Northern Cape					
ZF Mgcau District Municipality	Radio Riverside				
ZF Mgcau District Municipality				De Horison News	
Francis Baard District Municipality				Mmaiseng News	
Gauteng					
City of Johannesburg				Religious News	
City of Tshwane	Bagaka FM				
City of Tshwane	Poort on Mams FM (Presidential Project)				

District Municipality	Community Radio	Community Print	Community TV	Small Commercial Print	Research and Training
Sedibeng	Lekoa Community Radio				
Sedibeng				Loxion News	
Sedibeng	VUT FM				
West Rand	Mogale FM				
Mpumalanga					
Ehlanzeni				Nkomazi Observer	
Ehlanzeni				The Youth Voice	
Gert Sibande	Ermelo Community Radio				
Gert Sibande				Khanyisa News	
Gert Sibande	MP East Community Radio				
Nkangala	Hope FM				
Nkangala	Ikhuthani FM				
Free State					
City of Mangaung				Metro News	
City of Mangaung				Xplore Magazine	
Fezile Dabi				Puisano News	
National					
					National Community Radio Forum – Sustainability of the Community Radio Sector
					MDDA Community Media Awards
					Seriti sa Sechaba – writers room
					Association of Independent Publishers



Locations of community broadcast and community and small commercial print projects 2015/2016

2.2.5 Projects by Province 2015/2016

North West	
Bojanala District Municipality	2
Ngaka Modiri Molema District Municipality	2
KwaZulu-Natal	
Ilembe District Municipality	1
UMgungundlovu District Municipality	1
UThukela District Municipality	3
UThungulu District Municipality	1
Eastern Cape	
Amathole District Municipality	2
Joe Gqabi District Municipality	1
OR Tambo District Municipality	3
Limpopo	
Capricorn District Municipality	1
Mopani District Municipality	3
Vhembe District Municipality	2
Western Cape	
City of Cape Town	5
Drakenstein District Municipality	1
Eden District Municipality	1
Overberg District Municipality	1

Northern Cape	
Francis Baard District Municipality	1
ZF Mgcau District Municipality	2
Gauteng	
City of Johannesburg	1
City of Tshwane	2
Sedibeng District Municipality	3
West Rand District Municipality	1
Mpumalanga	
Ehlanzeni District Municipality	2
Gert Sibande District Municipality	3
Nkangala District Municipality	2
Free State	
City of Mangaung	2
Fezile Dabi District Municipality	1
National	
National	4

The MDDA and Community Media supported the Minister of Communications Izimbizo in 2015.

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 more than 200 community radio stations in existence, 135 were and more than 80 still are 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 station has also grown into a resilient industry. The MDDA has supported four stations, of which one is still being supported. 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.

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

	2013-2014	2014-2015	2015-2016
COMMUNITY SPEND			
Community Print	R 4 865 651.80	R 6 927 315.53	R 5 289 034.04
Community Radio	R 11 415 688.27	R 15 170 546.84	R 26 274 787.27
Community TV	R 6 650 550.98	R 9 553 537.97	R 4 630 808.00
TOTAL ADSPEND	**R 22 931 891.05**	**R 31 651 400.34**	**R 36 194 629.31**

The Media Connection Revenue Indicator

786 Radio	135 410.15
Aganang FM	86 335.73
Alan - Al Ansaar	3 555.00
Alex FM	913 141.54
Alfred Nzo	400 940.91
Alpha	43 127.47
Atlantis	106 652.32
Barberton	3 852.66
Bay FM	95 436.11
Bok Radio	419 092.91
Bosveld	82 720.10
Botlokwa	134 269.58
Bush Radio	871 260.20
Bushbuckridge	539 976.38
Cape Pulpit	5 823.62
CCFM	196 467.72
Chai FM	143 053.80
East Rand Radio	408 982.63
East Wave Radio	23 427.04
Eden FM	589 097.29
EKFM	15 516.95
Eldos	90 903.88
eMalahleni	233 481.60
Fine Music	263 088.12
Forte FM	27 470.26
Gamkaland	58 690.89
Good News Radio	8 829.60
Graaf-Reinet	13 450.63
Groot FM	560 245.91
Heartbeat FM	32 408.14
Helderberg Community	293 853.64
Hindvani	52 935.87
Impact Radio	77 755.59
Inanda FM	158 127.90
Inkonjane FM	70 400.63
Iscorian	162 084.12
Islam Radio	126 720.82
Izwi LomZanzi	580 099.03
Jozi FM	4 688 696.66
Kaapse-Punt	2 500.00
Kangala	53 451.18
Kanyamazane FM	344 665.32
Kasie FM	680 359.05
KC Radio	270 792.99
Khanya	73 355.29
Khwezi Radio	64 691.25
Kingfisher	118 056.51
Knysna FM	25 113.12
Kopanong	51 129.17
Kovsie	46 504.21
Kragbron Radio	272 469.51
Kumkani FM	6 655.46
Kurara FM	60 141.48
Laeveld Radio	50 947.29
Lephalale FM	85 571.95
Letlhabile	174 328.61
Lichvaal Stereo	31 042.12
Link FM	414 121.30
Lukhanji FM	65 677.44
Mafikeng FM	131 964.90
Mafisa	336 659.54
Makhado FM	309 213.42
Maluti	8 417.40
Mams FM 91.9	228 184.64
Maputaland Community Radio	86 800.67
Mash	7 730.71
Mdantsane	34 955.26
MFM Radio 92.6 FM	186 232.59
Mix 93.8 FM	909 841.07
Mmabatho FM	23 990.30
Modiri	7 868.23
Mogale City	158 661.79
Mohodi FM	121 481.65
Moletsie Community Media	142 071.42
Moretele Community Radio	753 495.28
Mosupatsela FM	195 764.91
Motheo FM	39 045.11
Moutse	186 185.56
Musina FM	253 343.59
Naledi	40 986.47
Namakwaland	98 342.91
Newcastle Community Radio	82 384.74
NFM	14 374.00
Nkomazi FM	114 228.75
Nqubeko	304 661.17
Overberg Radio	76 060.49
Overvaal Stereo	148 215.67
Panorama	27 099.23
Phalaborwa	100 462.10
Pretoria Radio	263 106.51
Pulpit Radio	16 139.04
Qwa Radio	261 149.17
Rainbow FM 90.7	16 118.40
Rhodes Music Radio	50 813.74
Riverside Radio 98.2 FM	242 292.67
Rosestad Radio	136 122.37
Sekgosese Community Radio	39 041.25
Sekhukhune FM 98.7	427 521.37
Setsoto	9 966.04
Siyathuthuka FM	17 812.50
Sloot FM	101 614.99
Soshanguve	893 077.14
Star FM	111 042.76
Takalani	13 510.70
Teemaneng Stereo 89.1	404 919.43
Thetha	957 782.68
Tshwane FM	99 807.31
Tubatse Progressive	133 686.00
Tuks FM	501 576.49
Turf	128 448.28
TUT	71 161.92
Tygerberg Radio 104fm	1 780 089.89
UCT Radio 104.5	60 911.67
UJFM (RAU) Radio	10 579.62
Umgungundlovu	515 997.81
Unitra Community Radio 97.0	321 304.03
Univen Community Radio	132 109.84
Vaal Community Radio	404 385.75
Vaaltar	53 052.70
Valley FM	362 683.12
Vibe FM	13 761.38
Voice of Tembisa	334 176.18
Voice of The Cape	867 530.40
VOW	184 931.75
Vukani	11 810.00
VUT 96.9 FM	586 321.00
West Coast Radio	303 457.91
WestSide FM	48 157.86
Whale Coast 96 FM	70 573.38
Wild Coast FM	9 504.02
Zibonele Radio	2 529 027.55
Zululand 97.0 FM	241 170.10
	R34 475 926.94

3.3 Socio-Economic Impact and Return on Investment

Item	Number (Cumulative to date)
Number of jobs created through projects funded	1 495
- Full time employed	476
- Part time interns/freelancers	1 019
Number of people trained	3 040
Number of bursaries	356
Total Community Radio listenership	8 841 400
Total radio listenership	32 642 000

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	2013/2014	2014/2015	2015/2016	2016/17
Total budget from the department (R)	20 790 000	20 790 000	22 615 000	23 814 000

Description	2013/2014	2014/2015	2015/2016
Broadcasting service licensees(R)	31 799 776	32 212 694	32 500 672
Print Funders (R)	4 000 000	4 000 000	-

Income	2015/2016 R
Government (GCIS) (R)	22 615 000
Print media (R)	0
Broadcast media (R)	32 506 672
Interest (R)	4 646 614
Total Income (R)	**59 762 287**

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
- Starset

Foreign Grants

No foreign grants were received in the year under review.

Funding Cycles

The MDDA is funded by Government through the Department of Communications and 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.

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;
- 10% is unallocated and can be allocated over all three categories; and
- a maximum of 25% of funds received from Government should be utilized for administration purposes.

A maximum of 10% of funds received from broadcast media should be utilized for administration purposes.

Grantee Orientation Workshop, March 2016

PART FOUR: 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.

4.1 Staff Complement

There was a total permanent staff complement of 16 at the end of the period under review, out of 32 approved positions. The staff complement came about as a result of recruitment being put on hold due to revision of strategy and a concomitant revision of the organizational structure. There were four terminations and six appointments. The table below shows the distribution of staff by level, gender and race.

EMPLOYMENT EQUITY PROFILE

Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/Senior Manager	0	0	0	0	0	0	0	0	**0**
Manager	2	0	0	0	2	0	0	1	**5**
Professionals/Specialist	3	0	0	0	4	0	0	0	**7**
Administrative/Support	0	0	0	0	4	0	0	0	**4**
Total	5	0	0	0	10	0	0	1	16

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

The Employment Equity staff profile percentage of black employees was 93% of the overall staff complement. Female employees constitute 60%.

4.2 Employee Relations

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

The Human Resources Policies and Procedures manual was continuously updated and reviewed to increase its relevance and manage the risks associated with its implementation.

4.3 Learning and Development

All training undertaken during the reporting period was based on the employee and the organizational needs. A total cost of R28 465.41 was spent on skills development. A skills audit was undertaken to ascertain the gap in the skills required against those that exist within the organization. This will be used as a feeder into individual development plans. More training interventions are still required to enable the organization to perform optimally and these will be continued during the new reporting period.

The Internship Policy was developed to create an opportunity for students who have just finished their studies and/or those in the process of completing to familiarize themselves with the working environment and gain practical experience. The MDDA will also realize its vision of capacity building by empowering young people to gain experience and prepare them for the labour market.

4.4 Remuneration and Benefits

Employees are remunerated on a Total-Cost-To-Company so as to facilitate greater salary package flexibility and competitiveness in the market, as well as paying at an equitable rate for services rendered. At year end, job evaluation, grading and salary benchmarking were in the process of being evaluated to ensure that all positions are valued at the correct level.

The MDDA offers benefits such as a provident fund and investigated offering medical aid. To date, however, there is no company selected medical aid provider. A process to select the company approved medical aid will be undertaken in the new reporting period.

4.5 Occupational Health and Safety

During the year under review, there was no health and safety incident reported amongst employees. The Occupational Health and Safety Committee conducted a planned Emergency Evacuation drill in accordance with the Occupational Health and Safety Act. Unannounced Emergency Evacuation drills also occurred during the financial year under review

4.6 Tabulated Staff Head Count

Position	African		Asian		Coloured		White		Disabled		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Chief Executive Officer		(A)									Vacant
Chief Financial Officer						(A)					Vacant
Chief Operations Officer	(A)										Vacant
Project Director	(A)										Vacant
Internal Audit Officer											Vacant
Risk Manager											Vacant
HR & Corp Affairs Manager	(A)										Vacant
Project Managers	1	2									3
Project Officers	3	4									7
Executive Secretary to CEO		(A)									Vacant
Company Secretary		(A)									Vacant
Legal and Contracts Adviser											Vacant
Finance Administration Officer											Vacant
Disbursement Officer		1									1
Project Administrator		1									1
Receptionist		(A)									Vacant
Office Attendant & Cleaner		1									1
Finance Manager	(A)										Vacant
IT Manager	1										1
Comms & Branding Manager								1			1
Supply Chain Mngt Officer		1									1
Admin Assistant											Vacant
Total Head Count	**5**	**10**						**1**			**16**

(A) - Acting

4.7 Declaration of Executive Management's Emolument (Excluding Non Executive Management)

Executive Management

Employee Name	Position	Time Period	Salary	Acting Allowance	S&T	Bonus	Total
Duduzile Nchoba	Acting CEO	02/01/2015 - 31/08/2015	0.00	40 895.40	7 315.16	0.00	48 210.56
Thembelihle Sibeko	Acting CEO	12/10/2015 - 31/03/2015	704 059.80	371 174.31	8 732.46	26 253.28	1 110 219.85
Johannes Rantete	Acting CEO	01/09/2015 - 08/10/2015	0.00	17 177.25	0.00	0.00	17 177.25
Talifhani Khubana	Acting CFO	01/04/2015 - 22/10/2015	439 257.39	89 467.34	4 326.59	25 332.92	558 384.24
Lindinkosi Ndibongo	Acting COO/ Acting PD	12/10/2015 - 31/03/2015	716 200.98	324 439.19	13 474.44	26 595.16	1 080 709.77
TOTAL			**1 859 518.17**	**843 153.49**	**33 848.65**	**78 181.36**	**2 814 701.67**

4.8 Allowances

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

4.9 Expenditure

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

Personnel Costs by Programme, 2015/2016

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)
CEO	2 324		
Finance	1 210		
Projects	5094		
HR and CA	592		3 418
Total	**9220**	**28.5**	**3 418**

Overtime

There was no overtime paid during the 2015/16 financial year. Employees were given time off instead.

4.10 Employment and Vacancies

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 Agency. This information is presented in terms of three key variables: programme, salary band and critical occupations. The Agency has identified critical positions that need to be monitored.
The vacancy rate reflects the percentage of posts that are not filled.

Employment and vacancies by programme, 31 March 2016

Programme	Number of posts	Number of posts filled	Vacant positions	Number of posts filled additional to the Agency
CEO's office	6	1	5	1
Projects	14	11	3	0
Finance	5	2	3	0
HR and CA	7	2	5	0
Total	**32**	**16**	**16**	**1**

Employment and vacancies by salary bands, 31 March 2016

Programme	Number of posts	Number of posts filled	Vacant positions	Number of posts filled additional to the Agency
Lower skilled (level 5)	4	3	1	0
Skilled (levels 9 – 13)	-	-	-	-
Highly skilled production (levels 14 – 15)	12	7	5	0
Highly skilled supervision(levels 16 – 17)	11	6	5	0
Senior management (levels 19 – 21)	5	0	5	0
Total	**32**	**16**	**16**	**0**

Employment and vacancies by critical occupation, 31 March 2015

Programme	Number of posts	Number of posts filled	Vacant positions	Number of posts filled additional to the Agency
CEO & Legal and Contracts Manager	2	0	2	0
CFO, Finance, Manager, IT Manager, Supply Chain Manager	4	2	2	0
Project Director and Project Managers	5	4	1	0
HR Manager	1	0	1	0
Total	**12**	**6**	**6**	**0**

4.11 Job Evaluation

A job evaluation was commissioned in the 2015/2016 financial year for alignment with industry and public sector norms.

4.12 Employment Changes

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

Annual turnover rates by salary band for the period 1 April 2015 – 31 March 2016

Occupation	Number of employees per occupation as at 1 April 2015	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Number of employees per occupation as at 31 March 2016
Lower skilled (level 5)	1	0	0	1
Skilled (levels 9 – 13)	2	0	0	2
Highly skilled production (levels 14 – 15)	8	2	2	8
Highly skilled supervision (levels 16 – 17)	6	2	3	5
Senior management (levels 19 – 21)	0	0	0	0

Annual turnover rates by critical occupation for the period 1 April 2015 – 31 March 2016

Occupation	Number of employees per occupation as at 1 April 2015	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Number of employees per occupation as at 31 March 2016
CEO & Legal and Contracts Manager	0	0	0	0
CFO, Finance Manager, IT Manager, Supply Chain Manager	2	2	1	3
Project Director and Project Managers	4	0	2	2
HR Manager	0	0	0	0
Total	**6**	**2**	**3**	**5**

Reasons why staff are leaving the Agency

Termination type	Number	Percentage of total
Death	0	
Resignation	5	100%
Expiry of contract	0	
Dismissal -operational changes	0	
Dismissal - misconduct	0	
Dismissal - inefficiency	0	
Discharged due to ill health	0	
Retirement	0	
Transfers to other Public Service Departments	0	
Other	0	
Total	**5**	

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

4.13 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 2016

Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/Senior Manager	0	0	0	0	0	0	0	0	0
Manager	2	0	0	0	2	0	0	1	5
Professionals/Specialist	3	0	0	0	6	0	0	0	9
Administrative/Support	0	0	0	0	2	0	0	0	2
Total	**5**	**0**	**0**	**0**	**10**	**0**	**0**	**1**	**16**

Recruitment for the period 1 April 2015 – 31 March 2016

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Professionally qualified and experienced specialists and middle management	2	0	0	0	2	0	0	1	5
Total	**2**	**0**	**0**	**0**	**2**	**0**	**0**	**1**	**5**

Terminations for the period 1 April 2015 – 31 March 2016

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and middle management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors,foreman and superintendents	0	0	0	0	2	0	0	0	2
Total	**1**	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**5**

4.14 Performance Rewards

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

Salary Band	Cost			
	Number of beneficiaries	Number of employees	Total cost	Average cost per employee
Management	4	4	100 845	25 211
Staff	11	11	149 135	13 558

4.15 Foreign Workers

There were no foreign nationals employed at the Agency during the 2015/2016 financial year.

4.16 Labour Relations

There were no collective agreements entered into with trade unions within the Agency during the 2015/2016 financial year.

There were no misconduct and disciplinary hearings within the Agency during the 2015/2016 financial year.

There were no grievances lodged within the Agency during the 2015/2016 financial year.

A Labour court matter was ongoing during the 2015/2016 financial year.

There was no strike action within the Agency during the 2015/2016 financial year.

There were no precautionary suspensions within the Agency during the 2015/2016 financial year.

2015 MDDA Learning Forum

PART FIVE: GOVERNANCE

5.1 The Board

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

The Board acts as the 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.

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

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 (2015/2016) MDDA Board Meetings

28 May 2015	Board teleconference
17 – 18 July 2015	Board meeting
27 July 2015	Board teleconference
22 – 23 August 2015	Board meeting
1 September 2015	Board teleconference
11 – 13 September 2015	Strategic Planning
9 October 2015	Board to Board meeting with NCRF
10 October 2015	Board meeting
6 – 7 November 2015	Board meeting
24 November 2015	Board teleconference
3 December 2015	Board teleconference
15 December 2015	Board meeting
17 December 2015	Board teleconference
28 January 2016	Board teleconference
30 January 2016	Board meeting – Part 1 - Governance issues
20 February 2016	Board meeting – Part 2 - Projects approvals
24 February 2016	Board teleconference

MDDA Board Sub-committee meetings

19 May 2015	Audit & Risk
31 July 2015	Audit & Risk
31 July 2015	Policy & Governance
1 August 2015	Remuneration and Human Resources (Remco)
7 August 2015	Research and Monitoring & Evaluation (M&E)
1 September 2015	Finance and Operations (Finops)
26 October 2015	Remuneration and Human Resources (Remco)
2 November 2015	Communication and ICT
2 November 2015	Policy & Governance
4 November 2015	Finance and Operations (Finops)
4 November 2015	Audit & Risk
20 November 2015	Communication and ICT
21 November 2015	Audit & Risk
25 November 2015	Remuneration and Human Resources (Remco)
2 December 2015	Policy & Governance
3 December 2015	Research and Monitoring & Evaluation (M&E)
9 December 2015	Policy & Governance Teleconference
10 December 2015	Remuneration and Human Resources (Remco)
18 February 2016	Remuneration and Human Resources (Remco)
18 February 2016	Policy & Governance

Names	Number of Board Meetings Attended	Special Board Meetings	Number of Audit & Risk Committee Meetings Attended	Number of Remuneration & HR Committee Meetings Attended	Number of Governance Committee Meetings Attended	Number of Tender Committee Meetings Attended	Other Meetings Attended
Phelisa Nkomo	6	4		3		1	54
Louise Vale	6	4		6		1	7
Roland Williams	6	4		6	7		15
Palesa Kadi	6	4	2**			1	6
Jabulane Blose	4				3		4
Musa Sishange	5		2**		6		
Neo Momodu	4			3			
Zanele Mngadi*	2						
Themba Khumalo		0					
Albert Dzuguda			4				
Given Sibiya			3				
Nkoana Modiba			4				

***Appointed on 24 December 2015**
****Alternated as chairperson of Audit Committee**

PART SIX:
ANNUAL FINANCIAL STATEMENTS

6.1 STATEMENT OF RESPONSIBILITY AND APPROVAL

The Directors are required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon 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 MDDA is financially dependent on (amongst others) a transfer payment from the Department of Communications and contributions from the Broadcasting Service Licensees and Print Media funders. On the basis that the transfer payment has been listed in the Estimates of National Expenditure and the signed agreements with the Broadcasting Service Licensees and Print Media funders, the Directors believe that the MDDA will continue to be a going concern in the year ahead.

Although the Directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's auditors. The Chairperson of the Board, the Accounting Authority, has delegated to the Acting Chief Executive Officer, in her capacity as Accounting Officer, the responsibility for the preparation and integrity of the annual financial statements and related information included in this annual report.

The internal controls include a risk-based system of internal and administrative controls designed to provide reasonable, but not absolute, assurance that are in line with Section 42 of the Public Finance Management Act (PFMA), that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Agency's policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. These are monitored by the executive management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework. The Board provides oversight in accordance with its fiduciary duties and responsibilities.

The annual financial statements set out on pages 82 to 133, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2016 and were signed on its behalf by:

Phelisa Nkomo

Chairperson of the Board

31 May 2016

Thembelihle Sibeko

Acting Chief Executive Officer

31 May 2016

6.2 REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2016.

Audit committee members and attendance

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

Name of Member	Number of Meetings Attended
Palesa Kadi (Chairperson)	2
Musa Sishange (Alternate)	2
Nkoana D Modiba	4
Given Sibiya (term expired 20 February 2016)	3
Albert Dzuguda (term expired 20 February 2016)	3

Audit and Risk committee responsibility

The audit committee reports that it has complied with its responsibilities arising from the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the MDDA Act, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective. The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:

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

Internal audit

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

MDDA has a co-sourced effective internal audit function. The internal audit plan activities for the year were all carried out. The Audit and Risk Committee continue to monitor management's planned actions on all significant findings for effective and speedy resolution.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa on 26 July to discuss the audit report and the detailed management report.

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

The Audit and Risk Committee is satisfied with the content and quality of the monthly and quarterly reports that were prepared and issued by the Accounting Officer of the Public Entity during the year under review.

The Audit and Risk Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and performance information, and is of the opinion that the audited annual financial statements and performance information be accepted and read together with the report of the Auditor-General.

Palesa Kadi

Chairperson of the Audit and Risk Management Committee

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Media Development and Diversity Agency set out on pages 82 to 133, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The Board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements 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), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during year of 31 March 2016 in the financial statements of the Media Development and Diversity Agency at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Media Development and Diversity Agency for the year ended 31 March 2016:

    Programme 2.1: Community Broadcast Media on pages 26 to 27

    Programme 2.2: Print and Digital Media on pages 28 to 29

11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

13. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

14. Although I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Community Broadcast Media and Print and Digital Media. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

16. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial statements

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by section 55(1)(b) of PFMA.

18. Material misstatements in the statement of changes in net assets and disclosure note for employee cost identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

19. Procedures for quarterly reporting to the Department of Communication and the facilitation of effective performance monitoring, evaluation and corrective action were not established as required by Treasury regulation 30.2.1.

Procurement and Contract Management

20. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.

21. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.

22. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).

Expenditure Management

23. Effective steps were not taken to prevent irregular expenditure, amounting to R5 324 585 as disclosed in note 34 of the Annual Financial Statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

24. Effective steps were not taken to prevent fruitless and wasteful expenditure, amounting to R1 156 000 as disclosed in note 33 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with laws and regulations included in this report.

Leadership

26. The accounting officer did not have sufficient monitoring controls in place to ensure compliance with the relevant laws and regulations.

Financial and performance management

27. Senior management did not adequately monitor compliance with laws and regulations.

Auditor-General

31 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.4 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

Figures in Rand thousand	Note(s)	2016	2015
Assets			
Current Assets			
Cash and cash equivalents	3	93 467	78 340
Receivables from exchange transactions	4	900	604
Receivables from non-exchange transactions	5	8	8 107
Inventories	6	7	-
		94 382	**87 051**
Non-Current Assets			
Property, plant and equipment	7	778	893
Intangible assets	8	110	47
		888	**940**
Total Assets		**95 270**	**87 991**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	2 637	2 014
Finance lease obligation	10	140	127
Projects in progress	11	6 479	6 571
Provisions	12	250	264
Deferred lease costs	13	-	121
		9 506	**9 097**
Non-Current Liabilities			
Finance lease obligation	10	-	140
Total Liabilities		**9 506**	**9 237**
Net Assets		**85 764**	**78 754**
Accumulated surplus		**85 764**	**78 754**

Figures in Rand thousand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions			
Interest received - investment	15	4 647	4 624
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	16	22 615	21 815
Revenue from non-exchange transaction – Broadcast funders	17	32 501	32 213
Total revenue from non-exchange transactions		**55 116**	**54 028**
Total revenue	14	**59 763**	**58 652**
Expenditure			
Employee related costs	18	(9 220)	(11 522)
Depreciation and amortisation	20	(302)	(380)
Finance costs	21	(175)	(34)
Administrative costs	22	(13 191)	(7 870)
Grant cost expenditure	23	(29 749)	(37 143)
Loss due to write off of property, plant and equipment		(117)	-
Total expenditure		**(52 754)**	**(56 949)**
Surplus for the year		**7 009**	**1 703**

6.5 STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Accumulated Surplus	Total net assets
Balance at 01 April 2014	**77 054**	**77 054**
Changes in net assets:		
Surplus for the year as previously reported	2 581	2 581
Prior period error	(881)	(881)
Total changes	**1 700**	**1 700**
Restated* Balance at 01 April 2015	**78 755**	**78 755**
Changes in net assets:		
Surplus for the year	7 009	7 009
Total changes	**7 009**	**7 009**
Balance at 31 March 2016	**85 764**	**85 764**

6.6 CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Grants		63 220	45 923
Interest income		4 647	5 121
Other receipts		600	8 692
		68 467	**59 736**
Payments			
Employee costs		(9 126)	(12 146)
Suppliers		(15 093)	(8 122)
Finance costs		(156)	(34)
Grant costs - disbursements		(27 779)	(36 416)
Projects in progress - Department of Communication		(691)	(388)
Other payments: MICT-Seta		-	(523)
		(52 845)	**(57 629)**
Net cash flows from operating activities	24	**15 622**	**2 107**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(276)	(87)
Purchase of other intangible assets	8	(92)	(62)
Net cash flows from investing activities		**(368)**	**(149)**
Cash flows from financing activities			
Finance lease payments		(127)	(116)
Net increase/(decrease) in cash and cash equivalents		15 127	1 842
Cash and cash equivalents at the beginning of the year		78 340	76 498
Cash and cash equivalents at the end of the year	3	**93 467**	**78 340**

6.7 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rand thousand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Note 34)
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received – investment	5 725	(1 345)	4 380	4 647	267	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	22 515	-	22 515	22 615	100	
Revenue from non-exchange transaction – Other funders	24 502	15 069	39 571	32 501	(7 070)	
Write back	1 816	(1 816)	-	-	-	
DoC - Broadcast infrastructure roll-out	9 804	(9 804)	-	-	-	
DoC - Programme production	11 698	(11 698)	-	-	-	
Total revenue from non-exchange transactions	**70 335**	**(8 249)**	**62 086**	**55 116**	**(6 970)**	
Total revenue	**76 060**	**(9 594)**	**66 466**	**59 763**	**(6 703)**	
Expenditure						
Employee related costs	(16 746)	5 525	(11 221)	(9 220)	2 001	
Depreciation and amortisation	(195)	-	(195)	(302)	(107)	
Finance costs	-	-	-	(175)	(175)	
Grant cost expenditure	(49 090)	(26 377)	(75 467)	(29 749)	45 718	
Administrative expenses	(10 029)	(500)	(10 529)	(13 191)	(2 662)	
Total expenditure	**(76 060)**	**(21 352)**	**(97 412)**	**(52 637)**	**44 775**	
Operating surplus	-	(30 946)	(30 946)	7 126	38 072	
Loss due to write off of property, plant and equipment	-	-	-	(117)	(117)	
Surplus for the year	**-**	**(30 946)**	**(30 946)**	**7 009**	**37 955**	

Budget on Accrual Basis

Figures in Rand thousand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Note 34)
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	7	7	
Receivables from exchange transactions	456	-	456	900	444	
Receivables from non-exchange transactions	-	-	-	8	8	
Cash and cash equivalents	79 739	(30 947)	48 792	93 467	44 675	
	80 195	**(30 947)**	**49 248**	**94 382**	**45 134**	
Non-Current Assets						
Property, plant and equipment	749	-	749	778	29	
Intangible assets	31	-	31	110	79	
	780	**-**	**780**	**888**	**108**	
Total Assets	**80 975**	**(30 947)**	**50 028**	**95 270**	**45 242**	
Liabilities						
Current Liabilities						
Finance lease obligation	140	-	140	140	-	
Payables from exchange transactions	1 200	-	1 200	2 640	1 440	
Projects in progress	-	-	-	6 479	6 479	
Provisions	-	-	-	250	250	
Total Liabilities	**1 340**	**-**	**1 340**	**9 509**	**8 169**	
Net Assets	**79 635**	**(30 947)**	**48 688**	**85 761**	**37 073**	
Accumulated surplus	**79 635**	**(30 947)**	**48 688**	**85 762**	**37 074**	

6.8 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), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. All figures have been rounded to the nearest rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies 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 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The amortised cost (using the effective interest method); less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature thereof. The present value of future cash flows (using the effective interest method), is assumed to approximate the fair value of revenue and expenditure transactions.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 Provisions.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the entity.

Effective interest rate

The entity uses the government bond rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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 reporting 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 or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised 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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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 are carried at cost less accumulated depreciation and any impairment losses. Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	**Average useful life**
Furniture and fittings	11 years
Computer equipment	9 years
Office equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.
Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate; unless expectations differ from the previous estimate.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.
Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognized in surplus or deficit when the compensation becomes receivable.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the 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 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.

Intangible assets are initially recognised at cost.
Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Subsequent to initial measurement 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.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.
Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Item	Useful life
Licenses and software	3 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

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.

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 equivalents	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
Finance lease obligation	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability, other than those subsequently measures at fair value, 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 all other financial assets and financial liabilities initially 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 GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers).

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.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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.
For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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 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 by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost w reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.
Financial assets measured at cost:
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to

another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the entity:

- derecognises the asset; and
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is 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 recognized in surplus or deficit in the period of the transfer.

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.

Financial liabilities

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

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

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

1.7 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 building 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.

Any initial direct costs of the lessee are added to the amount recognised as an asset.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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 recognised separately as an expense 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.

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

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventory comprises of stationary and office consumables that shall be consumed within a short-term period in the normal business of the entity and not held for sale.
When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Taxation

No provision has been made for income tax as the entity is exempt in terms of section 10 (1) (cA) (1) of the Income Tax Act, 1962 (Act No. 58 of 1962).

The entity has deregistered for VAT in terms of section 24(1) of the VAT Act of 1991.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired.

If any such indication exists, the entity estimates the recoverable service amount of the asset. Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity will not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides.

Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.13 Statutory receivables

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.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
  - the definition of an asset is met; and
  - it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The entity measures a statutory receivable initially at its transaction amount.

The entity measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The entity assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - 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.

The carrying amount of the asset is reduced 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 by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable 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.
Where statutory receivables are impaired through the use of an allowance

account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The entity derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of 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:
  - derecognises the receivable;
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is 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 considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.15 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 expenditure.

If the 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 the entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a 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 contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.16 Revenue from exchange transactions

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.

Measurement

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

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 earned on bank and call account balances is recognised in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the interest investment.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the 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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the 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 are 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 entity.

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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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.

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.

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

1.18 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the entity) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the entity for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or

- is an existing asset of the operator.
- is provided by the grantor (entity) which:
  - is an existing asset of the entity; or
  - is an upgrade to an existing asset of the entity.

An asset is provided by the operator, or an upgrade to an existing asset of the entity is recognised as a service concession asset if:

- the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the entity controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The entity measures initially a service concession asset at its fair value.

The entity recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the entity to the operator, or from the operator to the entity.

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determine using valuation techniques.

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the entity and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 29 for detail.

1.20 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.

1.21 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.

All expenditure relating to irregular 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.

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.

1.22 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.23 Commitments

Items are classified as commitments when the 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, which are disclosed in note 25.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.24 Grants in aid

The entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.25 Budget information

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

The approved budget covers the fiscal period from 2015/04/01 to 2018/03/31.

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.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.26 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.

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 Directors of the family of a person are considered to be those family Directors who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 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 adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.28 Projects in progress

Projects in progress represent grants received from the Department of Communications for funding programme production projects and the grant received from MICT-Seta for training of the beneficiaries; the grants are treated as liabilities in the statement of financial position in the year they were received or accrued and reduced by the expenses incurred on these special projects.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 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:

Improvements to the standards of GRAP (2013)

Amendments were made to the following standards of GRAP:

GRAP 1 - Presentation of Financial Statements
GRAP 2 - Cash Flow Statements
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 7 - Investments in Associates
GRAP 10 - Financial Reporting in Hyperinflationary Economies
GRAP 11 - Construction Contracts
GRAP 13 - Leases
GRAP 17 - Property, Plant and Equipment
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note)
GRAP 24 - Presentation of Budget Information in Financial Statements
GRAP 25 - Employee Benefits
GRAP 26 - Impairment of Cash-generating Assets (refer to separate note)
GRAP 31 - Intangible Assets
GRAP 103 - Heritage Assets
GRAP 104 - Financial Instruments.

The amendments relate mainly due to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the directive is for years beginning on or after 01 April 2015.

The entity has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

GRAP 21 (as amended 2015): Impairment of Non-cash-generating Assets
The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The entity has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

GRAP 26 (as amended 2015): Impairment of Cash-generating Assets
The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets and cash generating unit;
- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The entity has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

GRAP 23 (as amended 2015): Revenue from Non-exchange Transactions

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard;
- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;
- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The entity has adopted the amendment for the first time in the 2016 annual financial statements.

2.2 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 2016 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 105: Transfers of Functions between Entities under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 106: Transfers of Functions between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.
A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The entity (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the entity and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the reporting entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.
The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.
The entity expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the entity's annual financial statements

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.
The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.
The entity expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.
It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 108: Statutory Receivables
GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the entity to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently 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.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset
This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

The interpretation has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the interpretation for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the interpretation.

It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.


EASTERN CAPE
Women's Magazine
mdda
Assertive Women in their Leadership roles
20 years of Democracy
Health and Fashion Tips

Figures in Rand thousand	2016	2015

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2	-
ABSA - Current account	18 204	7 275
ABSA - Call accounts	75 261	71 065
	93 467	**78 340**

Cash reserves received to fund projects are ring-fenced in an interest bearing investment account until disbursed to intended recipients of the funds.

4. Receivables from exchange transactions

Deposits	456	456
Accrued interest	266	148
Prepaid expenses	178	-
	900	**604**

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:

5. Receivables from non-exchange transactions

Broadcast contribution	-	8 105
Staff debtors	8	2
	8	**8 107**

Broadcast contribution receivables raised in the 2014/15 financial year was made up of contractual agreements with Multichoice - R8 000 000 and Radio heart - R104 798.54. These contracts are not legally enforceable in the 2015/16, therefore no receivables have been raised for these broadcast funders.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

6. Inventories

Office consumables and cleaning material	**7**	**-**

7. Property, plant and equipment

Cost	2016			2015		
	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost
Computer equipment	677	(330)	347	835	(586)	249
Furniture and fixtures	1 085	(826)	259	1 102	(789)	313
Office equipment	264	(219)	45	488	(412)	76
Office equipment – Leased Printers	383	(256)	127	383	(128)	255
Total	**2 409**	**(1 631)**	**778**	**2 808**	**(1 915)**	**893**

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Additions	Write off	Trade in / Disposal	Depreciation	Total
Computer equipment	249	276	(33)	(83)	(62)	347
Furniture and fixtures	313	-	-	-	(54)	259
Office equipment	76	-	(1)	-	(30)	45
Office equipment - Leased Printers	255	-	-	-	(128)	127
Total	**893**	**276**	**(34)**	**(83)**	**(274)**	**778**

Reconciliation of property, plant and equipment - 2015

	Opening Balance	Additions	Depreciation	Total
Computer equipment	229	87	(67)	249
Furniture and fixtures	440	-	(127)	313
Office equipment	106	-	(30)	76
Office equipment - Leased Printers	-	383	(128)	255
Total	**775**	**470**	**(352)**	**893**

Pledged as security
None of the above property, plant and equipment have been pledged as security.

Figures in Rand thousand	2016	2015
Assets subject to finance lease (Net carrying amount)		
Leased office equipment - Printers	**127**	**255**

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

Lost assets written off

It was noted at 31 March 2016 that there were assets that were lost during the reporting period. The assets have been written off from the fixed asset register. Most of the assets written off had a zero book value. A comprehensive list of written off assets is attached to the fixed asset register for the current year. The following assets were lost during the period:

Assets written off		
Computer equipment	33	-
Furniture and fittings	-	-
Office equipment	1	-
	34	**-**

Trade in / Disposal of laptops

During the 2015/16 financial year, a decision was taken to upgrade 18 of MDDA's laptops. The laptops initially purchased were pre-installed with Windows 8.1 for home use, which was not considered appropriate for business use. The trade in of the 18 laptops resulted in a loss of R82 801.80 being incurred.

Loss on trade in of laptops	**83**	**-**

8. Intangible assets

	2016			2015		
	Cost	Accumulated amortization and accumulated impairment	Carrying value	Cost	Accumulated amortization and accumulated impairment	Carrying value
Licenses and software	**164**	**(54)**	**110**	**374**	**(327)**	**47**

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Licenses and software	**47**	**92**	**(29)**	**110**

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Licenses and software	**13**	**62**	**(28)**	**47**

Pledged as security

None of the above intangible assets have been pledged as security.

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 thousand	2016	2015

9. Payables from exchange transactions

Trade payables	2 026	1 287
Salary control and South African Revenue Service	69	321
Leave accrual	479	383
Sundry accruals	63	23
	2 637	**2 014**

10. Finance lease obligation

Minimum lease payments due		
- within one year	147	147
- in second to fifth year inclusive	-	147
	147	294
less: future finance charges	(7)	(27)
Present value of minimum lease payments	**140**	**267**
Present value of minimum lease payments due		
- within one year	140	127
- in second to fifth year inclusive	-	140
	140	**267**
Non-current liabilities	-	140
Current liabilities	140	127
	140	**267**

The MDDA currently has a lease for three printers with Safika for a period of 36 months at inception of the contract, which end in 2017. The applicable interest is a prime interest rate of 9.25% at the inception of the lease.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 7.

Figures in Rand thousand	2016	2015

11. Projects in progress

Projects in progress are split into -:		
Projects in progress - DoC	5 802	6 494
Projects in progress - MICT - Seta	677	77
	6 479	**6 571**
Movement during the year		
Balance at the beginning of the year	6 571	6 882
Additions during the year	600	600
Realised during the year	(692)	(911)
	6 479	**6 571**

See note 16 for reconciliation of grants from National/Provincial Government.

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

12. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Reclassified to accruals	Reversed during the year	Total
Employee costs - provisions	**264**	**250**	**(64)**	**(200)**	**250**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Employee costs - provisions	**584**	**64**	**(384)**	**264**

The employee cost provision relates to a provision for compensation of a previously dismissed employee. On the 15th April 2014 the CCMA ruled that the employee be re-instated and paid the equivalent annual remuneration for the period from dismissal to re-instatement. The balance of the provision relating to the CCMA case has been reversed in the current year as the employee has been fully compensated.

An amount of R63 528 was raised in 2014/15 financial year relating to an employee leave accrual. This has been re-classified in the 2015/16 financial year to the leave accrual account.

A performance bonus provision of R249 980 has been made for all staff at 4% per employee of annual Cost to company in the current year - 2015/16. This is based on the performance assessment of MDDA and also in relation to the individual performance of all staff members.

Figures in Rand thousand	2016	2015

13. Deferred lease costs

Deferred Lease Costs	**-**	**121**

The operating lease costs for leasehold property were straight-lined from commencement of the rental agreement. The contract expired on the 30th of June 2015. The newly negotiated contract has not been straight-lined as rental agreement is now on a year-to-year basis.

14. Revenue

Levies	32 501	32 213
Government grants and subsidies	22 615	21 815
Interest received - investment	4 647	4 624
	59 763	**58 652**

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

Interest received - investment	4 647	4 624

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants and subsidies	22 615	21 815
Levies	32 501	32 213
	55 116	**54 028**

Figures in Rand thousand	2016	2015

15. Investment revenue

Interest revenue

Bank	4 647	4 624

16. Government grants and subsidies

Government Communication and Information Systems grant (GCIS)	22 615	21 815
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Unconditional grants received	22 615	21 815
Projects in Progress - DoC		
Balance unspent at beginning of year	6 494	6 882
Conditions met - transferred to revenue	(692)	(388)
	5 802	**6 494**

Conditions still to be met - remain liabilities (see note 11).

Figures in Rand thousand	2016	2015

During the year 2008/09, MDDA entered into an MoU with the Department of Communications (DoC) for Programme production projects for an amount of R20 million. The management and administration fee levied by MDDA is 10% of the grant fund.

The MDDA recognised the 10% (R2 000 000.00) as revenue in 2008/09 financial year.

Projects in progress - MICT - SETA		
Balance unspent at beginning of year	77	-
Current - year receipts	600	600
Conditions met - transferred to revenue	-	(523)
	677	**77**

Conditions still to be met - remain liabilities (see note 11).

During 2013/14, the MDDA entered into a MOU with MICT-Seta for training for R3 million. This would be disbursed to the MDDA in tranches. MDDA will recognise the revenue and equal expense in the period in which the training has been conducted.

17. Revenue from non-exchange transaction – Broadcast funders

Revenue from non-exchange transaction – Broadcast funders	32 501	32 213

18. Employee related costs

Basic salary and leave	7 135	9 940
Bonus	250	256
Unemployment Insurance Fund	30	38
Skills Development Levy	72	101
Provident fund	733	1 187
Gratuity - Contract termination	1000	-
	9 220	**11 522**

Figures in Rand thousand	2016	2015

18. Employee related costs (continued)

Remuneration of Mr Johannes Rantete - Acting Chief Executive Officer - 01/09/2015 -08/10/2015

Acting allowance	**17**	**-**

Remuneration of Mr Lumko Mtimde - Chief Executive Officer - (Contract expired 30/06/2014)

Basic salary	-	581
Subsistence and travelling	-	9
	-	**590**

Remuneration of Mr Mshiyeni Gungqisa - Chief Financial Officer - (Contract expired 31/12/2014)

Basic salary	-	767
Acting allowance	-	79
Subsistence and travelling	-	8
	-	**854**

Remuneration of Mr Nkopane Maphiri - Chief Operations Officer - (Contract expired 31/07/2014)

Basic salary	-	286
Subsistence and travelling	-	5
	-	**291**

Figures in Rand thousand	2016	2015

Remuneration of Ms Duduzile Phungwayo - Human Resource Manager (Resigned: 31/10/2014)

Basic salary	-	355
Subsistence and travelling	-	3
	-	**358**

Remuneration of Ms Duduzile Nchoba - Acting Chief Executive Officer - 02/01/2015 - 31/08/2015

Acting allowance	41	21
Subsistence and travelling	7	3
	48	**24**

Figures in Rand thousand	2016	2015

Remuneration of Ms Manana Stone - Acting Chief Operations Officer - 01/08/2014 - 31/10/2014

Basic salary	-	580
Acting allowance	-	69
Subsistence and travelling	-	11
Bonus and performance payment	-	25
	-	**685**

Remuneration of Ms Thembelihle Sibeko - Acting Chief Executive Officer - 11/10/2015 - date

Basic salary	704	-
Acting allowance	371	-
Subsistence and travelling	9	-
Bonus and performance payment	26	-
	1 110	**-**

Remuneration of Talifhani Kubhana - Acting Chief Financial Officer - 01/04/2015 - 22/10/2015

Basic salary	439	561
Acting allowance	89	113
Subsistence and travelling	4	5
Bonus and performance payment	26	26
	558	**705**

Remuneration of Lindinkosi Ndibongo - Acting Chief Operations Officer - 11/10/2015 - date

Basic salary	716	607
Acting allowance	324	60
Subsistence and travelling	13	10
Bonus and performance payment	27	27
	1 080	**704**

Figures in Rand thousand	2016	2015

19. Non-Executive Management Emoluments

Administration and management fees	547	233
Board Member emoluments for Non-Executive Board Member services rendered during the year:		
Ms Phelisa Nkomo	245	80
Mr Roland Williams	92	25
Ms Louse Vale	47	1
Ms Palesa Kadi	40	-
Mr Neo Momodu	22	-
Mr Musa Sishange	67	-
Mr Themba Khumalo	2	5
Mr Jabulane Blose	31	-
Ms Ingrid Louw	-	29
Ms Zanele Mngadi	8	-
Mr Robert D Nkuna	-	20
Mr Jimmy Manyi	-	20
Mr Thato Mahapa	-	16
Mr Phenyo Nonqane	-	18
Dr Rene Alicia Smith	-	19
	554	**233**

20. Depreciation and amortisation

Depreciation - Property, plant and equipment	274	352
Amortisation - intangible assets	28	28
	302	**380**

21. Finance costs

Finance lease	19	34
Interest paid - late payments	156	-
	175	**34**

Figures in Rand thousand	2016	2015

22. Administrative expenses

Administration costs	4 209	3 305
Board administration costs	883	628
External audit	809	563
Internal audit	1 012	704
Lease costs - office rental	2 062	1 806
Non-executive management emoluments	554	233
Professional services costs	3 662	631
	13 191	**7 870**

23. Grant cost expenditure

Grant cost expenditure		
Grant disbursements	28 656	35 580
Project tracking expenses	49	48
Workshops and travelling costs	1 044	1 515
	29 749	**37 143**

24. Cash generated from operations

Surplus for the year	7 009	1 703
Adjustments for:		
Depreciation and amortisation	302	380
Loss due to write off of property, plant and equipment	117	-
Movements in provisions	(14)	(684)
Deferred lease costs	(121)	(356)
Changes in working capital:		
Inventories	(7)	-
Receivables from exchange transactions	(296)	498
Receivables from non-exchange transactions	8 099	(14)
Payables from exchange transactions	625	891
Projects in progress	(92)	(311)
	15 622	**2 107**

Figures in Rand thousand	2016	2015

25. Commitments

Grant commitments

Grant commitments relate to all grant funding agreements signed between the MDDA and the beneficiaries from the 2009/10 financial year to current financial year. The funding agreements are conditional in nature and have therefore not been raised as a liability at year end. The failure by the Grantee to comply with the conditions applicable to the payment of tranches constitutes a breach of this Agreement entitling the Grantor to cancel the Agreement and claim a full refund of the amount transferred to the Grantee. At year end the Agency has committed R78 million, which is yet to be disbursed to beneficiaries once the conditions of the funding agreements have been met.

	2016	2015
Grant commitments		
Opening balance	43 734	70 321
New grants approved	58 706	9 286
Payments for the year	(24 364)	(35 873)
	78 076	**43 734**

Operating leases - as lessee (expense)

Minimum lease payments due

	2016	2015
- within one year	1 606	715

At reporting date, the MDDA has outstanding commitments under a non-cancellable operating lease, in respect of land and buildings which is due as shown above.

The MDDA entered into a one year lease agreement, which commenced on 1 January 2016 and terminates on 31 December 2016. The lessor confirmed that as at 31 March 2016, the Agency does not owe any amount, except for the remainder of the lease period.

Finance lease obligation

Minimum lease payments due

	2016	2015
- within one year	147	147
- in second to fifth year inclusive	-	147
	147	**294**

The MDDA leased three printers from Safika for a period of 36 months years, ending in March 2017.

The applicable interest is a prime interest rate of 9.25% at the inception of the lease. The full disclosure relating to Finance leases can be read on Note 10

Other commitments		
Opening balance	1 008	310
Operating expenditure	301	834
Payments for the year	(1 008)	(136)
	301	**1 008**

Other commitments relate to all approved orders and agreements where the service has not yet been rendered and/or goods have been received by the Agency. The payment and invoice will accordingly be processed once the invoices have been received. At year end the Agency has committed R301 000 for its operating expenditure, which is comprised of accommodation and travelling cost and communication and branding.

26. Contingencies

Details of contingencies at year end reporting date are below.

Julia Mzikwa v MDDA & Others (Labour Court Case no. JR2642/13)

Labour court matter is in the process against the MDDA relating to a dispute with a Julia Mzikwa who alleges that MDDA has unfairly dismissed her. The applicant initially brought the matter to CCMA and the judgement passed was in favour of MDDA.

However, the applicant lodged a review of the matter at the Labour court. MDDA's financial exposure is between R500 000 and R1 500 000 depending on the judgement that will be passed.

27. Related parties

Relationships	
Board Members	Refer to remuneration of Non-executive management note 19
Executive management	Refer to Employee related costs note 18
Government Communication and Information System	Refer to Government grants note 16

By virtue of the fact that the MDDA is a national public entity and controlled by the national government and any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms, except where employees of national departments of national public entities participate in our processes and do not receive any remuneration. The related parties include the executive management of the entity.

28. Change in estimate

Property, plant and equipment

After the annual assessment of useful lives of property, plant and equipment it was noted that the useful life of:

- Furniture and fittings were reassessed from 8 years to 11 years;
- Computer equipment were reassessed from 6 years to 9 years.

The change in estimate has been applied prospectively. The impact of the depreciation on the financial statements will therefore be:

	Depreciation before	Depreciation after	Total impact
Computer equipment	86 258	(62 238)	24 020
Furniture and fittings	127 309	(53 855)	73 454
	213 567	**(116 093)**	**97 474**

29. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

Statement of Financial Performance for the year ended 2015 Figures in Rand thousands	Balance as previously reported	Prior period	Reclassified error	Restated balance
Revenue				
Government grants and subsidies	21 815	-	-	21 815
Revenue from non-exchange transactions – Broadcast funders	32 213	-	-	32 213
Interest received	4 624	-	-	4 624
Total revenue	**58 652**	**-**	**-**	**58 652**
Expenditure				
Employee related costs	11 522	-	-	11 522
Grants cost expenditure	36 415	728	-	37 143
Administrative expenditure	7 768	102	-	7 870
Finance cost	34	-	-	34
Depreciation and amortisation	329	51	-	380
Total expenditure	**56 068**	**881**	**-**	**56 949**
Operating surplus	2 581	(881)	-	1 700
Surplus for the year	**2 581**	**(881)**	**-**	**1 700**

Statement of Financial Position for the year ended 2015 Figures in Rand thousands	Balance as previously reported	Prior period	Reclassified error	Restated balance
Assets				
Current Assets				
Cash and cash equivalents	78 340	-	-	78 340
Trade and other receivables	8 711	-	-	8 711
Total current assets	**87 051**	**-**	**-**	**87 051**
Non-current Assets				
Property, plant and equipment	944	(51)	-	893
Intangible assets	46	-	-	46
Total non-current assets	**990**	**(51)**	**-**	**939**
Liabilities				
Current Liabilities				
Trade and other payables	1 445	830	(264)	2 011
Deferred lease costs	121	-	-	121
Projects in progress	6 571	-	-	6 571
Provisions	-	-	264	264
Finance lease obligation	127	-	-	27
Total current liabilities	**8 264**	**830**	**-**	**9 094**
Non-current Liabilities				
Finance lease obligation	140	-	-	140
Net Assets				
Accumulated surplus - Opening balance	77 054	-	-	77 054
Surplus for the year	2 581	(881)	-	1 700
Total net assets	**79 635**	**(881)**	**-**	**78 754**

Figures in Rand thousand	2016	2015

1. Invoices not captured have been identified relating to travel, flight and accommodation expense incurred during the 2014/15 year of assessment were not captured in the respective year and therefore resulted in an understatement of the respective expenses.

Adjustments affecting statement of financial performance		
Grant cost expenditure - Travelling	-	728
Adjustments affecting statement of financial position		
Trade and other payables - Duma travel	-	(728)

2. Invoices relating to internal audit expense incurred during the 2014/15 year of assessment were not captured in the respective year and therefore resulted in an understatement of the respective expense.

Adjustments affecting statement of financial performance		
Administrative costs - Internal audit	-	102
Adjustments affecting statement of financial position		
Trade and other payables - Sizwe Ntsaluba Gobodo	-	(102)

3. The reclassification relates to a provision for employee compensation for a legal matter that was settled at CCMA. The provision has been reversed in the year 2014/15 as the employee has been fully compensated.

Adjustments affecting statement of financial position		
Trade and other payables	-	(264)
Provisions	-	264
	-	-

4. The Finance lease assets were not correctly depreciated in the 2014/15 financial year. The depreciation expense had been incorrectly calculated as R76 659.85 Instead of R127 766.41 which is the amount obtained by depreciating the present value of the minimum lease payments by the lease term of 3 years.

Adjustments affecting statement of financial performance		
Depreciation	-	51
Adjustments affecting statement of financial position		
Property, plant and equipment	-	(51)

30. Risk management

Financial risk management

The MDDA in the course of normal operations has limited exposure to financial risks e.g. liquidity risks, credit risks and interest rate risks. However, the MDDA attempts to manage the following financial risks:

Liquidity risk

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

The table below analyses the entity's 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 twelve months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2016

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 637	-	-	-
Finance lease obligation	140	-	-	-
Projects in progress	6 479	-	-	-

At 31 March 2015

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 011	-	-	-
Finance lease obligation	127	140	-	-
Projects in progress	6 571	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The MDDA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

The MDDA receives grant funding from the Government through GCIS and contributions from both Broadcasting and Print media partners; therefore, its exposure to credit risk is minimal. The MDDA manages credit by continually engaging with credit related financial instruments.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument (R'000)	2016	2015
Cash and cash equivalents	93 467	78 340
Receivables from exchange transactions	900	604
Receivables from non-exchange transactions	8	8 107

Cash and deposits are regarded as having insignificant credit risk.

Market risk

Interest rate risk

The MDDA is not exposed to significant market risk since it is not involved in foreign exchange transactions, and also not trading in bonds and / or shares. However, the MDDA is exposed to interest rate risk.

This is a risk that fair value or future cash flows from financial instruments will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change, thus resulting in both potential gains and losses. The MDDA's activities do not expose it to significant market interest rate risks. Therefore, there are no procedures in place to mitigate these risks.

The MDDA has invested any surplus cash in a short-term money market account. The interest rates on this account fluctuate in line with movements in current money market rates.

The MDDA has invested any surplus cash in a short-term money market account. The interest rates on this account fluctuate in line with movements in current money market rates.

Figures in Rand thousand	2016	2015

31. Going concern

The MDDA is financially dependent on (amongst others) a transfer payment from the National Treasury and contributions from the Broadcasting Service Licensees and Print Media funders. On the basis that the transfer payment has been listed in the Estimates of National Expenditure and the signed agreements with the Broadcasting Service Licensees and Print Media funders, the Directors believe that the MDDA will continue to be a going concern in the year ahead.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the entity.

32. Events after the reporting date

There are no adjusting post-reporting date events noted.

33. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - late payments	156	21
Fruitless and wasteful expenditure - CEO settlement	1 000	-
Written off by the accounting officer	-	(21)
	1 156	**-**

Details of fruitless and wasteful expenditure incurred in the current year relate to Interest on late payments for the following accounts - Alchemy properties, Telkom and South African Revenue Service - Payroll deductions.

Details of the CEO settlement made in the current financial year relates to a settlement paid to an appointed CEO whose offer of employment was subsequently withdrawn.

34. Irregular expenditure

Add: Irregular expenditure - current year - condoned	583	-
Add: Irregular expenditure - HR - Bonus payments	256	-
Add: Irregular expenditure - SCM	5 069	-
Less: Amounts condoned	(583)	-
	5 325	**-**

Details of condoned expenditure as attached on Appendix A

Details of additional irregular expenditure to be inspected is attached on Appendix B

35. Budget differences

Material differences between budget and actual amounts
Income: Actual Income from Broadcast funders was lower than anticipated as most broadcast funders contracts had expired but were in the process of renewal at year end. This therefore resulted in some Broadcasters paying the USAF Contributions directly to ICASA

Expenditure: Grant costs – The grant costs are inclusive of the disbursement for grants that were committed in prior years to the tune of R70 million.

Current assets: Cash and cash equivalents - During the 2015/16 financial year, the MDDA received significantly more revenue from Broadcast funders. The Board subsequently approved a record number of Broadcast projects and have signed up contracts with projects grantees who will receive these funds in trenches. Most of the grantees have received the first part payment and will receive the balance over a the term of the agreements

Current liabilities: Trade payable invoices for some suppliers received towards year end. These amounts owed have been settled in the first month of the new financial year.

Current liabilities: Projects in progress, the material variance relating to Program production is as a result of the monitoring controls put in place for project fund disbursements. Grantees receive funds in tranches upon meeting of specific performance reporting criteria.

NOTES

NOTES

mdda

MEDIA DEVELOPMENT & DIVERSITY AGENCY

MEDIA DEVELOPMENT & DIVERSITY AGENCY

P.O. Box 42846, Fordsburg, 2033, South Africa
31 Princess of Wales Terrace, Parktown, 2193,
Johannesburg,
South Africa

Tel : +27 (0)11 643 1100
Fax : +27 (0)11 643 1126
Email : info@mdda.org.za

www.mdda.org.za