MEDIA DEVELOPMENT & DIVERSITY AGENCY

ANNUAL REPORT 2022/2023

This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2022 to 31 March 2023.

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

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

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PART A:
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Media Development and Diversity Agency
REGISTRATION NUMBER:	PE63
PHYSICAL ADDRESS:	SABC Auckland Park Campus GSM Building 26 Canary Road Auckland Park 2006
POSTAL ADDRESS:	P.O. Box 42846 Fordsburg Johannesburg South Africa 2033
TELEPHONE NUMBER/S:	Tel: +27 (0)11 643 1100
EMAIL ADDRESS:	info@mdda.org.za
WEBSITE ADDRESS:	https://www.mdda.org.za/
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Absa Bank
	South African Reserve Bank
COMPANY/ BOARD SECRETARY	Yolanda Du Preez

LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit Risk Committee
BBBEE	Broad-Based Black Economic Empowerment
CATHCA	Catholic Health Care Association of Southern Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CPW	Child Protection Week
CR	Community Radio
CSCM	Community and Small Commercial Media
DoC	Department of Communications
EAP	Employee Assistance Program
EDF	Economic Development Fund
EE	Employment Equity
EHWP	Employee Health and Wellness Programme
ERM	Enterprise Risk Management
FPB	Film and Publications Board
GBV	Gender-based violence
GCIS	Government Communication Information Systems
GRAP	Generally Recognised Accounting Practice
HPCSA	Health Professional Council of South Africa
ICASA	Independent Communications Authority of South Africa
LCCL(SA)	Leadership Conference of Consecrated Life South Africa
LGBTQI+	Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex
M&E	Monitoring and evaluation
MDDA	Media Development and Diversity Agency
MEC	Member of Executive Council
MICT SETA	The Media, Information and Communication Technologies Sector Education and Training Authority
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework

LIST OF ABBREVIATIONS/ACRONYMS

NAB	National Association of Broadcasters
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
NPC	Non-Profit Company
NPO	Non-Profit Organisation
NSG	National School of Government
OBE	Outside Broadcast Equipment
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
PFMA	Public Finance Management Act, Act 1 of 1999
PPE	Personal Protective Equipment
QoS	Quality of Service
SABC	South African Broadcasting Corporation
SABDC	South African Book Development Council
SAICA	South African Institute of Chartered Accountants
SANEF	South African National Editors' Forum
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SP	Strategic Plan
SWOT	Strengths, Weaknesses, Opportunities, Threats
TR	Treasury Regulations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USAF	Universal Service and Access Fund
USO	Universal Service Obligations

MINISTER IN THE PRESIDENCY FOREWORD

I present to you the MDDA's Annual Report for the financial year 2022/2023.

The MDDA continues to make great strides in the execution of its mandate to promote the development and diversity of media in South Africa by supporting the establishment and sustainability of community and small commercial media through provision of grant funding and capacity building mechanisms.

The media, aptly dubbed the fourth estate, remains one of the key pillars of our democracy and is integral to promoting and deepening participatory democracy through providing access to reliable, relevant and timely information. Community media becomes more so important as it provides a much-needed platform to often marginalized communities to receive information, and express their views and aspirations in their own indigenous languages.

For the past 20 years, the MDDA has undertaken its stellar work guided by various pieces of legislation as set out in the MDDA Act, which are in line with national policy priorities and the Constitution (Act No.108 of 1996). These are to promote media development and diversity, media freedom, the right to freedom of expression and freedom to receive and impart information or ideas. The following sections are particularly important,

- Section 15 (1) Everyone has the right to freedom of conscience, religion, thought, belief and opinion
- Section 16: Everyone has a right to freedom of expression
- Section 32: Everyone has a right to access to information

It is for the reasons above that Section 3 of the MDDA Act, 2002 mandates the Agency to a; Encourage ownership of, and access to media by historically diminished groups as well as by historically diminished indigenous languages and cultural groups b; Encourage the development of human resources and training, and capacity building within the media industry, especially amongst historically disadvantaged groups c; Encourage channeling of resources to the community and small commercial media sectors d; Raise public awareness with regard to media development and diversity issues and support initiatives which promote literacy and a culture of reading

For the past 20 years the MDDA has been a major contributor to diversification of the media landscape through its initiatives to build a thriving community and small commercial media sector. Through the grant funding, the Agency has channeled resources to the community and small commercial media sector, thus contributing towards the expansion of ownership and control as well as access to media by historically disadvantaged communities. With the help of the MDDA, community radio stations have built functional studios with state-of-the-art broadcast equipment and managed to remain on air, many of them in remote locations. Media projects have also managed set up news departments producing daily news bulletins reporting on issues of significance for the benefit of their communities.

Since its inception, the MDDA has funded 586 community media projects, a great feat considering challenges within the operating environment. Whilst broadly, the recognition of community media has been growing, the sector still occupies marginal positions compared to its mainstream counterparts and continues to face sustainability challenges.

South Africa continues to face a sluggish growth in the economy which continues to affect various sectors including the media sector as well as other related sectors upon which the media sector relies for revenue and growth. Community media projects, both print and broadcast are primarily dependent on advertising for income. Many projects are located in communities that have limited consumer power and thus do not represent attractive markets to private sector advertisers. The MDDA should thus continue to work with current funders from the broadcast sector, while also encouraging the mainstream print sector to revive their support and look to broaden the MDDAs funding base.

Advances in technology have also disrupted the media industry, with broadcasters moving to digital platforms and print media losing audiences to online media. With that said, South Africa still has an urban-rural divide on media consumption, particularly as many people remain offline due to high data costs, which strengthens the case for more support and survival for community media platforms. Community media must however be dynamic and agile, to proactively recognize the constraints and opportunities within the operating environment and be able to adapt and innovate for their survival and sustainability.

MINISTER IN THE PRESIDENCY FOREWORD

As the Presidency, we do not take our role at the MDDA for granted, because we are mindful that South Africans are at the heart of all our work, and we are therefore committed to empowering every citizen with relevant and accurate information so they can become agents of meaningful change in their lives.

Community media will again prove to be a critical tool as we prepare for the upcoming 2024 general elections. As it creates a platform for dialogue and debate, acting as an advocate for democracy, rule of law and good governance. Moreover, well-informed voters are vital for an accountable and responsive government.

We will therefore continue to support the MDDA to maintain its agenda of enabling access, ownership, diversity and the promotion of marginalized languages and communities through the community media development project.

MS KHUMBUDZO NTSHAVHENI, MP
MINISTER IN THE PRESIDENCY
DATE: 31 AUGUST 2023

DEPUTY MINISTER IN THE PRESIDENCY FOREWORD

This Annual Report consolidates a very fruitful year where the agency led with conviction, empowered, and supported our vital community media sector through an exciting but uncertain media landscape.

As the Agency looks forward to celebrating 20 years in existence within the community media sector, we look back with pride at the achievements gained in the value proposition of working towards offering integrated development services and resources that enable media development and diversity.

With the MDDA focus being on supporting projects in historically disadvantaged areas, the Agency's beneficiary projects are weighted heavily towards rural and semi-rural areas. Nearly 90% of the community broadcast projects funded by the MDDA are located in rural and peri-urban areas. Gender representation is also a focus area but there is still much work to be done as only some 20% of station managers of MDDA broadcast projects are women.

Similarly with Community and Small Commercial Media, nearly 60% of projects are located in rural and peri-urban areas, while just over 25% of small commercial projects are owned by women. More encouraging is the youth owned projects, with nearly 50% of the ownership residing with young people.

During 2022/2023, the MDDA continued its vital work of supporting the establishment and development of community and small commercial media both through funding and capacity building support. This work took cognisance of the District Development Model, which requires the MDDA to ensure that all 52 districts and metropolitan municipalities are serviced by sustainable and people-centred community and small commercial media.

In the past financial year, the Presidency, in partnership with the MDDA, traversed this country unveiling more than 25 state of the art studios in community radio stations. These on-air and production studios are kitted up with a design that utilises high-end professional broadcast equipment, and expands the community radio stations footprint, making sure that they can cover the full radius as per their ICASA license prescriptions.

The South African Constitution requires government to provide citizens with information that is accurate, timely and proactive to empower and improve their lives. The community media sector, funded through the MDDA, played that role to exception in 2020, when the country was under complete lockdown. The agency ensured that all citizens got access to information that saved many lives, timeously, and in a language of their choice.

This excellent delivery on the Agency's mandate confirms that the South African story must be told by South Africans united in their diversity, in their respective languages rooted in their diverse cultures. Despite the MDDA's restrictive budget, the Agency has been able to carry out different aspects of its mandate to a greater degree.

This is confirmed by the continued growth of both community and small commercial media with radio audiences managing to reach an impressive 25% of South African audiences and print media being read by about 25 million monthly readers. This media is also being published or broadcast in all indigenous languages reflecting the country's diverse demographics. Training and capacity building interventions have also been rolled out to support projects that have experienced gaps.

As the Presidency, we fully support the MDDA and local media's ability in driving the transformational agenda outlined in the National Development Plan (NDP).

Motaung

MS NOMASONTO MOTAUNG, MP
DEPUTY MINISTER IN THE PRESIDENCY
DATE: 31 AUGUST 2023

FOREWORD BY THE CHAIRPERSON

As the Board Chairperson of the MDDA, I present this Annual Report for the 2022/23 financial year- a year where we have navigated negative publicity, increased litigation a revolving door in staff turnover and the remnants of the effects of COVID 19 on the sector. Despite all this, financial year 2022/23 marks a huge milestone for the MDDA as we are in the beginning of our 20-year anniversary celebrations. It is 20 years since the Media Development and Diversity Agency, the MDDA, funded its first community and small commercial media projects, supported by a tripartite partnership that included the Government, and the mainstream broadcast and print sectors.

The MDDA takes the lead in its work from the National Development Plan (NDP) theme, "Our future, make it work," which means that we must in everything that we do endeavour to see every South African having access to information in a language of their choice. If done right, this deliverable will ensure that South African citizens, especially the previously disadvantaged communities, will fully understand their democratic rights and responsibilities. The agency 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. The agency's mandate 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 MDDA's work is dependent on a thriving economy, as we continue to play a critical role in working towards ensuring a flourishing, sustainable and robust local media sector – a sector which supports nation building as well as defends and strengthens our democracy, social cohesion and good governance. Our funding has been directly affected by the state of the economy. The significant strides made in media freedom, the media landscape across South Africa do not uniformly exhibit a fully-entrenched diversity and recognition of indigenous languages and culture, while the local media face ongoing sustainability challenges – only exacerbated by the virus currently plaquing our country. Keeping our mandate in mind, the MDDA has through its grant funding contributed towards access to information by previously disadvantaged communities and the growth and expansion of media ownership and control by said communities. We are also proud to say that these thriving community media platforms publish and broadcast news and information in all the eleven official languages spoken in South Africa. In May to July of 2022, the MDDA opened the annual Call for Grant Funding Applications window, for the 2022/23 grant funding cycle. The agency received two hundred and sixty-six (266) applications in total, with eighty-four (84) coming from community broadcast projects and one hundred and eighty-two (182) coming from community print and online/ digital media projects. After rigorous discussions and a lot of, to and fro, between the limited budget the agency has and the vast need as represented by the number of applications received, as the Board of the MDDA we approved thirty-three (33) community media projects for the 2022/23 grant funding cycle. The projects approved for grant funding included thirty-three (33) community radio and ten (10) community print and online/digital projects.

When looking at the approvals versus the applications, one can immediately see that the scales do not balance. A bigger budget is needed to answer the support needs of the community media sector. While the MDDA might not by itself bring about the complete transformation of the media sector, through its funding, the agency facilitates, research and play a catalytic role in altering the media landscape in a way that will be conducive to broader changes. The difficulties that the Agency has had to contend with in the past year have had significant impact on the internal state of affairs. Our focus as the board has been on maintaining standards of accountability and ethical conduct and we have not shied away from uncomfortable issues in our effort to get the Agency on to a growth trajectory. The support that we have enjoyed from the Minister in the Presidency and the GCIS as our shareholder have strengthened our resolve as Board in ensuring that this institution which is so critical to the advancement of our democracy continues to operate transparently and to the highest standards of corporate governance. The Management of the Agency has been resilient throughout and despite the regression in audit opinion, the Agency stands in a better position to defend its funding decisions and how it metes out the support to the sector. The staff who possibly could have been a casualty of the situation did their utmost best to ensure that internal issues did not impact the overall delivery of services and support to the sector.

My heartfelt appreciation to the Minister in the Presidency, the Director-General of the GCIS, the Board, the Audit and Risk Committee and the staff of the agency for the dedication and diligence in ensuring that we continue to keep afloat. The qualified audit opinion may be a regression, but it it is also an opportunity for us to regroup and redefine the path in pursuit of the next era in the history of the MDDA.

PROF. HLENGANI MATHEBULA
CHAIRPERSON OF THE BOARD

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The period 2022/23 has been a challenging one for the MDDA. Three issues characterised our trading period and significantly impacted on our people, operations, brand and projects for the period under review, namely: high staff turnover, negative media coverage and the sustainability of the community media sector especially in relation to broadcast.

High staff turnover

During the period under review the Agency experienced a significant number of resignations within a short-period of time. This had a profound impact on morale and organisational culture. The resignations created instability and uncertainty among remaining employee resulting in morale plummeting. Inevitably the overall organisational culture was negatively affected, leading to a decrease in engagement and motivation. The resignations also led to temporary disruption in daily operations and the loss of key personnel in the Office of the Chief Financial Officer meant that there was a slow down in processes and reduction in the overall status of internal controls. In the short term, we have however been proactive and put in measures to help minimise the negative impacts and facilitate a smoother recovery process.

Negative Media Coverage

The MDDA plays a pivotal role in promoting media development and diversity in South Africa. As an institution entrusted with the responsibility to foster democratic media practices, it has received significant negative media coverage during the period under review. Issues ranging from alleged poor governance and flawed grant processes have overtaken the Agency's efforts to promote a diverse media landscape by encouraging marginalised voices to participate in media production and the MDDA's role in providing resources and support to community and small commercial media projects. Irrespective of the whether these reports are factual or merited, they have had significant impact on the public's perception of the MDDA. Media plays an influential role in shaping public opinion, and therefore negative coverage can create skepticism and mistrust among the public. Secondly, negative coverage can strain relationships with stakeholders, including the government, funders, civil society, and the public. Like any organisation, the MDDA is not immune to negative coverage and the Agency has made concerted efforts in rebuilding the MDDA brand and maintaining levels of integrity and being ethical in how it has responded to and engaged around these reports.

Sustainability of the sector (Broadcast)

The economic conditions in the country have been acutely felt by the community media sector. The sector continues to face financial challenges due to over-reliance on advertising revenue which leads to defaulting on SENTECH fees. As at 31 March 2023, the cumulative debt owed to SENTECH by the community broadcasting sector was in excess of R 84 million in outstanding signal distribution fees. This has resulted in several community radio stations being switched off by SENTECH. The rising debt by the community broadcasters poses a threat to both the viability of SENTECH and the CMSM sector sustainability. Furthermore, it risked compromising the MDDA's mandate which is facilitating ownership, control, and access to information and content production of the community media by historically disadvantaged communities.

In the face of unprecedented challenges, the MDDA has demonstrated resilience and adaptability, reaffirming our commitment to delivering excellence in all aspects of our operations and delivering on our mandate of diversifying the media landscape, while strengthening and growing the footprint of the community media sector. Throughout the 2022/23 financial year, the agency navigated dynamic economic conditions, took some hard knocks that might have impacted the value of the brand attempted to maintain effective systems and continued operations.

This report concludes the third year of the five-year strategic plan for the Agency. The presentation of the Annual Report provides MDDA with an opportunity to highlight the implementation of our mandate in terms of creating an enabling environment for media development and diversity. This must reflect the needs and aspirations of all South Africans, redressing exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry and promoting media development and diversity. The promotion of development and diversity in the media is done through support to community and small commercial media projects of both a financial and non-financial nature.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

During the period under review the Agency participated in the review process of its founding legislation. As part of the review process led by the Shareholder ("the GCIS"), the MDDA Amendment Bill discussions held in August 2022 reviewed the Socio-Economic Impact Assessment System (SEIAS) of the proposed amendments to the MDDA Act. The SEIAS template was submitted to the State Law Advisor and the GCIS continues to engage the State Law Advisor to finalise feedback on the Bill. This process is critical to ensure the agility and relevance of the Agency in light of the technological advancements that have occurred in the ICT and Comms sector over the last 20 years.

In January 2023, the MDDA Board approved the final report of the Community and Small-Commercial Media Sustainability Model research. The main objective of the sustainability research was to develop a South African Sustainability Model for the CSCM sector which categorises the sector according to their ability to self-sustain, partially sustain; and the inability to self-sustain to allow for focused, responsive and proactive support. The findings of this research will significantly influence how the Agency advocates for the sector and the implementation of the MDDA funding strategy going forward.

Regretfully, during the period under review the organisation has regressed in both its performance against predetermined objectives (79%) and audit outcomes (Qualified Audit Opinion). Financially, the Agency ended the period on an even keel. Based on our going concern assessment to confirm the entity's financial health, our current assets against current liabilities illustrate a good short-term posit ion for the entity. Our revenue is reflecting a positive favorable balance, and in addition to that most of the possible funders are contributing the USAF levy component to the MDDA.

Gender Equality is an essential developmental agenda for South Africa, and the Sector must heed the call to promote women's empowerment in the workplace. True to our mandate, diversity, including gender diversity, is one of our greatest strengths. During the period under review, we have worked diligently to create opportunities for women at every level of our organisation. We have continued to make strides in increasing the representation of women in management positions, the percentage has grown by 10% compared to the previous financial year, and we are committed to further progress in the years ahead.

The MDDA Internship Programme stands as a testament to our continued commitment to addressing the unemployment challenges and inclusion is woven into our outreach efforts to ensure that this Internship Programme attracts young minds from various backgrounds, experiences, and perspectives. This has resulted in a 100% representation of underrepresented groups within our intern cohort of which 78% were females. MDDA's drive for gender diversity is overarched by the HR policies that have been revised to ensure that they are inclusive and supportive of all gender identities. Furthermore as at 31 March 2023, our board of directors was comprised of 75% women.

I wish to extend my heartfelt gratitude to the Chairperson and his team of Board Members for their vision, support, leadership and wisdom in guiding the MDDA during this turbulent times. Thank you to the Executive Management team, Managers and staff for all your effort, dedication, commitment, and sheer grit in keeping the Agency afloat and operational. This was a difficult year but each one of you have persevered and have contributed immensely to building the MDDA brand. As a collective, we will continue to invest in rebuilding the company culture, boosting morale, and ensuring employees feel valued and heard.

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MS NOMKHOSI PETER
ACTING CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

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

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully

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Acting Chief Executive Officer
Ms Nomkhosi Peter
Date: 31 August 2023

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Chairperson of the Board
Prof. Hlengani Mathebula
Date: 31 August 2023

8. STRATEGIC OVERVIEW

8.1. Vision

Accessible, developmental, diversified, and sustainable community and small commercial media.

8.2. Mission

To support the development of a vibrant, innovative, sustainable, and people-centred community and small commercial media sector through resourcing, critical sector insights, capacity-building and ensuring inclusive participation of historically disadvantaged communities.

8.3. Values

The guiding principles that inform our organisation's culture and leadership and management style are embedded in the African ethos of Ubuntu/Botho. We are developmental in our orientation and character and a responsive, accountable, and empathetic organisation. This spirit is embedded in the following values that sustain us.

VALUE		WHAT THAT MEANS IN PRACTICE
1	Integrity	We are honest, trustworthy, transparent, reliable, fair, accountable, and responsible for our actions.
2	Caring	We care for our people, our customers, our communities, industry stakeholders and the environment.
3	Excellence	We strive to achieve the best possible results in everything we do. We are efficient, effective, service delivery orientated, punctual, performance-driven and work collectively.
4	Commitment	We are passionate, go the extra mile, responsive, have a strong work ethic, are consistent and accessible.
5	Innovative	Future forward, thought leadership, open, dynamic, moving with the times, receptive to new ideas.

9. LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE

Section 32:
Everyone has a right to access to information.

Section 15 (1)
Everyone has the right to freedom of conscience, religion, thought, belief and opinion.

Languages – Section 6 (1)(2)
(2) Recognising the historically diminished use and status of the indigenous languages of our people, the state must take practical and positive measures to elevate the status and advance the use of these languages.

Freedom of Expression – Section 16 (1) (a)(b)
(1) Everyone has the right to freedom of expression, which includes-
(a) freedom of the press and other media.

LEGISLATIVE MANDATE

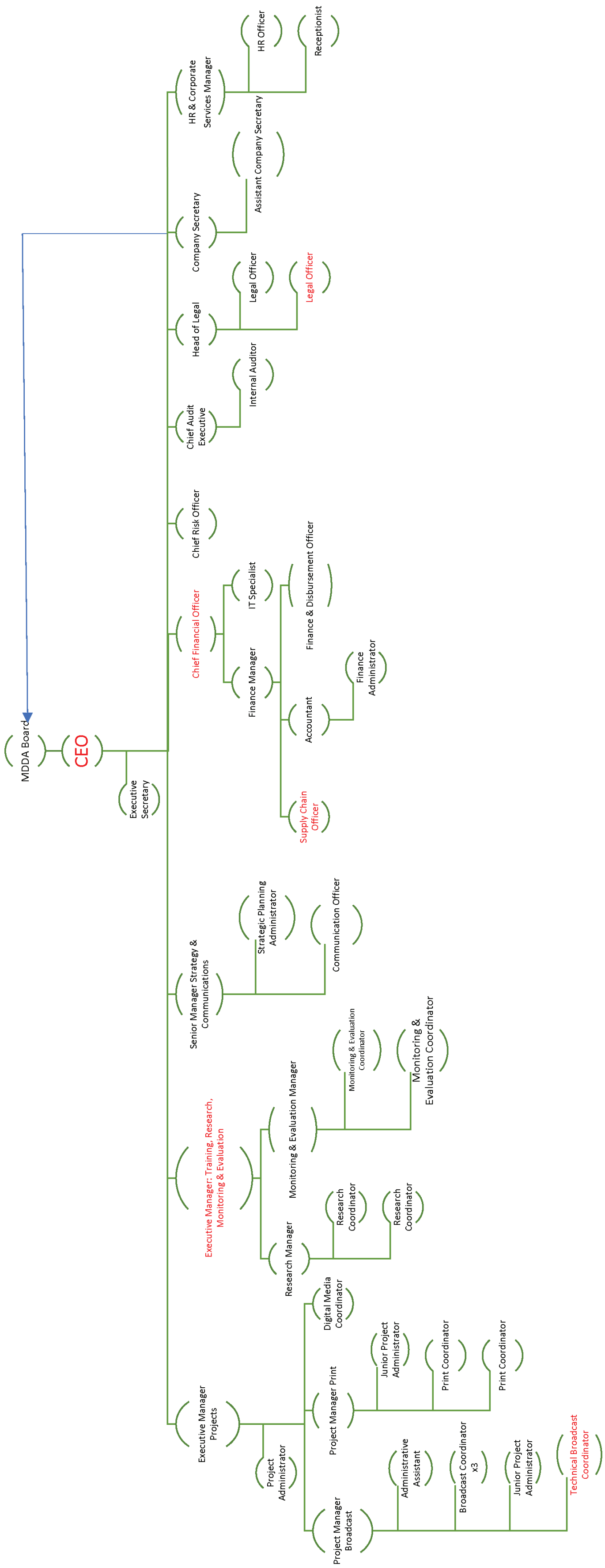
The Media Development and Diversity Agency (MDDA)'s mandate is to:

- Create an enabling environment for media development and diversity that 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 CSCM projects.
- Encourage ownership and control of, and access to, media by historically disadvantaged communities as well as by historically diminished indigenous languages and cultural groups.
- Encourage the development of human resources and training, and capacity building, within the media industry, especially among historically disadvantaged groups.
- Encourage the channelling of resources to the community media and small commercial media sectors.
- Raise public awareness regarding media development and diversity issues.

The key concepts in the agency's mandate that makes up its name are defined in the Act as follows:

- Media – means all forms of mass communication, including print, publications, radio, television and new electronic platforms for delivering content.
- Development – means the development of media and infrastructure so that historically disadvantaged communities and persons have access to media as owners, managers, producers, and consumers of media.
- Diversity – regarding media, means access to the widest range of sources and information, as well as equitable representation within the media in general.
- Agency – media development and diversity agency established by section 2 of the Act

10. ORGANISATIONAL STRUCTURE



MDDA BOARD OF DIRECTORS: PROFILES

Prof Hlengani Mathebula

Appointed to Board: November 2021

Qualifications	BA, BTH(Hons), Master of Management, PHD
Institution	University of the North (Limpopo), WBS (Wits Business School) University of Pretoria
Area of Expertise:	Banking & Finance, T, Media & Communication Governance

Significant Boards: Shoprite Holdings (PTY) LTD, HPCSA (Health Professional Council of South Africa)

Marina Clarke

Appointed to Board: 1 September 2020

Qualifications	BA, Advanced Management Programme (NQF7) Being a Director
Institution	University of Pretoria, Rhodes Business School Institute of Directors in South Africa
Area of Expertise:	Disability, NPO Management, Training and Capacity Building

Significant Boards: Member of the Disability Advisory Committee of the SA Human Rights Commission, Trustee of the Epilepsy SA Educational Trust

Brenda Leonard

Appointed to Board: 1 September 2020

Qualifications	BA Communication Science Advanced Certificate in Media Management Certificate in Media Management, Certificate in Media Development
Institution	University of Witwatersrand DW-Akademie
Area of expertise:	Community media, especially radio. Community development

Significant Boards: CPUT Journalism Advisory Board

Martina Della Togna

Appointed to Board: : 19 October 2017 (1st term) 19 May 2022 (2nd term)

Qualifications	Master of Fine Arts (MFA)
Institution	AFDA
Area of expertise:	Media and Communication Strategy, Film & TV Production – Documentary and Drama, Media Studies Research, Organisational Development

Significant Boards: Fort Calata Foundation (NED)

Carol Mohlala

Appointed to Board: : 19 May 2022

Qualifications	BA Media Studies
Institution	University of Witwatersrand
Area of expertise:	Media Relations, Digital Media, Social Media, Community Print Media

MDDA BOARD OF DIRECTORS: PROFILES

Hoosain Karjieker

Appointed to Board: November 2021

Qualifications	Bcompt Accounting. Diploma in Internal Auditing
Institution	UNISA, CPUT
Area of Expertise:	Audit & Accounting and Media Management

Significant Boards: Mail & Guardian, St John's College, Bhekisisa.

Nadia Bulbulia

Appointed to Board: : September 2021

Qualifications	Master's Degree (Humanities), Honours Degree (BADA), Teacher's Diploma Speech & Drama (LTCL), International Relations Certification
Institution	Wits University, Trinity College (London), Clingendael Institute (Netherlands)
Area of expertise:	Policy and Regulation

Significant Boards: Previously served on the Boards of: Research ICT Africa, SABC, NFVF, Nemisa, World Summit on Media for Children

MDDA ARC MEMBERS: PROFILES

Fortune Mkhabela

Appointed to ARC: 01 April 2021

Qualifications	Bcom Specialisation in Accounting, Honours Bcom Specialisation in Auditing, Certified Internal Auditor (CIA), Postgraduate Diploma in Management
Institution	University of Witwatersrand, UNISA, Global Institute of Internal Auditors (IIA), University of Reading (UK)
Area of expertise:	Risk Management. Strategy & Leadership. Internal Auditing

Matseliso Shongwe CA (SA)

Appointed to ARC: 01 April 2021

Qualifications	Bachelor of Accounting
Institution	University of Witwatersrand
Area of expertise:	Training and Development. Quality Assurance. Accounting and Tax

Ms Margaret Phiri CA (SA)

Appointed to ARC: 01 April 2021

Qualifications	Bachelor of Commerce Accounting, BCompt (Honours)
Institution	University of Venda, UNISA
Area of expertise:	Auditing, Accounting and staff development

Mr Simon Mankgaba

Appointed to ARC: 16 July 2020

Qualifications	Postgraduate Diploma - Internal Auditing, B-Tech Internal Auditing Management Development Programme, Dip. Criminal Justice and Forensic Investigation, ND Internal Auditing
Institution	UNISA, University of Pretoria , University of Johannesburg, Norther Gauteng Technikon
Area of expertise:	Internal Auditing, Financial Accounting, Cost and Management Accounting and Financial Management

MDDA STAFF: PROFILES

Nomkhosi Peter
Acting Chief Executive Officer

Chief Financial Officer

Mzuvukile Kashe
Executive Manager Projects

Noxolo Bhangaza
Executive Assistant

Winny Kubheka
HR & Corporate Services Manager

Kedibone Mokgalaka
Chief Audit Executive

Dawid Moreroa
Head of Legal

Lethabo Dibetso
Research & Capacity Building Manager

Siphokazi Mgudlwa
Project Manager Broadcast

Boikhutso Tsikene
Project Manager Print

Yolanda Du Preez
Company Secretary

Nompumelelo Maduna
Monitoring & Evaluation Coordinator

Mangaliso July
Accountant

Phathutshedzo Netshifhefhe
Strategic Planning Administrator

Sfiso Maphanga
Broadcast Coordinator

Mmathabo Thulo
Print Coordinator

Lennox Klaas
Broadcast Technical Specialist

Remofilwe Mandindi
Legal Officer

Mokgaetji Ledwaba
Finance Projects Officer

Sisanda Nompumza
Human Resource Officer

MDDA STAFF: PROFILES

Margaret Ndawonde
Communications Officer

Khanyisa Mahlawule
Research Coordinator

Danielle Baloyi
Broadcast Coordinator

Thebeetsile Letsapa
Internal Auditor

Gugulethu Bonnet
Monitoring & Evaluation Coordinator

Gugu Maseko
Supply Chain Officer

Desiree Lebaea
Research Coordinator

Tabani Nkomo
Broadcast Coordinator

Terrance Mbangwa
Assistant Company Secretary

Sediroa Sithole
Project Administrator

Ouma Moatsi
Administrative Assistant

Michael Sive
Junior Project Administrator

Bulali Dyakopu
Digital Media Coordinator

Yesani Maseko
Receptionist

Nokuthula Sibanyoni
Research & Training Intern

Lerato Pule
Internal Audit Intern

Puseletso Moabelo
Broadcast Intern

Anah Hlabizwe
Finance Intern

Qhamani Mnweba
Monitoring & Evaluation Intern

Katlego Makhutle
Print Intern

MDDA STAFF: PROFILES

Rudzani Tshigemane
Senior Manager
Communications & Strategy

Neliseka Xhakaza
ICT Intern

Tsotetsi Motsamai
ICT Specialist

Chimba Chibesa
Junior Project Administrator

Fuzakazi Mqungwana
Finance Officer

Jimmy Ngwenya
Print Coordinator

PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/Auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 91 - 93 of the Report of the Auditors Report, published as Part G: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The Media Development and Diversity Agency ("MDDA") was established to facilitate ownership, control, and access to information and content production of the community media by historically disadvantaged communities. Despite being in existence for more than 20 years, Community and Small Commercial Media ("CSCM") organisations have struggled to position the CSCM sector as authorities on local content or as a platform to reach often-inaccessible audiences. This means that community media platforms have not yet been able to convince advertisers of their value for advertising – which is the lifeline for the community media's sustainability in the long term.

Both globally and locally, the media landscape has been undergoing rapid, significant challenges. With the fourth year of the worst global pandemic in a century and misinformation on the rise, the role of a professional, trusted CSCM sector became more important than ever. Through the financial support from the commercial broadcasting sector, the Board's able guidance and the leadership team's astuteness, the CSCM has been able to navigate these difficult times.

The following briefly outlines the context within which the MDDA had to operate during the year under review: Whilst some of the CSCM sector continued to demonstrate strong financial sustainability, supported by a diverse range of funding sources, including local businesses and donor organisations, the sector continues to face financial challenges due to over-reliance on advertising revenue which leads to defaulting on SENTECH fees. During the period under review the community broadcasting sector owed SENTECH close to a R100 million in outstanding signal distribution fees. This has resulted in several community radio stations being switched off by SENTECH. The rising debt by the community broadcasters posed a threat to both SENTECH and sector sustainability. Furthermore, it risked compromising the MDDA's mandate which is facilitating ownership, control, and access to information and content production of the community media by historically disadvantaged communities.

This year saw an unprecedented increase in loadshedding stages for many South Africans; the CSCM sector is not immune to this. This has a profound impact on the MDDA's Universal Service Obligations (USO) and Quality of Service (QoS). Universal Service Obligations are defined as principles that ensures everyone has access to communication services, at affordable prices and as basic telecommunication services. They are exclusively a prerogative of public authorities and service providers, as they are obligations which means that the network operators and public authorities alone bears the costs of developments and infrastructure.

Universal Service Obligations are fundamentally measured according to the levels of development, by three critical tiers:

- Availability: network infrastructure must always be available everywhere and, without any geographic discrimination
- Accessibility: network services must be available to all users, without discrimination or exclusion to any social groups especially disabled persons
- Affordability: network services must be available to the general public, at affordable prices and packages

2. OVERVIEW OF PERFORMANCE

Quality of Service is defined as a set of policies to give specific qualities provided by a network to users, by setting them up to achieve the necessary functionality of an application or telecommunication service. Critical measures are taken to determine the overall performance of the services delivered by a telecom company to its users by prioritising their data traffic in the network to its users, regardless of other data traffic correspondence.

Quality of Service heavily relies on network bandwidth, signal transmissions, and data traffic. Every factor in QoS is taken into consideration as those factors contribute to the overall service delivery from the company, as seen by its users, such as error rate, availability of network traffic, jitter, bit rate, and delays in transmissions also known as latency. Mobile and landline networks require constant and consistent amounts of power to run the network base stations and cell towers situated within specific geographic areas.

The impact of loadshedding on USO and QoS is addressed by the four pillars:

Print

- Print projects are affected primarily in terms of lost productivity because of loadshedding. During loadshedding print runs could potentially be interrupted and disruptions to the sub-optimal functioning of the telecommunications networks during this time adversely affects communication flow especially at critical times such as during editorial process.
- The issue of loadshedding affects multiple factors in community media projects. For example, if a project is a purely digital publication that relies on daily posts and consistent research to provide content, loadshedding becomes a thorn in the neck as it hinders the projects' access to stable Wi-Fi or data as well as the flow of communication between the projects' employees and the company's stakeholders.
- Loadshedding can also create an overall decreasing quality of print publications, in terms of design, editing and colour scheme. These factors can affect the reputations and distribution schedules of print media projects, especially in rural areas where these publications are heavily relied on as sources of crucial information about the weather, governance, and in some cases, loadshedding schedules. The impact of loadshedding is also felt in the quality of consumption experienced by consumers.
- Consumers are less likely to engage with community media sources when experiencing loadshedding. This can be in the form of listening to the radio, going online to their favourite digital publications to leave online comments, or engaging with print publications via calls, WhatsApp, or emails promptly. Quite often, rural-based projects do not have access to generators and even if that is the case, loadshedding not only disrupts power supply but also signal transmissions and network availability as well. Therefore, both QoS and USOs are equally affected.

Broadcasting-

- Community radio licensees are required by their license conditions to be on-air 24 hours, seven days a week. Community radio stations that remain off air for lengthy periods run a risk of being penalised by ICASA because they might not have a copy of the programme that the regulator might be requesting at the time they are not on air during loadshedding, which might lead to broadcast license non-renewal.
- Day to day operations of the radio stations, such as programming scheduling are interrupted. Advertising is a key revenue stream for community media. Clients that have procured space for an advert for a specific period have had to withdraw adverts because of lost airtime as a result of loadshedding, thus impacting advertising revenue.
- The specialised equipment that the MDDA provides to approved beneficiaries is at risk of damage by continuous power cuts or surges when power returns. This will also have a negative impact on equipment warranty due to the constant switching on and off.
- Some stations have reported quality risks as a result of loadshedding. The quality of the content produced by the stations is compromised because presenters and producers are rushing to finish the programmes.

Research and Training-

- Scheduling virtual meetings with most stations is a challenge due to loadshedding as stations struggle with connectivity. Because of this there is still high usage of physical interactions which contributes to the operational costs of the MDDA due to travel and supporting beneficiaries to travel for training opportunities that could otherwise occur on virtual platforms.

The lack of commitment to 30% advertising spend from government continues to also impact the revenue of community media publishers and stifles media diversity. In KwaZulu-Natal alone five (5) community publications have had to shut down since mid-2022 after a cut in half of the municipal budget for community print advertising as a result of budgetary constraints.

During the period under review, the Board approved the final research report on Community and Small-Commercial Media Sustainability Model. The research identifies the underlying factors that influence the sustainability of the CSCM sector; identifying trends in ownership of CSCM organisations; and studying international sustainability models adopted in other countries for the CSCM sector, that South Africa can learn from.

The Agency takes its position as an authoritative leader and voice on media development and diversity quite seriously. During the period under review the Agency received negative publicity which risks its credibility and reputation. Through the guidance of the Board, the MDDA Executive, Management and staff are committed to improving the organisational culture, building internal brand ambassadors through employees and ensuring proactive communication efforts.

2.2. Organisational environment

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

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

There was a total permanent staff complement of thirty seven (37) employees at the end of the period under review, out of fourty four (44) approved positions. This equates to a vacancy rate of 16%. There were five (5) terminations of permanent employees, one (1) was a dismissal while the other four (4) were resignations. The Agency appointed two (2) female managers during the FY 2022/23. The Agency appointed nine (9) interns, and four (4) employees on short term contracts during the year under review.

2.3. Key policy developments and legislative changes

There are no changes regarding key policy developments and no legislative changes.

2.4 Progress towards achievement of institutional Impacts and Outcomes

The entity had three (3) outcomes and functions through five (5) programmes: Governance and Administration; Grant and Seed Funding; Partnerships, Public Awareness and Advocacy; Capacity Building and Sector Development; and Innovation, Research, and Development.

The Agency had set itself nineteen (19) annual targets for the 2022/23 financial year. Fifteen (15) of the annual targets were achieved and only four (4) were not achieved. The fifteen (15) targets achieved constitute 79% of the agency's annual achievement.

Programme 1 - had six (6) annual targets which were contributing to one outcome which referred to a capable, effective and efficient organisation in support of the delivery of the MDDA mandate. Three (3) annual targets were achieved and three (3) were not achieved.

Programme 2 - Sub-Programme 2.1 had two (2) outcomes. The first outcome had annual targets which were contributing to one (1) outcome which referred to 'media diversity promoted through the growth of sustainable community-based and small commercial media nationally' and both targets were achieved. The second outcome had an annual target which was contributing to one outcome which is being a 'digital responsive community-based media sector by 2024', and this target was also achieved.

Programme 2 - Sub-Programme 2.2 had two (2) annual targets which were contributing to one (1) outcome which referred to a 'capable, effective and efficient organisation in support of the delivery of the MDDA mandate' and one (1) target was achieved and the other one (1) was not achieved.

Programme 3 - had three (3) annual targets which were contributing to one (1) outcome which referred to 'capable, effective and efficient organisation in support of the delivery of the MDDA mandate' and all three (3) targets were achieved.

Programme 4 - had three (3) annual targets which were contributing to one (1) outcome which referred to 'increase in HDI communities accessing media opportunities and information through community and small commercial media' and two (2) of the three (3) targets were achieved, one (1) was not achieved.

Programme 5 - had two (2) outcomes. The first outcome had an annual target which was contributing to one (1) outcome which referred to 'capable, effective and efficient organisation in support of the delivery of the MDDA mandate' and its target was achieved. The second outcome had an annual target which was contributing to one (1) outcome which is 'media diversity promoted through the growth of sustainable community-based and small commercial media nationally' and this target was also achieved.

2. OVERVIEW OF PERFORMANCE

MDDA Programme Performance Information 2022-2023 Financial Year

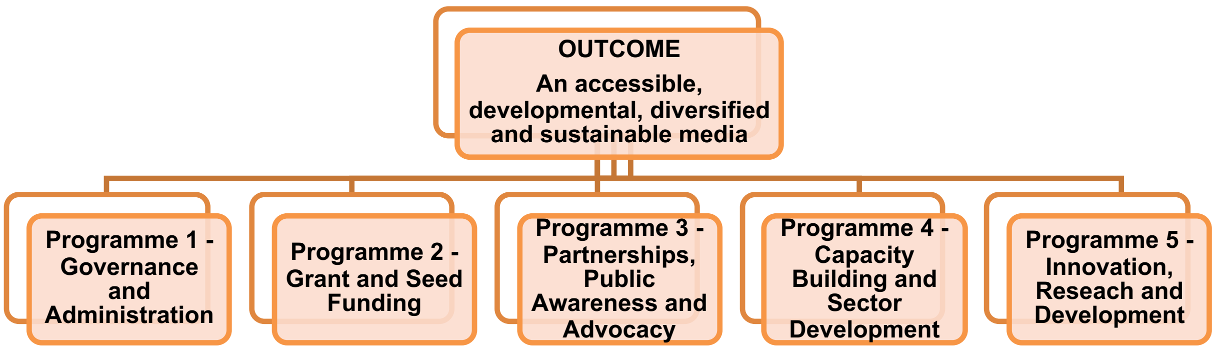
The following pages presents the Performance Information Report as is required in terms of Treasury Regulations and Section 55 (2) (a) of the PFMA. The objectives are measurable and aligned to the budget. This assists the Accounting Authority (the Board) in its additional responsibility to ensure that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

Accordingly, this Performance Information Report is a subject matter/agenda item of every Board and Executive Management meeting in line with the regulatory requirements, good corporate governance, and proper oversight. This ensures that the Agency complies with the requirements of the Auditor General's audit findings in terms of Section 20 (2) (c) of the Public Audits Act No 25 of 2004 on the reported information relating to performance against predetermined objectives. The MDDA is reporting against the Annual Performance Plan of 2022/2023 as tabled in Parliament on the 29th March 2022. The Annual Performance Plan was developed to give effect to the MDDA Five-Year Strategic Plan for 2020/2021 - 2024/2025, which was tabled on the 18th March 2020. Both the Strategic Plan and Annual Performance Plan have been developed in terms of the Revised Framework for Strategic Plans and Annual Performance Plans as per National Treasury Instruction No 5 of 2019/2020.

The 2022/2023 MDDA Annual Performance Plan has five (5) programmes, with includes a total of ninenteen (19) output indicators.

MDDA Programme Structure

The MDDA programme structure comprises five (5) programmes, as shown below. Programme 2: Grant and Seed Funding is the core activity in the delivery of the MDDA mandate.



2. OVERVIEW OF PERFORMANCE

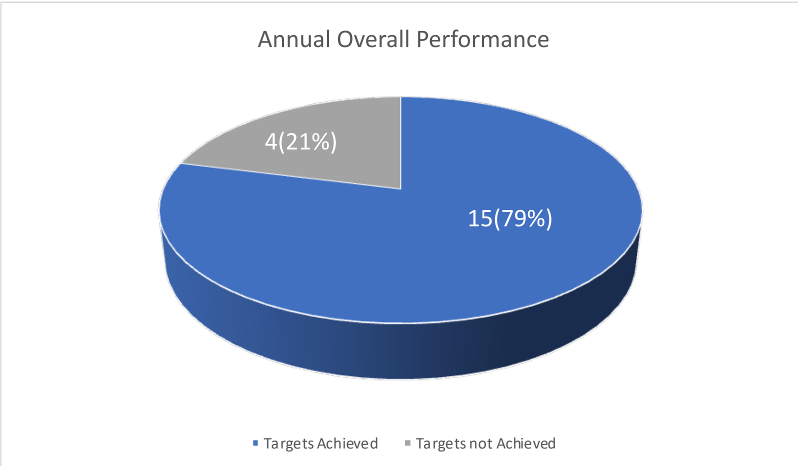
The MDDA is reporting against the 2022/2023 Annual Performance Plan. Annual targets for 2022/23 are nineteen (19). Fourteen (14) of these were achieved, which means that the Agency achieved 74% of its annual targets. Four (4) of these five (5) targets were not achieved.
The output indicator that was not achieved fell under.

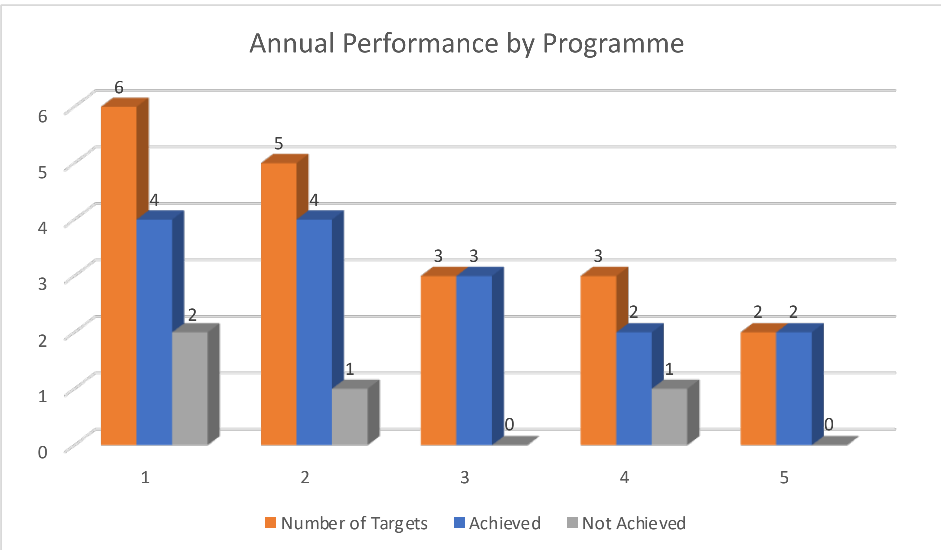
Programme 1: Governance and Administration - Output indicator No 3: Percentage of invoices processed for payment within 30 days. One invoice was not paid within 30 days.

Programme 1: Governance and Administration - Output indicator No 4: Percentage of fruitless and wasteful expenditure incurred.

Programme 2: Output indicator No 10: Number of annual evaluation reports generated on funded projects. The target was not met as the report was not initiated on time.

Programme 4: Output indicator No 17: Number of reading initiatives held. One (1) reading initiative was not held.





PROGRAMME 1: GOVERNANCE AND ADMINISTRATION

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Capable, effective and efficient organisation in support of the delivery of the MDDA mandate	Unqualified audit with no significant findings	1. Unqualified audit with no significant findings	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion for 2021-22 financial year	-	Target achieved.
		2. Percentage of fraud detected or prevented through effective risk management mechanisms	-	Fraud prevention and risk management strategies implemented	100%	100%	-	Target achieved.
	Financial Performance Efficiency	3. Percentage of invoices processed for payment within 30 days	-	100%	100%	99%	-1%	Target not achieved. One invoice was not paid within 30 days.
		4. Percentage of fruitless and wasteful expenditure incurred	-	0%	0%	55.8%	-	Target not achieved. An amount of R29 285 was categorised as fruitless and wasteful expenditure.
		5. Percentage of irregular expenditure incurred	-	0%	0%	0%	-	Target achieved.
	Human Resources Strategy	6. Percentage of Human Resources Strategy implementation targets achieved	-	Human Resources Strategy submitted to Board for approval	60%	60%	-	Target achieved.

PROGRAMME 2: GRANT AND SEED FUNDING

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

Sub-Programme 2.1: Community and Small Commercial Media

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Media diversity promoted through the growth of sustainable community based and small commercial media nationally	Community broadcast project funding	7. Number of grant funding applications for community broadcast projects approved	20	24	20	23	3	Target achieved. More funding was received from broadcasters who pay their USAF Levy to the MDDA.
	Community and small commercial media digital/print project funding	8. Number of grant funding applications for small commercial print or digital media projects approved	8	10	6	10	4	Target achieved. More funding was received from broadcasters who pay their USAF Levy to the MDDA.
Digital responsive community-based media sector by 2024	Community media digital strategy implemented	9. Number of media projects provided with digital support	Community media digital strategy and 3-year plan submitted to Board for approval	21	16	17	1	Target achieved. High demand for digital support from beneficiaries.

Sub-Programme 2.2: Monitoring and Evaluation

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Capable, effective and efficient organisation in support of the delivery of the MDDA mandate	Annual evaluation of M&E reports	10. Number of annual evaluation reports generated on funded projects	Final annual evaluation report submitted to Board for approval	1	1	0	-1	The target was not met as the report was not initiated on time.
	Monitoring reports on input, output, and compliance to MDDA granting-aid contracts	11. Number of monitoring reports generated on funded projects	80	66	65	75	10	Target achieved. More projects were monitored as the M&E team conducted evaluations in geographical locations where there were other active projects.

PROGRAMME 3: PARTNERSHIPS, PUBLIC AWARENESS AND ADVOCACY

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Capable, effective and efficient organisation in support of the delivery of the MDDA mandate	Stakeholder engagements for support of the community and small commercial media	12. Number of stakeholder engagements held	-	10	4	21	17	Target achieved. More studios were unveiled during the period of review.
	Media engagements to position the brand MDDA	13. Number of media engagements held	-	40	12	31	19	Target achieved. More interviews were conducted during World Radio Day.
	Fundraising initiatives for support of community and small commercial media	14. Number of proposals for funding and support presented to potential and existing stakeholders	-	6	6	7	1	Target achieved. The Agency hosted a Funders Breakfast session with all broadcast funders.

PROGRAMME 4: CAPACITY BUILDING AND SECTOR DEVELOPMENT

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Increase in HDI communities accessing media opportunities and information through community and small commercial media	Training interventions aimed at capacitating the community media with skills aligned to sector specific needs	15. Number of training interventions aimed at capacitating the community media	6	12	6	10	4	Target achieved. The positive variance is as a result of the partnership with NEMISA and rollovers being allocated to the R&T Unit.
	Media literacy workshops	16. Number of media literacy workshops conducted	3	3	2	3	1	Target achieved.
	Culture of reading initiatives	17. Number of reading initiatives held	-	1	2	1	1	Target not achieved. One reading initiative was held.

PROGRAMME 5: INNOVATION, RESEARCH AND DEVELOPMENT

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

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
			2020/21	2021/22				
Capable, effective and efficient organisation in support of the delivery of the MDDA mandate	Research projects on key trends/ developments impacting the community media sector	18. Number of research projects funded on key trends/developments impacting on the community media sector	3	2	2	2	-	Target achieved.
Media diversity promoted through the growth of sustainable community based and small commercial media nationally	Community Media Sustainability Model	19. Community Media Sustainability Model developed	Study into the development of Community Media Sustainability Model commissioned	0	Community Media Sustainability Model preliminary findings submitted to the Board for approval	Community Media Sustainability Model preliminary findings submitted to the Board for approval	-	Target achieved.

Programme/activity/objective	2022/2023 Budget	2022/2023 Actual Expenditure	2022/2023 (Over)/Under Expenditure	2021/2022 Budget	2021/2022 Actual Expenditure	2021/2022 (Over)/Under Expenditure
Governance and Administration	39 284 935	39 859 568	574 633	34 130 499 00	33 018 403 00	1 112 096 00
Grant and Seed Funding	94 024 261	104 758 256	(10 733 995)	97 722 490 00	79 283 533 00	(18 483 957)
Partnerships, public awareness and advocacy	1 349 906	1 386 974	(37 068)	0 00	2 215 445 00	2 215 455 00
Capacity building and sector development	2 815 000	2 512 415	302 585	2 500 000 00	3 155 178 00	655 178
Innovation, Research and Development	2 103 288	3 329 970	(1 226 682)	4 386 318 00	1 176 175	3 210 143
Total	139 577 390	151 847 183	(12 269 793)	138 788 307	118 848 734	(19 939 573)

Programme 2 (Grant and seed funding)

The overspending by R10,7 million mainly due to unspent funds from prior year projects (Grantee orientation and contracting) that were carried forward to the 2022/2023 financial year.

Programme 4 (Capacity building and sector development)

The underspending is due to the research projects that were only procured towards the end of the quarter. The remaining budget has been committed to be utilised in the 2023-24 financial year.

Programme 5 (Innovation, Research and Development)

The underspending of R1,2 million in this programme is due to prior year commitments due to projects that were budgeted for in 2021/2023 but were only implemented in the 2022/2023 financial year.

Linking performance with budgets

REVENUE COLLECTION

	2022/2023			2021/2022		
Sources of revenue	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**
Government grants & subsidies	62 917 508	58 597 597	4 319 911	60 187 627	35 472 703	24 714 924
Broadcast funders contributions	62 643 019	64 988 360	(2 345 341)	64 948 917	64 641 480	307 437
Interest received - investments	4 020 116	5 060 060	(1 039 944)	3 601 039	3 398 102	202 991
Total	**129 580 643**	**128 646 017**	**934 626**	**128 737 583**	**103 512 285**	**25 224 898**

Agency budget in terms of clearly defined programmes. The following table summarises the final revenue collection. It provides an indication of the revenue by the Agency. The under collection based on the budget includes revenue from the Economic Development Fund which is recognised only when it is earned.

CAPITAL INVESTMENT

	2022/2023			2021/2022		
Capex	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
New replacement assets	300 492	-	300 492	370 000	660 746	(290 746)
Total	300 492	-	300 492	370 000	660 746	(290 746)

The following table summarises the final capital expenditure. It provides an indication of the amount spent on the capital assets within the Agency. The actual procurement of new laptops took place before year-end; however, the actual expenditure (actual payments to the Service Provider) will only take place in the new financial year 2023/24 and reported in the relevant financial year.

PROJECTS FUNDED 2022/23 FINANCIAL YEAR

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

Print Projects

No	Project Name	Province	Approved Funding Amount
1	Nativity Group	KwaZulu Natal	690 000.00
2	UniQ Magazine SA / Stoneface	KwaZulu Natal	528 000.00
3	Farmers for Change (PTY) Ltd	Western Cape	660 000.00
4	Zikode Bulletin	Mpumalanga	462 300.00
5	Ngoho Print and Digital News	Limpopo	711 400.00
6	Lema Printing House	Free State	553 000.00
7	Bethlehem News Spot	Free State	432 000.00
8	Roma Nna	Northern Cape	609 000.00
9	One Day Foundation/ Indaba Community News	Eastern Cape	751 800.00
10	Inside Education	Gauteng	400 000.00

Broadcasting Projects

No	Project Name	Province	Approved Funding Amount
1	Bushbuckridge (BBR FM)	Mpumalanga	1 275 000.00
2	Izwi Lethemba	Mpumalanga	917 000.00
3	Kanyamazane	Mpumalanga	2 366 000.00
4	Moutse	Mpumalanga	2 119 000.00
5	Rise FM	Mpumalanga	665 00.00
6	Cape TV	Western Cape	2 495 000.00
7	Fine Music	Western Cape	1 789 600.00
8	EK FM	Gauteng	1 113 500.00
9	Pheli FM	Gauteng	1 303 000.00
10	VUT	Gauteng	1 950 000.00
11	Westside FM	Gauteng	2 303 000.00
12	Radio Veritas	Gauteng	2 203 000.00
13	Ekhephini	Eastern Cape	2 529 000.00
14	Engcobo	Eastern Cape	657 000.00
15	Kingfisher	Eastern Cape	2 663 500.00
16	Oasis	Eastern Cape	2 450 000.00
17	The Voice of Matat	Eastern Cape	1 003 763.40
18	Maruleng	Limpopo	921 800.00
19	Mohodi	Limpopo	1 834 000.00
20	Moletsi	Limpopo	2 020 000.00
21	Waterberg Wave	Limpopo	2 250 000.00
22	Med FM	Free State	1 334 000.00
23	Nongoma	KwaZulu Natal	1 393 000.00

The above projects were approved during the third quarter of 2022-2023 financial year, and disbursement will take place in the first quarter of the 2023-2024 financial year

Print and Digital Media Approved Projects

KwaZulu Natal

Ulwazi magazine (Nativity Group)

Ulwazi magazine is a monthly student magazine targeting high school teenagers in the township. The main focus will be to produce content that both informs and inspires high school youth in the township. The concept behind the magazine is to portray positive stories in education and showcase township schools in a good light and break the stereotypes associated with township youth and education. Ulwazi magazine is targeted at teenagers and will use many interactive methods to communicate with its audience. What makes Ulwazi magazine unique is that it specifically addresses topics that are specific to high school learners and news relevant to them. The magazine will be available in a print version and will also have a website where additional information can be found. The website will also allow content to be easily accessible to young people beyond the targeted demographic. **Approved Funding Amount: R690 000.00 (Operational costs: R635 000.00; Capital expenditure: R55 000.00)**

UniQ Magazine (Stone Cold Communications) (Pty) Ltd

UniQ magazine is an online magazine run under Stoneface Communications (Pty) Ltd. The initiative was started by four (4) women who have a lot of experience in the media industry. The magazine was launched in March 2014 and was aimed at the LGBTQI+community in KZN. Its mission is to "empower lesbian, queer women, trans women, and non-binary people to share culture and stories, connect with each other, and raise visibility while educating everyone on homosexuality. It also supports LGBTQI+ community organisations and allows them to use the platform to promote their activities.

Approved Funding Amount R528 000.00 (Operational costs: R459 000.00; Capital expenditure: R69 000.00)

Western Cape

Food For Mzansi's indigenous languages project (Farmers for Change (Pty) Ltd trading as Food for Mzansi)

Food For Mzansi is published by Farmers for Change (Pty) Ltd; a Level 2 B-BBEE company, as a majority black-owned, exempted small business. Farmers For Change employs twelve (12) full-time employees and regularly uses the services of a cohort of freelancers throughout South Africa. We also regularly feature the work of graduates of our 2020 Sinelizwi Citizen Journalism programme, which saw sixty-two (62) ordinary people undergo basic journalism training through an innovative, WhatsApp-based programme. Of these students, including farm workers, farmers, unemployed youth, and even retired nurses and policemen, twenty (20) actively contribute to our website, podcasts, and newsletters, and are paid for their work. Farmers For Change launched Food for Mzansi in 2018 which has become a widely celebrated digital news publication. **Approved Funding Amount: R660 000.00 (Operational costs: R660 000.00)**

Mpumalanga

Zikode Bulletin (Zikode Multi Enterprise)

Zikode Bulletin is an online publication which was registered by sole founder in 2020. The project is publishing in Ermelo -Mpumalanga province, Gert Sibanda District Municipality. It has set up its online operation without external funding and is currently sharing office space with MDDA former beneficiary: VOC FM (Voice of Community Radio).

Approved Funding Amount: R462 300.00 (Operational costs: R414 000.00; Capital expenditure R48 300.00)

Limpopo

Ngoho Print and Digital News

Ngoho Print and Digital News was established in 2019 by two (2) entrepreneurs from Thohoyandou, Vhembe District, in the Limpopo province. The idea came after they identified a huge gap in the media landscape as there wasn't any Tshivenda language publication in the Vhembe District Municipality as well as the whole of South Africa. Ngoho News is based in Thohoyandou, and covers the whole of the Vhembe District Municipality which consists of the following local municipalities, Thulamela, Makhado, Musina and Mutale.

It is a 100 % Tshivenda language tabloid size small commercial newspaper published fortnightly.

Ngoho News primarily targets the African (black) community who are able to read the Tshivenda language without eliminating other potential target markets. The project mainly focuses on developmental, cultural, health, education, crime, economic, sports and entertainment issues. The prominent challenges facing the Vhembe District Municipality are service delivery backlog, gender-based violence, femicide, child abuse, domestic violence, unemployment, high illiteracy, unskilled labour, crime, abuse of illegal substances and alcohol.

Approved Funding Amount: R711 400.00 (Operational costs: R671 400.00; Capital expenditure R40 000.00)

Free State

Puisano News (Lema Printing and Media House)

Puisano News is a bilingual newspaper (Sesotho 60% and English 40%) which was started in 2006 as People's Agenda Newspaper before changing its name to Puisano News in 2008. The publication is based in Sasolburg in the Free State province. The paper was started by two (2) individual members of society who came up with the idea of producing a newspaper after identifying a gap in the market for such a publication. The publication seeks to provide content that will include business information, economic opportunities for ordinary women, bursary information, career guidance, business advice, motivation, job listing, current affairs happening in and around communities and the country. Issues that affect the youth such as HIV / AIDS, rape, abuse, unemployment, will be covered by the publication as well as uplifting stories about the community of Sasolburg and surrounding areas.

The newspaper's core focus is to develop and revive a culture of reading and learning using indigenous languages. Puisano news content aims to be more on developmental stories and empowering its readers with information and knowledge on issues such as awareness on health, politics, access to information and services, consumer rights etc. The project reports and investigates stories that probe challenges faced by residents such as crime, service delivery issues, matters relating to education such as the current debate on the safety of children in schools and at home during this devastating era of the pandemic that is globally called COVID-19. With the Fourth Industrial Revolution approaching, the media product is also now available online www.puisano-ditaba.co.za and on social media platforms with a Facebook page.Puisano News currently prints and distributes 5 000 to 10 000 copies once a month in the Fezile Dabi District Municipality. The publication is distributed in different public areas that include schools, shops, clinics, hospitals, taxi ranks, government department offices and malls.

Approved Funding Amount: R553 000.00 (Operational costs: R525 000.00; Capital expenditure: R28 000.00)

Bethlehem News Spot

Bethlehem News Spot is a community digital media platform based in the township of Bohlokong in Bethlehem in the Free State. The project was set up to expand the community's worldview, provide fresh local news, important information, and education content, and to give a voice to the community. Bethlehem News Spot was started in 2016 by Lucky Maseko as a simple Facebook page that updated people about what is happening locally after he saw a gap caused by a lack of information in his community. The company was officially registered in 2020 and is now a recognized media platform in the community. The media house is still growing and is expected to grow even bigger once it receives proper funding.

Bethlehem News Spot has built a solid relationship with the community and has proven to be a reliable source of information. The digital publication strives to report on issues that affects the community and thus enforce proper service delivery which has always been one of the top priorities of the online platform. The community of Bohlokong and surrounding areas relies on the publication to report and fast-track service delivery issues in the area.

The project gives the community a chance to make any progressive suggestions with their special live streams which are used to get feedback from the public and note challenges that are faced by the community. The project gets involved in different community projects such as food and clothes drive campaigns, and with campaigns that speak up against gender-based violence. The online media platform also promotes coverage of news and events that educates the youth.

Bethlehem News Spot uses English as the main language to cover stories and events. Sesotho and Afrikaans are also part of the languages that are used to accommodate all members of the community in a language they understand. The project has made it easy for all cultures to interact with one another on their online platform without any fear of rejection or discrimination.

Approved Funding Amount: R432 000.00 (Operational costs: R298 000.00; Capital expenditure: R134 000.00)

Northern Cape

Roma Nna Media House

Roma Nna is a community publication based in Kimberley in the Northern Cape. The publication is produced in English,!Xhu,Khwe, Setswana, and isiXhosa and it is available in print and online (www.romanna.net). With the help of the MDDA grant funding, the first edition was published in July 2020. The publication is a full colour, eight-page, multi-lingual newspaper. Five thousand copies are distributed monthly within the Sol Plaatje Local Municipality, however due to the growing interest from communities and lack of print publications within the Francis Baard District Municipality, there is an intention to increase the amount to 20 000 copies.

Francis Baard has a population of 438,904, or 32.4% of the total population in the Northern Cape province. Printing and distributing 20 000 copies will not cover even 10% of the readers. The project has designed a website to increase its reach. Roma Nna is a unique and reliable newspaper with a township flair. The content covers a wide variety of subjects including religious news, current affairs, events, tributes, lifestyle, and anything educational, informative, and of interest to the community. In order for Roma Nna to grow into a viable business, it is imperative to print weekly. The media house has created employment and also given much-needed experience to students through their internship programme. The emergence of Roma Nna strengthened the relationship with the indigenous!Xhu, Khwe community from Platfontein by translating some articles into their language. This also empowered at least two (2) people, to write stories from their community. Thus far, Roma Nna is the 3rd publication circulating within the district and the city centre. The two (2) other publications, Diamond Field Advertisers (DFA) and Noord Kaap Bulletin are distributed to affluent readers. **Approved Funding Amount: R609 000.00 (Operational costs: R609 000.00)**

Roma Nna Media House
Keeping you informed anytime, anywhere

Eastern Cape

Indaba Community News (One-day Foundation)

Indaba Community Newspaper was established in 2021 under a nonprofit organisation called Oneday Foundation. The organisation is based in Graaf – Reinet which is under Dr Beyers Naude Municipality in the Eastern Cape province. Indaba Community News will be implemented and distributed in the Dr. Beyers Naude Municipality. This publication will be the first community newspaper within the area as there is currently no other free print media platform. Thirteen years ago, the community had a community radio station which was the only source of communication informing and distributing information within the community. Since the closure of the local community radio station, there has not been a platform where the community can engage, be educated and informed.

Approved Funding Amount: R751 800.00 (Operational costs: R703 800.00; Capital expenditure R48 000.00)

Indaba
FREE! GRAAFF-REINET & SURROUNDS Community Newspaper

Inside Education

Inside Education (Pty) Ltd. (hereafter known as IE) is a well-established online platform in the Education Industry that is growing into a print edition to reach readers who may not have access to internet resources, particularly in rural and peri-urban regions. Inside Education (IE), is one of Africa's largest news sites dedicated to bringing education-related material across the continent and covers a broad spectrum of the process from Early Childhood Development to Lifelong Learning - Private, Public, Academia, and Civil Society. The content provided by IE is designed to empower teachers, students, and learners. It is used as a tool for encouraging good leadership, ethics, and governance in the education sector. It has built a reputation as a digital platform that reaches 3.1 million readers. Its additional expansion includes a quarterly print solution that will be distributed in the country's peripheral locations.

Approved Funding Amount: R400 000.00 (Operational costs: R329 400.00; Capital expenditure R40 000.00 Administration costs R30 600.00

Inside Education
Inspiring Minds

Community Broadcast Approved Projects

Mpumalanga

Bushbuckridge Community Radio

Bushbuckridge CR is a community radio station based in Bushbuckridge at Ehlanzeni District Municipality. The station went on air on 16 December 1996. Bushbuckridge CR's coverage area is Bushbuckridge and surrounding areas which includes Graskop, Sable, Hazyview, Kruger Park & Hoedspruit. Bushbuckridge Community Radio's geographic licence area is Bushbuckridge and surrounding areas in Mpumalanga. The station's broadcast format is 60% talk & 40% music. Bushbuckridge Community Radio broadcast languages are Sepulana, Siswati & Xitsonga. Local news and information are 25 minutes of local news and 15 minutes of national news per day. South African music content is 80%. Bushbuckridge Community Radio frequency is 88.4 FM. It is broadcast 24 hours a day.

The primary aims and objectives of the project are:

- Provide unbiased & accurate reporting on news events.
- Provide reliable & accurate information regarding local health, safety, education & entertainment.
- Instil a spirit of self-help & empowerment.

Approved Funding Amount: R1 275 000.00 (transmission fees for self transmission: R300 000.00; Capital Expenditure for one studio: R975 000.00)

Izwi Lethemba – Voice of Hope

Izwi Lethemba / Voice of Hope is a Christian community radio station based in Nelspruit Mbombela, in the Ehlanzeni District Municipality. The station was established in February 2002 and covers the areas of Nelspruit, White River, Sabie, Waterval Boven, Moshodorp, Belfast, Barberton and other surrounding areas. Izwi Lethemba / Voice of Hope Geographic Licence area is Ehlanzeni District Municipality. The station's broadcast format is 60% talk & 40% music. Izwi Lethemba / Voice of Hope broadcast languages are IsiSwati 50% & IsiZulu 50%. Local news and information are 30 minutes of local news per day, 25% of which is national news & 5% of international news per day. South African music content is 80%. Izwi Lethemba / Voice of Hope frequency is 90.5 FM.
It broadcasts 24 hours a day.

The primary aims and objectives of the project are:

- Empower, motivate, encourage & counsel the disadvantaged communities to take control of their own destinies through entrepreneurial radio programmes
- Provide training & in-service training to young people of the community through journalism, radio presenting & other media fields
- Work with all members of the community in the fight against poverty, children & woman abuse, child pregnancy, HIV & AIDS, and abuse of alcohol through educational programmes

Approved Funding Amount: R917 000.00 (Content Production: R80 000.00; Administration:R77 000.00; Transmission fees (Sentech): R360 000.00; Capital expenditure for refurbishment: R400 000.00)

Kanyamazane Community Radio

Kanyamazane CR is a community radio station based in Kanyamazane, Nelspruit in the Ehlanzeni District Municipality. The station was formed in 1998 and went on air in 2010 and aims to provide services to the geographic community, to inform, educate and entertain the surrounding community of the Ehlanzeni District, specifically the Kanyamazane area as per their geographic ICASA licence. Kanyamazane CR geographic licence area is Kanyamazane and Mbombela District. The station's broadcast format is 50% talk & 50% music. Kanyamazane CR broadcast languages are SiSwati 65%, 15% IsiZulu, 15% English, and township lingo. Local news and information are 84 minutes of news per day on weekdays and 65 minutes on weekends. Furthermore, 22% shall be local, 28% regional, 30% national, and 20% international news. South African music content is 80%. Kanyamazane CR frequency is 107.3 fm.
It broadcasts 24 hours a day.

The primary aims and objectives of the project are:

- Disseminate information through the production & presentation of radio programs
- Provide services to the geographic community.
- Inform, educate & entertain the surrounding community.

Approved Funding Amount: R2 366 000.00 (Content Production for website maintenance: R20 000.00; Capital expenditure for studios, inverter, OBE, desktop & laptop: R2 269 000.00; Administration costs: R77 000.00)

Community Broadcast Approved Projects

Moutse Community Radio

Moutse community radio was initiated in 1993. Their first broadcast licence was issued on the 8th of November 1997. The drive and aspiration behind the formation of this station came from the rural women. In a management team of six (6) members, is has two (2) women in management. Its main objective was to drive basic affordable health, education, and social welfare and uplift the social status of women. The mission is to deliver developmental information in a sustainable manner to the people of Moutse and surrounding communities.

The station develops the skills of local people in the telecommunication industry and gives a voice to the voiceless people in the area. Moutse community radio geographic licence area is Moutse. The station's broadcast format is 60% talk & 40% music. Moutse community radio broadcast languages are 40% IsiPedi, 25% IsiZulu, 20% IsiNdebele, 10% Setswana 5% English. Local news and information are 25 minutes, 10 minutes of national news, and 5 minutes of international news. South African music content is 75%. Moutse community radio frequency is 76.3 MGH. It is broadcast 24 hours a day.

The primary aims and objectives of the project are:

- Propagate relevant information
- Educating and entertaining the community
- Promoting diversity amongst the listeners
- Promoting strong leadership

Approved Funding Amount: R2 119 000.00 (Administration costs: R77 000.00; Capital expenditure for studios, desktop, laptops and furniture: R2 042 000.00)

Rise FM

Rise FM is a community radio station based in Acornhoek in the Ehlanzeni District Municipality. The station went on air on 05 August 2016. The station covers the area of Bushbuckridge and surroundings, including Acornhoek, Sable, Hazyview, Kruger Park and Hoedspruit. The station aims to promote local music, culture, arts and content that benefits the community it serves and plays a major role in being the communication tool within and beyond the Bushbuckridge municipality. It also intervenes in challenges facing the community within its broadcasting areas.

Rise fm's geographic licence area is Bushbuckridge and surrounding areas in Mpumalanga. The station's broadcast format is 50% talk & 50% music. Rise fm's broadcast languages are SiSwati, xiTsonga, Sepulane & English. Local news and information are 50% local news, 30% national news & 20% international news. South African music content is 80%. Rise FM frequency is 103.2 FM. It broadcast for 24 hours.

The primary aims and objectives of the project are:

- Promote local music, culture, arts & content
- Being the communication tool within & beyond Bushbuckridge municipality
- Intervene on challenges facing the community within its broadcasting areas
- Being a stepping stone to equip young people from university on how to run & manage community radio stations
- Work with various stakeholders to provide information to its target age group

Approved Funding Amount: R665 000.00 (Administration costs: R62 000.00; Capital expenditure for studio enhancement R603 000.00)

Western Cape

Cape Town Community Television Collective

Cape Town TV (CTV) is a non-profit organisation, free-to-air community television station licensed to serve the greater Cape Town Metropolitan. The station is committed to providing community access to the powerful medium of television as a tool for development and social change. CTV promotes community participation by encouraging youth, NGOs, and independent producers to be content producers through the bottom-up approach.
The majority of the news at the station is produced by local producers through innovative commissioning practices that

invites producers to submit content proposals. Once selected, producers are offered access to equipment, training, and sales support and income is shared on a revenue share basis.

CTV produces several flagship projects in-house and acquires the right free premium, international content such as Al-Jazeera, democracy now, and social documentaries.

The station's main objective is to address:

- Access to audio-visual media development, production, and distribution by diverse target groups such as NGOs, content creators, under-represented communities, and intersectional justice services
- Enhances media diversity in South Africa and the region and harnesses the powerful platform of television as a tool for development and social change.

Approved Funding Amount: R2 495 000.00 (Content production: R870 000.00; Administration costs for bank fees, audit fees & insurance: R167 000.00; Transmission fees for Sentech: R700 000.00; Capital expenditure for camera, lights & UPS: R758 000.00

Fine Music Radio

Fine Music Radio (FMR) started in 1995 to serve the needs of classical and jazz music lovers in the Greater Cape Town area. FMR is the only community radio station in South Africa to broadcast only classical and jazz music. As such it is peerless as the only radio with dedicated jazz programmes. The station is mandated to initiate projects to make both genres more inclusive for all music lovers. In addressing these needs, the station also sees the need for training and educating young people in the various disciplines of radio broadcasting. One of the success stories of the station's policy of providing broadcast opportunities and training is that of Sylvia Akach, who presented a few programmes on FMR and has just been offered a position at a big commercial radio station. Mawande Lobi did a two-month internship with FMR and has subsequently joined the station as a compiler and presenter. Mzukisi Maketa is another person who is realising his dream of working on the radio at FMR, successfully integrating compiling and presenting. Fine Music Radio is currently investigating a radio production course at CPUT for Mzu, to potentially be sponsored by FMR through a trade exchange.

Fine Music Radio's geographic licence area is the City of Cape Town. The station's broadcast format is 10% talk & 90% music. Fine Music Radio's broadcast languages are 70% English & 30% Afrikaans. Local news and information are 50% local, 25% national, and 25% international minutes a day. South African music content is 70%. Fine Music Radio's frequency is 101.3 fm. It broadcasts 24 hours a day.

The primary aims and objectives of the project are:

- Creating exposure for young jazz artists through live performances and broadcast media while also creating a learning ground and exposure to various media and music equipment to the City of Cape Town community.
- Promoting local businesses through the inclusion of small venue owners and local businesses to host live shows.

Approved Funding Amount: R1 789 600.00 (Content Production: R581 600.00; Transmission fees for Sentech: R708 000.00; Capital expenditure for refurbishment: R500 000.00)

Gauteng

EK FM

EK FM is a community radio station based in Tsakane and serves the areas of Tsakane, KwaThema, Duduza, and other surrounding areas in the Ekurhuleni District in the Gauteng province. The station was founded in 2007 and since its inception in 2012, has increased its listenership across the market segment. It is a twenty-four-hour station that prioritises information, education, entertainment and community development. The stations' main aim is to address community issues such as unemployment, drug abuse, self-education, and youth development just to mention a few. EK FM's target audience is the general community between the ages of 23-45 years. The Media Development and Diversity Agency has funded the station twice in 2011 and 2019. The station has a sustainability plan that will ensure continued survival beyond the grant funding. EK FM has been able to generate its revenue from airtime sales which has kept the station afloat. The station has annual signature events that are launched annually which further generate revenue by at least 5%.

EK FM geographic licence area is Duduza, KwaThema, Tsakane. The station's broadcast format is 60% talk & 40% music. EK FM broadcast languages are 45% IsiZulu, 20% Sesotho, 18% English,10% IsiXhosa,7% Sepedi. Local news and information are 60% local, 15% national, 20% regional, and 5% international news. South African music content is 80%. EK FM frequency is 103.6 MHz. It is broadcast 24 hours a day.

The primary aims and objectives of the project are:

- Promote freedom of expression and the right to communication.
- Promote local culture, religion, and diversity.
- Provide educational programming and address health, environmental and social issues.
- Promote equal rights of participation and opportunities in gender issues.

Approved Funding Amount: R1 113 500.00 (Content production: R640 000.00; Administration: R77 000.00; Transmission fees for Sentech:R 144 000.00; Capital expenditure for inverter, field recorder and OBE: R 52 500.00)

Pheli FM

Pheli FM is incorporated as a non-profit organization based in Gauteng, Atteridgeville in Tshwane. The station's primary objectives are centered around informative, educational, and entertaining content. The station wants to touch the lives of the people through quality programming and to be the voice of the community by providing hope in the lives of the people of Atteridgeville. This community just like many township communities, experienced its share of crime. The station seeks to undo this culture of crime by inculcating much-needed skills in the community. They do this by training members of the community to be presenters and producers. The station wants to come up with solutions and uplift the lives of the community through the airwaves and address challenges the community faces daily. The station has worked with the community to compile a book about the Atteridgeville township.

Pheli FM geographic licence area is Sarah Baartman District. The station's broadcast format is 40% talk and 60% music. Pheli FM broadcast languages are Sepedi 20%, Setswana 20% IsiZulu 20% English 20%. Local news andiInformation are 45 minutes of news per day, of which 40% shall be local, 40% national, and 20% international news. South African music content is 70%. Pheli FM's frequency is 95.5 FM. It is broadcast 24 hours.

The primary aims and objectives of the project are:

- Health problems
- Substance abuse
- Gender-based violence
- Poverty
- Unemployment

Approved Funding Amount: R1 303 000.00 (Transmission fees for self-transmission: R950 000.00; Capital expenditure for inverter and OBE: R353 000.00)

VUT FM

Vaal University of Technology FM (VUT FM) is incorporated as a statute. This means that it's founded as part of the university. The station was started in 1987 as a project for engineering students. In 1999 discussions to have it as a campus radio started and saw the station getting a license renewable on a monthly basis. In 2003, the station changed its constitution and applied for a community radio licence with ICASA which was granted the following year. Its focus is to educate and empower pupils through quality programming. The station does not limit itself only to students and young people around Vaal only, but there are shows aimed at adult audiences like "Labour Corner" and Current Affairs. The station plays the role of also training graduates not only from the Vaal University of Technology only but neighboring institutions like Boston Media. The station broadcasts in English, Setswana, Sesotho, and IsiZulu in order to accommodate a rich cultural mix of Sedibeng District Municipality.

VUT FM geographic licence area is Sedibeng District Municipality in the Gauteng province. The station's broadcast format is 60% talk and 40% music. VUT FM broadcast languages are English, Setswana, Sesotho, and IsiZulu. Local news and information is not stated. VUT FM frequency is 96.9 MHz. It is broadcast 24 hours 7 days a week.

The primary aims and objectives of the project are:

- To serve the interests of the community by providing information, education, and entertainment
- To provide access to media training
- To produce and broadcast educational programmes which serve as a cross-section of age groups in the community.

As a university, the entity seeks to empower internal and external students.

- To be the mouthpiece of the community on issues of importance
- To be a developmental platform for the upcoming talent.

Approved Funding Amount: R1 950 000.00 (For capital expenditure related to studios)

Westside FM

Westside FM is community radio station based in Mogale city, in the West Rand District Municipality in Gauteng. The station was established in 2013 & covers the areas of the West Rand community that includes Mogale City, Randfontein, Westonairia, Merafong & Soweto.

Westside FM geographic licence area is West Rand District Municipality. The station's broadcast format is 60% talk & 40% music. Westside FM's broadcast languages are Setswana 20%, IsiZulu 20%, English 20%, IsiXhosa 20%, Sesotho 5%, Tshivenda 5%, Xitsonga 5%, and Sepedi 5%. Local news and information are 75 minutes of news per day, 40 minutes of which is local news, 25 minutes is national news & 10 minutes of which is international news per day. South African music content is 70%. Westside FM's frequency is 98.9 FM. It is broadcast 24 hours.

The primary aims and objectives of the project are:

- Address all issues affecting various demographics in different communities it serves, as it understands that all communities face different issues & caters to the communities accordingly.\

Approved Funding Amount: R2 303 000.00 (Capital expenditure for studio, inverter & OBE)

Radio Veritas

Radio Veritas, established in 1999, is a Catholic radio station that aims to entertain; inform; educate; and inspire its audience as a national satellite and terrestrial broadcaster.

Its objectives are to be a recognized Catholic broadcaster serving the interests of its community; to attain suitable licencing; to reach the SADC area; to attain appropriate funding and sponsorship and be financially sound; to address social and Catholic issues; to provide a 'life guide' to its listeners; to become international in reach and content; to give hope and direction to its listeners; to become easily accessible to its listeners; to be grounded in the Catholic faith; to broadcast in the local vernacular; to use more than one medium to reach its audience; to provide relevant content; to broadcast professionally; to deal with social issues of our time (e.g. HIV/AIDS and refugees); to become the African Catholic radio station; to generate programmes that are used/re-used throughout the world; to build and foster a proper Catholic broadcasting brand; to become the default broadcast medium for the South African Catholic Church; to provide proper training for those that work within Radio Veritas.

Radio Veritas has been broadcasting to Catholics and non-Catholics alike and when South Africa went into level 5 lockdown, Radio Veritas increased the number of programmes in an effort to address the needs of the faithful who were at home and not able to go to their churches and schools. Some of the programmes introduced during that time include: Catholic Schools Virtual Open Day (a platform where Catholic School advertise themselves), an increased number of Masses, children's programmes presented by children from different parts of the country and from various catholic schools, Catholic Corner (a weekday programme filled with Catholic music and reflects on feast days), Laudato Si (based on Pope Francis' encyclical on caring for creation), In the Hands of Grace (funeral notices), Called to Serve (a religious life programme), Prayer Hour (for an end to the pandemic led by priests, religious sisters and bishops in the SACBC region, youth shows, Covid-19 Psycho-Social support programme (in collaboration with LCCL SA and CATHCA).

Radio Veritas focuses on members of the Catholic community, from children 7 years old to 90+ year-old adults. The content of the programmes caters to children, youth, mothers, fathers and families, clergy, religious, educators, employees, and business owners, and includes features that focuses on the unemployed, refugees and victims of violence, learners, academics, musicians, people of other faiths, local and international diverse communities. ensuring full participation, inclusivity, and collaboration.

Radio Veritas geographic licence area is Ekurhuleni Metropolitan in Gauteng. The station's broadcast format is 60% talk and 40% music. Radio Veritas broadcast languages are English, SeSotho, IsiZulu, Afrikaans, Portuguese, French, and Setswana. Local news and information are 105 minutes of news per week of which 60% shall be local news, 15% national, and 25% shall be international news. Radio Veritas frequency is 103.8 FM & 107.5 FM. It broadcast 24 hours 7 days a week.

The primary aims and objectives of the project are:

- To be a recognized self-supporting Catholic broadcaster serving the interests of its community.
- To address social and Catholic issues;
- To provide a "life guide" to its listeners;
- To give hope and direction to its listeners;
- To become easily accessible to its listeners;
- To utilize more than one medium to reach its audience;
- To broadcast professionally;
- To generate programmes that are used/re-used throughout the world;
- To become the default broadcast medium for the South African Catholic Church;
- To provide relevant and adequate training for those who work within Radio Veritas;
- Faith based shows that are inspiringly Catholic:
- To have programs that are grounded in the Catholic faith;
- To be a sustainable company, with a healthy balance sheet.

Approved Funding Amount: R2 203 000.00 for Capital expenditure (studio, OBE and inverter);

Eastern Cape

Ekhephini FM

Ekhephini FM Trading is a community radio based at Barkley East under Senqu Local Municipality in Joe Gqabi District Municipality. The station was founded in 2005 by community members and got licensed by ICASA in 2006. The station is registered as an NPC and governed by a Board elected every three (3) years at elective general meetings.
Since the station is based in a low-economic activity area, its growth has been hampered by low revenue generation which has seen it make do with broadcasting equipment donated by the Department of Communication over 15 years ago. Through its quality programming, the project aims to address socio-economic issues including high rate of crime, unemployment and slow development.
Ekhephini FM geographic licence area is Senqu local Municipality, Joe Gqabi District in the Eastern Cape. The station's broadcast format is 70% talk & 30% music. Ekhephini FM's broadcast languages are IsiXhosa, English, Sesotho, and Afrikaans. Local news and information are 60% local news and 40% international. South African music content is 80%. Ekhephini FM frequency is 107.9 Mhz. It is broadcast 24 hours 7 days a week.

The station's objectives are:

- to curb the high rate of crime,
- Solve unemployment, especially among youth.

- Accelerate the rate of development.
- To inform, educate and entertain.
- Encourage and harness community cohesion among societies from different walks of life.

Approved Funding Amount: R2 529 000.00 (Transmission fees for Sentech: R 260 000.00; Capital expenditure for studios, inverter & OBE: R2 269 000.00)

Engcobo FM

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

The project aims to cover 70 administration areas and the station is eager to mobilise communities to move closer to the world of information that will be customised to suit their needs.

Due to the mountainous terrain around the district, the closest community radio station is unable to cover a sizeable percentage of Engcobo Local Municipality hence the need for the area to have its own medium of communication that will advance the causes of the area.
Engcobo FM geographic licence area is Engcobo local municipality, Chris Hani District in the Eastern Cape. The station's broadcast format is IsiXhosa 95%, English 5%. Engcobo FM's broadcast languages are IsiXhosa, and English. Local news and information are 60% local news and 40% international. South African music content is 90%. Engcobo FM's frequency is 96,6 Mhz. It is broadcast 24 hours 7 days a week.

Aim of the project

- To curb the unemployment rate in the community (Engcobo FM will employ 27 people)
- Digital migration (the radio station will have a conversation on air about the era of technology in rural lifestyles)
- Promote our cultural heritage in the language people can relate to which is 95 % Xhosa, 5% English, and music will be a mix of traditional, spiritual, and African music.
- To inform, empower and educate the community about health issues, crime, and GBV which are the principal issues/ problems the community is facing.
- To give community awareness (programs available either through the government or non-governmental organisations so that people can benefit)

Approved Funding Amount: R657 000.00 (Content production: R380 000.00; Administration costs for bank fees, audit fees & insurance: R77 000.00; Transmission fees for Sentech: R200 000.00

Kingfisher FM

Kingfisher FM is a non-profit organisation operating broadcasting services in the city of Gqeberha, Nelson Mandela Bay Metropolitan area. The station broadcasts to a Christian community of interest. Kingfisher FM has established and maintains a coordinating body called Spiritual Board which consists of a representative of Christian organisations, community-based organisations, and individuals within the coverage area. More than 60% of Kingfisher FM's programming is aimed at education, promotion of Christian religion, literacy, and community information. This talks to the station's self-stated aim of appealing to the broader community in its coverage area. The station was founded in 1995 and has consistently been on air for 27 years. In April 2022, ICASA issued the station with a 7-year license.
Kingfisher FM geographic licence area is Nelson Mandela Bay Metropolitan in the Eastern Cape. The station's broadcast format is 50% talk & 50% music. Kingfisher FM's broadcast languages are English, Afrikaans, and IsiXhosa. Local news and information are 65 minutes of news per day of which 22% shall be local news,28% regional, 30% shall be national news and 20% shall be international news. Kingfisher FM frequency is 103.8 FM & 107.5 FM. It is broadcast 24 hours 7 days a week.

Community Broadcast Approved Projects

The primary aims and objectives of the project are:

- To provide Christian broadcasting services.
- To educate the community.
- To promote Christianity.
- To improve levels of literacy
- Empower the community at large including children, disabled, and youth.

Approved Funding Amount: R2 663 500.00 (Administration costs for bank fees, audit fees & insurance: R60 500.00; Transmission fees for self-transmission: R400 000.00; Capital expenditure for studios, inverter & OBE: R2 203 000.00)

Oasis FM

On seeing the desperate situation that resulted into the collapse of the Radio Graaff-Reinet community radio station, a group of activists came together to evaluate the reasons that resulted into the collapse of Graaf Reinet radio. It was established that the station died because there was no support from the business sector. This was the case because within the municipality, there were very few business initiatives that were strong enough to support the station. The only support the station received was the adverts from GCIS that would come at intervals of about two months and the rate was R 6000.00 per slot. The volunteers started losing interest as they were spending and funding the project from their personal finances. The activists opted to go for a district licence as this kind of licence presented a wider net for business support.

An application for a district licence was made and ICASA approved the application. Engagements about the location of this district radio took place and Jeffrey's Bay because of its economic muscle compared to Graaf Reinet was agreed to be the host of the new radio station. At this point, discussions between the station and the municipality started and resulted in the municipality providing a facility to house the new station. Twice in a row, an application for the MDDA support was sourced and unfortunately with no success. This is a third attempt in 2022 to request for the funding and this support is our last hope. To attract the kind of support from the business stakeholders, the station needs appropriate studios and the transmitters that will service the licenced coverage area. ICASA has allocated the station the desired frequencies, and there is a dire need for transmitters to service these areas, by so doing, this will attract the kind of financial support as the business people will begin to hear the station's programmes and these messages will eventually reach target audiences as well.

Approved Funding Amount: R2 450 000.00 (Transmission fees for self transmission: R300 000.00; Capital expenditure for studios & inverter: R2 150 000.00)

Radio Karoo, known as Oasis is an NPC registered in 2011.

Oasis FM geographic licence area is Sarah Baartman District. The station's broadcast format is 60% talk & 40% music. Oasis FM's broadcast languages are Afrikaans 50%, English 25% IsiXhosa 25%. Local news and information are local 60%, national 3%, international10%. South African music content is 100%. Oasis FM frequency is 88.4-99.7 MHz (7 Freq). It is broadcast 24 hours.

The primary aims and objectives of the project are:

- To accord an opportunity for the district government to address the following issues in an unmediated way: poverty, youth unemployment and teenage pregnancy.

Voice of Matat

Voice of Matat is a station that is based in Matatiele which is a small town on the boarder of the Eastern Cape and Kwa Zulu Natal with very little happening except small businesses and agricultural sector hiring in the Alfred Nzo District Municipality. The station was established in 2013 and got its first licence in July of 2015. Many people in Matatiele work on the far and near town like Johannesburg and Durban.The station covers the areas of Matatiele, Butterwoth, Maluti, Mt. Fletcher, Maclear, Elliot, Ugie, Ngcobo, Northern area of Umtata, Qumbu, Tsolo, Bizana, Lusikisiski, Bizana, Mt. Frere, Mt. Ayliff, Kokstad, Cedarville, Underberg, Swartberg, Harding, Umzimkhulu, Isipingo, Bulwer, Lesotho, Qacha'snek, Barkley.

Community Broadcast Approved Projects

Voice of Matat geographic licence area is Alfred Nzo District Municipality. The station's broadcast format is 60% talk and 40% music. Voice of Matat's broadcast languages are IsiXhosa 30%, English 28%, Sesotho 27% & Afrikaans 15%. Local news and information are a total of one hundred (61) minutes of news per day. 50% minutes shall be local news, 40% minutes shall be national news and 10% minutes shall be international news. Voice of Matat Frequency is 88.9Mhz. It broadcast 24 hours.

The primary aims, and objectives of the project are:

- To develop, produce and provide ethical programming that is aimed at developing a media house.
- To be a vehicle and partner with relevant stakeholders to alleviate social ills.
- To build a sustainable and self-supportive project promoting education, health, justice and culture.
- To encourage and promote youth initiatives in business, sports, arts and culture.

Approved Funding Amount: R1 003 763.40 (Content production costs: R 300 000.00; Administration costs: R 123 200.00; Transmission fees for Sentech: R 285 563.40; Capital expenditure (equipment) R 295 000.00)

Limpopo

Maruleng Community Radio

Maruleng FM was established in 2009 by the youth of Maruleng and formally instituted in 2012 and broadcast on air for the first time on 04 January 2016. Maruleng FM is a legal entity registered with the Department of Social Development as non-profit organisation. Maruleng was granted a 5 years broadcasting licence by ICASA in 2013. Maruleng FM is broadcasting from D21 Road at the entrance of Maruleng Showgrounds opposite Maruleng Thusong Centre and there are no rental costs that are paid by the station. The station's signal coverage includes areas such as the entire Maruleng Local Municipality, Tzaneen, other parts of Burgersfort, and Bushbuckridge. The station's content ranges from education, health, entertainment, civic, current affairs, cultural, and gospel. The MDDA funded the station with two broadcast studios.

The community provided the station with half a hector yard rent free and the station is planning to erect houses and mini shops for rental purposes that will help the station for long term sustainability. Maruleng FM geographic licence area is Maruleng Local Municipality in the Mopani District. The station's broadcast format is 60% talk & 40% music. Maruleng FM's broadcast languages is 100% Sepedi. Local news and information are 100 minutes of news per day, of which 50 minutes should be local news, 35 minutes shall national news, and 15 minutes international news. South African music content is 60%. Maruleng FM frequency is 94.4 FM. It is broadcast 24 hours a day.

The primary aims and objectives of the project are:

- To create and improve access to local information, publicize community events, and entertain the community.
- To increase the sense of connectedness in our community between people of all ages, social, cultural, and ethnic backgrounds.
- To provide a forum for engaging in discussion on issues of local, national, and international importance.

Approved Funding Amount: R921 800.00 (Content Production: R184 800.00; Administration costs for bank fees, audit fees & insurance: R 77 000.00; Capital expenditure for refurbishment, inverter & furniture: R660 000.00)

Mohodi Community Radio Station

Mohodi Community Radio is incorporated as a non-profit organization (NPO) based in the Manthata Village in Limpopo. The station was licensed in 2000 and has grown from strength since then. Mohodi Community Radio geographic licence area is Dendron Traditional Local Council and surrounding villages. The station's broadcast format is 40% talk and 60% music. Mohodi Community Radio's broadcast languages are 100% Sepedi. Local news and information are not stated on the license. Mohodi Community Radio Frequency is 98.8 MHz It is broadcast 17 hours 7 days a week.

The primary aims and objectives of the project are:

- Its main activity is to educate & inform listeners about their rights through quality programming.

Community Broadcast Approved Projects

- Play an advocacy role on behalf of the community.
- Poverty alleviation and flight content aimed at fighting the scourge of Gender-Based Violence.

Approved Funding Amount: R1 834 000.00 (Content production: R100 000.00; Administration costs for bank fees, audit fees & insurance: R77 000.00; Capital expenditure for one studio, refurbishment, desktop, laptop & printer: R1 657 000.00)

Moletsi Community Radio

Moletsi FM is incorporated as Non-Profit Organization based in the Limpopo province. This is one of the few community radio stations led by a woman proportionally speaking. We have seen the station operating from a small studio and now they own a big structure with the intention of venturing into television as well. The station has managed to install a towering tower within its premises. The project was initiated in 1997 and it operates from Moletsi village outside the city. The station is licensed to broadcast in Polokwane Local Municipality. Moletsi FM geographic licence area is Polokwane Local Municipality in the Limpopo province. The station's broadcast format is 65% talk and 35% music. Moletsi FM broadcast languages are 80% Sepedi, 10% English, 5% Tshivenda & 5% Xitsonga. Local news and information 80 minutes of news per day of which 70% shall be local news, 20% shall be national news and 10% shall be international news. Moletsi FM Frequency is 98.6 MHz. It is broadcast 24 hours 7 days a week.

The primary aims and objectives of the project are:

- To influence transformation in society.
- To participate in moral regeneration over the airwaves.
- To overcome the destructive doctrinal influences that could cause disruptions and conflict.
- To create a tool that would help educate, inform, entertain, and most importantly,
- Empower the community in making informed decisions in a democratic environment.

Approved Funding Amount: R2 020 000.00 (Administration costs: R60 000.00; Capital expenditure for studios & printer: R1 960 000.00)

Waterberg Wave Community Radio Station

The Waterberg wave community radio is a station within the Waterberg District in the Limpopo province. The primary objective of the radio station is to give the Waterberg area a local community radio station and therefore a voice and access to information about the outside world of opportunities. The station's target audience are children aged 7-17 years and youth aged 18-35, women and men over 35 years, people living with disabilities, LGBTQIA communities, victims, survivors of GBVF, traditional practitioners and traditional leaders and the elderly (above 60). Waterberg Wave CR programmes include a broad range of topics engaging with expects on the following fields: community development, health, politics, education, environment, tourism and nation building, through their programming the station strives on language and cultural diversification, in promoting local African languages and assisting government to promote social cohesion. Waterberg Wave Community Radio's geographic licence area is Waterberg and surrounding areas in Limpopo province as per the licence spectrum. The station's broadcast format 60% talk, 40% music. Waterberg Wave Community Radio broadcast languages 60% Sepedi, 20% English,10% Setswana, 5% Afrikaans and 5% IsiNdebele. The licensee shall broadcast news to a total of 70 minutes per day of which 60% will be local, 30% national and 10% international news. South African music content is 80%. Waterberg Wave Community Radio frequency is 92.8 MHz. It is broadcast 24 hours.

The primary aims and objectives of the project are:

- To create opportunities in the media industry.
- To create local platforms to access information by state and corporate sector.
- To create a community voice for participation in government initiatives.
- To unearth rural performing arts talent and expose it to outside world.

Approved Funding Amount: R2 250 000.00 (Transmission fees for Sentech: R300 000.00; Capital expenditure for studios & inverter: R1 950 000.00)

Community Broadcast Approved Projects

Free State

Med FM

Med FM is a community radio station that broadcasts health and health-related matters to the listeners in a modern presentable way. Parallel to that a social outreach programme to promote health and nutrition to targeted populations. This is a purely a new concept with huge potential to contribute to the improvement of the health and lifestyles of the target population. In November 2009 the station was granted a 5-year class broadcasting licence. Successful programmes were broadcast which proved that the station can be successfully managed and the feedback from listeners was positive. In 2019, the station had 35 000 listeners according to the RAMS system (what is the current listenership). The initiative has been successful in Bloemfontein and the station plans to expand its model in other platforms. Med FM's geographic licence area is greater Bloemfontein. The station's broadcast format is 40% talk & 60 % music during weekdays and 50 % talk & 50 % music during weekends. Med FM's broadcast languages are 40% Sesotho, 30% English & 30% Afrikaans. Local news and information are 6 minutes per hour over a 12-hour period, 80% of news must be local, 10% provincial,5% national, 3% continental, and 2% international. South African music content is 80%. Med FM Frequency is 104.1. It is broadcast 24 hours a day.

The primary aims and objectives of the project are:

- To demystify health by bringing related information and content to communities through radio and other means of communication.
- To form strong partnerships with private and public organizations in pursuit of preventative health care and social understanding.
- To develop community journalism in support of our platforms for free healthy communication.
- To involve communities in the promotion of activities that support and entrench healthy lifestyles.
- To promote social enterprise development as a key towards independent healthy living.

Approved Funding Amount: R1 334 000.00 (Transmission fees for Sentech: R229 000.00; Capital expenditure for one studio & inverter: R1 105 000.00)

KwaZulu Natal

Nongoma FM

Nongoma FM is a community radio station based in Nongoma, KwaZulu Natal in the Zululand District Municipality. The station was formed & registered in 2011, The station was funded by the MDDA for the studios in 2013 & since then, Nongoma FM 88.3 has been on-air and consistent with programmes & the station has been able to raise enough funds per month which allows the station to pay fixed expenses like electricity, WIFI connection, etc. The station has also managed to create jobs in the community which is a huge challenge for the people specifically for the youth. It has been bridging the gap in small ways it can through opportunities it gives to the youth. As much as the station tries to assist the community it serves, Nongoma FM has financial challenges which hinders the station from offering substantial stipends as well as proper branding for the station's visibility and the station is also in a remote area which is a challenge as the internet and access to a mass population is limited.Nongoma FM geographic licence area is Nongoma and surrounding areas. The station's broadcast format is 55% talk and 45% music. Nongoma FM's broadcast languages are 70% IsiZulu, and 30% English. Local news and information are 169 minutes of news per day of which 75 minutes is local news and 69 minutes is national news and 25 minutes is international news. South African music content is 60%. Nongoma FM frequency is 88.3 FM. It is broadcast 24 hours.

The primary aims and objectives of the project are:

- Bridge the gap of communication between those who have the power to make decisions and the communities it serves.
- Provide community-based non-commercial services for people living in the areas covered by the station's spectrum.
- Broadcast programmes designed to serve the needs of those not currently served by other broadcast media in the Nongoma community.

Approved Funding Amount: R1 393 000.00 (Transmission fees for Sentech: R 265 000.00; Capital expenditure for one studio & OBE: R1 128 000.00)

RESEARCH, TRAINING, AND DEVELOPMENT-2022/23FY

CAPACITY BUILDING

MDDA/FPB Child Protection Week

The Agency partnered with the Film and Publications Board (FPB) to commemorate Child Protection Week (CPW) in June 2022, as a national strategy to embrace childcare and protection. The team hosted a series of events in Mpumalanga, Northern Cape, and Gauteng. The aim of the programme was to educate children and parents on the importance of online safety and being responsible digital citizens. The events were attended by more than 100 people including students, teachers, parents, government departments, and civil organizations.

Governance and Compliance Workshops

During September 2022, the Agency implemented one-day workshops on Governance and Compliance Management in Limpopo, Kwazulu-Natal, Western Cape and Eastern Cape provinces respectively. The workshops covered subjects such as corporate governance principles, structures, clear roles and responsibilities, compliance with MDDA grant and other external organisations compliance obligations.

The workshop was aimed at managers and Board members from print and broadcast projects. About 103 people from 51 projects, participated in this workshop.

Interactive Media Workshop

The Agency hosted Interactive Media Training from 11 to 13 October 2022, in the North-West province. The training was aimed at equipping media practitioners to plan and create websites. This included authoring /compiling /putting together components for user interface design for communication, entertainment, and information devices. Participants learnt to compile interactive presentations, graphics, photographic elements, or visual content for marketing purposes. The key subjects covered were design and developing creative elements for interactive media solutions and gathering interactive media content. It was facilitated by Radio 101, and attended by 23 radio and print community media practitioners.

Grantee Orientation Workshop 2022

This workshop is designed for all new grantees with the purpose of training them on Management (finance, project, and business), Governance, and Compliance. These grantees are projects that were approved for funding by the Board at its October 2022 meeting. The aim was to broaden their understanding of the functions of the MDDA, processes, and procedures that may impact their funding, and generally comply with MDDA support requirements and other organizations. The workshop was implemented from 8 to 9 December 2022. About 75 people consisting of delegates from funded projects and sector stakeholders attended this session.

Ponelopele Culture of Reading Event

The Agency collaborated with Ponelopele Reading Club and Library in pursuance of its mandate of promoting literacy and a culture of reading in previously disadvantaged communities. On 10 December 2022, the Agency visited the Club in Botlokwa village, Limpopo province to donate books to the children that the project caters for. In addition, the Film and Publications Board also facilitated a session with children that are members of the reading club on cyber bullying and online safety. More than 50 children attended the session.

Radio Management Training

In line with the theme of governance, management, and leadership the Unit also held radio management training for Gauteng-based radio stations. The training was held from 22 to 25 March 2023. This was an MICT Seta accredited training covering Finance and Business Strategy Skills offering theoretical aspects and practical financial management and business strategy design skills to community radio managers. It was facilitated by Radio101, and attended by 18 Gauteng community radio station managers.

MDDA/NEMISA Corporate Governance Training

The Agency partnered with the National Electronic Media Institute of South Africa (NEMISA) to implement a 2-day 5iQ Community Radio Board Governance training in Johannesburg and Cape Town respectively. The training was targeted at Boards and management of community radio stations and was facilitated by Dr Harlan Cloete from the University of the Free State. The sessions covered subjects around promoting organizational values and decision making, effective governance, board strategies and structures, codes of conduct, and ethical practices.

Gauteng sessions were hosted on 11 to 12 and 18 to 19 March 2023, and attended by stations from Gauteng, Limpopo, Free State, North-West, and Mpumalanga provinces. Each radio station was represented by three (3) Board members and one (1) station manager. The Cape Town session was hosted on 25 to 26 March 2023 for Western Cape based community radio stations. A total of 100 community radio managers and Board members benefited from this training.

RESEARCH, TRAINING, AND DEVELOPMENT-2022/23FY

Leadership and Mentorship Programme

The Agency implemented a pilot leadership programme for Kwa Zulu Natal community media projects. The training was held on 27 to 29 March 2023 in Durban. The programme consists of two (2) components, which includes the three-day training followed by three-months mentorship sessions. The training focused on the QMS Fundamentals, effective leadership in the context of both the internal and external operating environment, PETSLE and SWOT, people management, organisational development, conflict resolution and discipline in the workplace. It was facilitated by SSB Consulting, attended by 20 radio and print management representatives.

MDDA/FPB Digital Literacy Programmes

Online Youth Safety Event

The Agency in partnership with the FPB, implemented Online Safety Youth events hosted at various South African Universities. The purpose was to bring together content creators and distributors, government, non-governmental institutions, academia and youth to discuss the state of online safety in South Africa and explore possible safety measures.

The MDDA participated on a roadshow event hosted on 8 September 2022 at the North-West University, a summit hosted at the University of Limpopo on 22 to 23 September 2022, Safer Internet Day at Nelson Mandela Bay Stadium on 07 February 2023, and an Online Safety event hosted at Eastcape Midlands TVET College on 8 February 2023.

RESEARCH AND DEVELOPMENT

Future Proofing Community Radio

Training Needs Assessment Report

Through the partnership with NEMISA and the NAB, the Agency achieved the finalisation of the Future Proofing Community Radio Report in April 2022. Critical outcomes of the workshops included updates about upcoming policy and technological shifts; profiling/sharing the work of different entities working in the broadcasting ecosystem, and fostering partnerships, networking, and shared learning. A training needs assessment was conducted with participants during March 2023 workshops to ensure NEMISA and MDDA's future training offerings for community radio were shaped by the needs and gaps identified by participants and practitioner.

Small Commercial and Community Media Sustainability Model

As the MDDA approaches its 20th anniversary in 2023, the agency appointed Redflank Solutions Pty (Ltd) to conduct a comprehensive study and develop a community media sustainability model. The objective was to determine the levels of sustainability within the community media sector using UNESCO defined Media Viability Indicators, understand the factors contributing to sustainability or lack thereof, and ultimately develop sustainability strategies. The actual research project was initiated during the 2021/22 financial year and a Sustainability Model was developed during the 2022/23 financial year as per the MDDA Annual Strategic Plan.

MDDA Strategy Implementation Review and Impact Assessment

The Agency appointed Mogadigadi Business Solutions to undertake a five-year implementation review of the MDDA's strategy, to enable the organisation to reflect on and plan its future performance with regards to inputs, outputs, outcomes, and impact. The purpose is to determine the extent to which the MDDA is responding to its mandate of community media development and diversity.

PART C:
GOVERNANCE

1. INTRODUCTION

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

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The entity was invited to appear before the Parliamentary Portfolio Committee on Communications and Digital Technology on the 19th April 2022, 23rd August 2022, 11th October 2022 and 7th March 2023.

These meetings allowed the Portfolio Committee to consider the performance of the entity in terms of the approved Annual Performance Plan.

The Portfolio Committee utilised the meetings as a tool to exercise its oversight over the MDDA and to receive assurance on the performance of the organisation.

3. EXECUTIVE AUTHORITY

MDDA submitted quarterly performance information and financial information reports to the Executive Authority on the following dates:

Quarter 1- 30th July 2022

Quarter 2- 29th October 2022

Quarter 3- 31st of January 2023

Quarter 4- 30th April 2023

1. INTRODUCTION

Introduction

The MDDA Act stipulates that the Board ought to consist of nine (9) members; six (6) 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 (3) members are appointed by the President, taking into consideration the funding of the Agency, of whom one (1) is from the commercial print media and another one (1) from the commercial broadcast media. The President of the Republic of South Africa appoints one (1) 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 other laws of the Republic.

The role of the Board is as follows:

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

The Agency acts only through the Board, which is required by law to be independent; impartial; and to exercise its powers and perform its duties without fear, favour or prejudice; and without any political or commercial interference.

The role of the Board also includes the following:

- It holds absolute responsibility for the performance of the MDDA and retains full and effective control over the MDDA.
- It ensures that the MDDA complies with applicable laws, regulations and policy.
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans.
- It ensures that the shareholders' performance objectives are achieved.
- It manages potential conflicts of interest and develops a clear definition of levels of materiality.
- It ensures financial statements are prepared and that the Board maintains a high standard of integrity, responsibility and accountability at all times.

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

Board Charter

The MDDA Board has approved a Board Charter, which is reviewed annually. The purpose of this Charter is to set out the Board's role and responsibilities, its authority, composition, functioning and other related matters. It serves as a source of reference for existing and new directors, and all directors of the Board are familiar with the contents of the Charter. Board meetings and administration have been implemented according to the Board Charter which serves as a guide for all Board activities.

Code of Conduct

The Board is committed to a code of conduct, which it reviews and adopts on an annual basis. This code of conduct ensures that each member acts with integrity when performing his or her responsibilities on behalf of the MDDA. The Code outlines the Board's fiduciary duties and defines its responsibilities towards stakeholders, staff members, and government.

All members of the Board have also taken an oath or affirmation committing them to the principles of fairness; freedom of expression; openness; accountability; and upholding and protecting the Constitution and other laws of the Republic of South Africa.

Composition of the Board

2022/2023 MDDA Board and Committees

In line with Section 4 of the MDDA Act, the President of the Republic appointed Prof. Hlengani Mathebula as the MDDA Board of Directors' Chairperson, effective from the 8th June 2021, for a period of five years. Ms Carol Mohlala, and Ms Martina Della Togna, were also appointed to the Board on the 19th May 2022. These Board members joined, Ms Brenda Leonard, Ms Andiswa Ngcingwana, Ms Marina Clarke and Ms Zanele Mngadi (the shareholder representative), Ms Nadia Bulbulia (commercial broadcast representative) and Mr Hoosain Karjieker (commercial print media representative) as Board Members. Ms Andiswa Ngcingwana resigned from the Board with effect from the 4th April 2022 and Ms Zanele Mngadi exited the Board on the 15th May 2022, when her term of office expired. Ms Nomkhosi Peter joined the Board as the shareholder representative from the 6th December 2022. Ms Peter resigned from the Board on the 31st March 2023, due to her secondment from the GCIS to the MDDA, as the MDDA Acting Chief Executive Officer effective 01 april 2023.

Upon appointment and after taking an oath of office, new members were inducted through provisions of relevant documentation. The formal induction programme for new Board members took place on the 24th August 2022 and 16th March 2023. This programme is aimed at equipping directors with sufficient knowledge and understanding of the operations of the MDDA, the opportunities and challenges facing the Agency, including the key risks, which would enable them to effectively contribute to strategic deliberations and exercise their duty of oversight over the Agency.

The Agency has continued to enjoy sustained support from the Executive Authority which has provided guidance in terms of national policy priorities. The bilateral meeting between the Agency and the Ministry occurred on the 28th March 2023. The engagement assisted both the shareholder and the Agency in maintaining alignment between the strategic direction of the Agency and that of national government.

1. INTRODUCTION

The Board of Directors met for four (4) ordinary Board meetings and three (3) special Board meetings during 2022/23 to process the statutory, strategic and policy requirements of the organisation and to provide guidance to Executive Management. These meetings also ensured that the disbursement of funds to community broadcast and print media were approved, and such disbursements closely monitored.

The Board held a Strategic Planning Session which took place on the 1st and 2nd September 2022. These fruitful sessions drew attention to strategic areas of focus for the Board as detailed in the 2023/24 Annual Performance Plan.

The MDDA Funders Breakfast is an annual event held with current and prospective funders to report on MDDA's key interventions, demonstrate how funds were utilised in the previous financial year and how future funding will be channelled to advance the mandate of providing an environment for community media development and diversification. The annual Funder's Breakfast was held on the morning of the 24th March 2023, and was attended by Prof Hlengani Mathebula, Ms Marina Clarke, Ms Brenda Leonard, Mr Hoosain Karjieker, Ms Martina Della Togna and Ms Peter, as representatives of the MDDA Board.

Members of the Board also attended various studio unveilings of community radio stations during the year.

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

The MDDA Board consisted of four (4) Committees during 2022/23: Audit and Risk Committee; Projects Oversight Committee; Research, Capacity Building, Monitoring and Evaluation Committee and the Corporate Affairs Committee. The Committees have provided the Board with recommendations and reports which ensures transparency and full disclosure of the Committees' activities. An independent Non - Executive Director serves as a Chairperson in each Committee.

The Audit and Risk Committee members consists of Mr Fortune Mkhabela, Ms Margaret Phiri and Ms Matseliso Shongwe, who were appointed as independent members of the committee from the 1st April 2021 and have served the Committee diligently. It should also be noted that the Shareholder Representative, Mr Simon Mankgaba served on the Audit and Risk Committee, together with the Board Representative, Mr Hoosain Karjieker. Ms Brenda Leonard served as an alternate Board representative in the event that Mr Karjieker was unable to attend Audit and Risk Committee meetings.

Ms C. Mohlala and Ms. M. Della Togna were appointed to a working group, together with management representatives to consider the planning for the 20-year MDDA review and celebrations.

Below are the meetings held by the Board of Directors during the 2022/23 financial year.

2022/2023 MDDA Board of Directors Meetings (includes continuations and special meetings)

- 22nd April 2022.
- 25th May 2022.
- 27th & 29th July 2022.
- 1st September 2022.
- 26th October 2022.
- 25th January 2023.
- 13th February 2023.

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Committee Membership	No. of Meetings attended
Prof. Hlengani Mathebula	Non-Executive Director and Board Chairperson	1st September 2020	Active	PhD from the University of Pretoria Master of Management from the University of the Witwatersrand Bachelor of Arts (B.A.), BTH (Hons) From the University of the North (Limpopo)	Banking & Finance. TAX. Media & Communication. Governance.	None	9
Ms Andiswa Ngcingwana	Non-Executive Director	1st September 2020	4th April 2022	Master of Business Administration (MBA) 2013 National Diploma in Commercial Practice 2001	Financial management. Strategic, annual and operational planning. Monitoring and Evaluation. Auditing. as well as research and development.	Project Oversight Committee and Audit and Risk Committee	0
Ms Brenda Leonard	Non-Executive Director	1st September 2020	Active	BA in Communication Science degree from the University of South Africa Advanced Certificate in Media Management from the University of the Witwatersrand Certificate in Media Management from the University of the Witwatersrand Certificate in Media Development From DW-Akademie	Community media especially radio. Community development.	Corporate Affairs Committee (Chairperson), Research, Capacity Building and Monitoring and Evaluation Committee and alternate member of the Audit and Risk Committee	23

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Committee Membership	No. of Meetings attended
Ms Marina Clarke	Non-Executive Director	1st September 2020	Active	BA Drama from the University of Pretoria. Advanced Management Programme (NQF7) from the Rhodes Business School Being a Director from the Institute of Directors in South Africa	Disability. NPO management. Training & capacity building.	Research, Capacity Building and Monitoring and Evaluation Committee (Chairperson) Corporate Affairs Committee (until 25 January 2023 when she was replaced by Ms N. Peter), and Project Oversight Committee	29
Ms Nadia Bulbulia	Non-Executive Director and commercial broadcast representative	10th September 2021	Active	Master's Degree (Humanities) from the University of the Witwatersrand Honours Degree (BADA) from the University of the Witwatersrand Teacher's Diploma Speech & Drama (LTCL) from Trinity College (London) International Relations Certification from the Clingendael Institute (Netherlands)	Policy and Regulation.	Corporate Affairs Committee and Projects Oversight Committee	22
Mr Hoosain Karjieker	Non-Executive Director and commercial print representative	17th November 2021	Active	Bcompt Accounting from the University of South Africa Diploma in internal auditing from the Cape Peninsula University of Technology	Audit and Accounting. Media Management.	Projects Oversight Committee (Chairperson) and Audit and Risk Committee	25

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Committee Membership	No. of Meetings attended
Ms Carol Mohlala	Non-Executive Director	19th May 2022	Active	BA Media Studies from the University of the Witwatersrand	Media Relations. Digital Media. Social Media. Community Print Media.	Projects Oversight Committee	8
Ms Martina Della Togna	Non-Executive Director	19th May 2022	Active	Master of Fine Arts (MFA) from AFDA	Media and Communication Strategy. Film & TV Production – Documentary and Drama. Media Studies Research. Organisational Development.	Projects Oversight Committee and Research, Capacity Building and Monitoring and Evaluation Committee	9
Ms Zanele Mngadi	Non-Executive Director and shareholder representative	19th May 2020	15th May 2022	Public Relations Management Diploma (1995) Human Resources Management Overview and Compliance Certificate (2015). Director Development Programme (2015) Chartered Public Relations Practitioner	Political management. Development of communication strategies. Content development. Public participation. Media management, General public sector management and brand and stakeholder management. Editing and proofreading expertise. Management, administrative and leadership competencies.	Research, Capacity Building and Monitoring and Evaluation Committee	2

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Committee Membership	No. of Meetings attended
Ms Nomkhosi Peter	Non-Executive Director and shareholder representative	6th December 2022	31st March 2023	Postgraduate Diploma: Corporate Governance and Compliance from the University of Johannesburg M.Sc (Med) Bioethics and Health Law from the University of the Witwatersrand Management Development Programme (MDP) from the University of South Africa B. Sc (Hons.) Microbiology from the University of Pretoria B.Sc: Biotechnology from the University of Western Cape	Strategic planning, Intellectual property and technology development and transfer, Innovation management, Business development, Policy formulation, Operations management, Corporate governance, Legal/ regulatory compliance.		3

Committees

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	• 11 April 2022 • 16th & 19th May 2022 • 22nd, 25th & 29th July 2022 • 10th August 2022 • 29th September 2022 • 17th October 2022 • 31st October 2023 • 16th and 30th January 2023 • 31st January & 17th February 2023 • 20th March 2023	5	Mr Fortune Mkhabela (Chair) Ms Margaret Phiri Ms Matseliso Shongwe Mr Simon Mankgaba Mr Hoosain Karjieker (Board Representative)
Projects Oversight Committee	• 6th April 2022 • 15th July 2022 • 16th September 2022 • 14th & 18th October 2022 • 28th November 2022 • 13th January 2023	5	Mr Hoosain Karjieker (Chair) Ms Nadia Bulbulia Ms Carol Mohlala Ms Marina Clarke Ms Martina Della Togna
Corporate Affairs Committee	• 4th April 2022 • 13th May 2022 • 11th July 2022 • 20th September 2022 • 10th October 2022 • 9th January 2023 • 3rd & 13th February 2023 • 9th March 2023	3	Ms Brenda Leonard (Chair) Ms Nadia Bulbulia Ms Marina Clarke
Research, Capacity Building, Monitoring and Evaluation Committee	• 5th April 2022 • 12th July 2022 • 11th October 2022 • 10th January 2023	3	Ms Marina Clarke (Chair) Ms Brenda Leonard Ms Martina Della Togna

Remuneration of board members

The Board was remunerated, in accordance with National Treasury Regulations. Ms C. Mohlala, Ms Z. Mngadi, Ms A. Ngcingwana and Ms N. Peter, were not eligible for remuneration due to their employment by organs of state. Prof. H. Mathebula elected not to receive remuneration from August 2022 to December 2022. Board members were also reimbursed for their travel costs which were incurred in the execution of their duties. The Board's remuneration for 2022/23 until 31 March 2023 was therefore as follows:

Non Executive Board Member Remuneration

Name	Remuneration
Prof H. Mathebula	113 109.00
Ms N. Bulbulia	146 154.00
Ms B. Leonard	205 434.00
Mr H. Karjieker	181 980.00
Ms. M. Clarke	209 184.00
Ms M. Della Togna	94 770.00
Total	**959 510.00**

Independent Audit and Risk Committee Remuneration

Name	Remuneration
Ms M. Phiri	35 970.00
Ms. M. Shongwe	54 370.00
Total	**90 340.00**

5. RISK MANAGEMENT

ERM is a strategic imperative in the MDDA to ensure that the organisation sets clear and realistic objectives, understands critical risks associated therewith and develops mitigation strategies to manage such risks. The department recognises the King IV Report on Corporate Governance as best practice.

It requires that the organisation should establish a risk management structure that will adequately identify, measure, monitor and control the risks involved in its various operations and lines of business. The organisation's risk management framework is in line with the PFMA 1 of 1999, as amended; and the Public Sector Risk Management Framework (2010).

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

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

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

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

Audit and Risk Committee

The MDDA has established the Audit and Risk Committee that advises the Accounting Officer on governance, risk management and controls. It comprises of an independent audit and risk chairperson, two non-executive members, one representative member from the board. The Acting CEO and the CFO who represent the agency's operational function, and the CAE who represent the core operational function of internal audit activity. The Audit and Risk Committee adopted an approved terms of reference as contained in the ARC Charter that regulates its affairs and discharges all its responsibilities in compliant with the charter. The committee is responsible for oversight of issues that are reported at the agency's hotline.

Risk profile of the Agency

ARC approved fourty-three (43) risks for the 2022/23 financial year. Of the fourty-three (43) risks, eleven (11) are strategic risks, thirty-two (32) are operational risks. All risks were managed to acceptable risk levels.

6. INTERNAL CONTROL UNIT

Our review of the findings of the Internal Audit work, which was conducted on the risk-based approach in the agency revealed certain weaknesses, which were then raised with the agency.
The following internal audit work was completed during the year under review:

- Annual Financial Statement 2022/23.
- Audit of Performance Audit (all quarters).
- HR Performance agreement and appraisal.
- HR Leave Management audit.
- Risk management audit.
- ITC audit.
- POPI Act.
- SCM audit.
- Financial Management-Audit of Travel and subsistence process.
- Audit Improvement plan 2022/23 and internal audits follow up (all quarters).
- Grant and seeding audits.
- APP review 1st draft 2022/23

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

- Ensuring the effectiveness and efficiency of internal controls.
- Evaluating internal controls.
- Monitoring regulatory compliance.
- Verifying and protecting assets.
- Safeguarding the organisation's assets and properties from loss, waste as well as fraud.

Key activities and objectives of the audit committee

- Administering compliance with rules and legislation.
- Ensuring that the company's policies on the code of conduct and ethics satisfy the requirements.
- Coordinating with other committees to understand the risks and responsibilities and the effect on financial reporting.
- Providing oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.
- Ensuring the organization's financial statements are understandable and reliable.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr Fortune Mkhabela (CISA)	Bachelor of Commerce in Accounting Honours in Accounting Certified Internal Auditor Certification in Control Self-Assessment Certificate in Risk Management	External	NA	1 April 2021	Active	12
Ms Margaret Phiri (CASA)	Bachelor of Commerce Accounting BCompt, Honours	External	NA	1 April 2021	Active	12
Ms Matseliso Shongwe (CASA)	Bachelor of Commerce Accounting	External	NA	1 April 2021	Active	13
Mr Simon Mankgaba	Post Graduate Diploma in Internal Auditing Honours in Accounting Btech in Internal Auditing Management Development Programme Diploma in Criminal Justice and Forensic Investigations National Diploma in Internal Auditing	External	NA	16 July 2020	Active	12
Mr Hoosain Karjieker (Board Representative)	B. Compt Accounting and Diploma in Internal Auditing	External	NA		Active	12

8. COMPLIANCE WITH LAWS AND REGULATIONS

The entity has drafted a compliance matrix, which alludes to all legislative frameworks applicable to the MDDA. The Audit and Risk Committee conducts oversight against quarterly reporting of the entity's compliance with the compliance matrix and reports to the MDDA Board on progress of the entity in this regard.

9. FRAUD AND CORRUPTION

Fraud and anti-corruption forms an essential pillar of the MDDA's ERM philosophy. The Fraud and Anti-Corruption Strategy and Policy adopts a comprehensive approach to the management of fraud risk. Through a range of strategies and policies that integrates fraud and anti-corruption, ethics and integrity management, the organisation seeks to ensure the existence of effective controls that assists with the prevention and detection of fraud and corruption, as well as to provide guidelines on how to respond should instances of fraud and corruption be identified.

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

An annual strategic risk assessment was conducted in 2022/2023 with the intention of identifying unwanted events (with negative impact on the MDDA). Specific control measures were identified in order to reduce the likelihood and impact of the identified risks. The Risk Management process is a continuous process, and the risks and controls will be frequently revisited to improve the effectiveness of the control environment to enable achievement of company objectives.

With the approval of the Fraud and Anti-Corruption Strategy and Policy, there has been continuous focus on awareness and information sharing on what constitutes fraud, possible types of fraud, reporting mechanisms and whistle-blowing processes as well as the promotion of various avenues to report allegations of fraud and corruption such as the Public Service National Anti-Corruption Hotline: 0800 701 701, Special Investigating Unit (SIU): 0800 037 774, Public Protector of SA: 0800 112 040, The Presidential Hotline: 17737.

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

10. MINIMISING CONFLICT OF INTEREST

The MDDA Board approved the revised Code of Conduct and Ethics Policy, which was then shared with all staff. All employees conduct an annual Declaration of Interest. All other processes, including hiring and supply chain management, also include declarations of interest. Members should be recused if they are in a conflict of interest as defined by the policy.

11. CODE OF CONDUCT

The updated Code of Conduct and Ethics Policy was approved by the MDDA Board, pledging the Agency, its external partners, and its staff to the highest moral standards. The Agency's fundamental ethical values, aspirations, and principles are summarized in the Ethics Policy in a succinct, aspirational manner. The Code of Conduct, on the other hand, has a more directive aspect as it is quite detailed in outlining or prohibiting certain behavior. The Ethics Policy is fundamentally value-based, whereas the Code of Conduct is rule-based.

The MDDA incorporates the Agency's Ethics Policy and Code of Conduct, giving instructions for all employees to always act morally and with integrity. Additionally, it gives staff members clear guidelines regarding what is appropriate and unacceptable in the workplace without requiring continual managerial oversight. The MDDA sent its employees to an Ethics course presented by the National School of Government (NSG), which was attended by 89% of the entire staff complement. This was done to support its commitment to addressing ethical issues and to be proactive.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The MDDA employs a well-ness programmme with regular desktop wellness awareness material that is accessible to all employees in an effort to promote and maintain a stable, healthy, safe, and productive work environment. The organisation has a policy that doesn't unfairly discriminate against people who decide to smoke. However, it has been declared "smoke-free" in all common working areas.

The MDDA policy makes it compulsory to belong to a medical aid and currently administers its medical aid through the Discovery Medical Aid Scheme where all employees, with the exception of those employees who are and wish to remain members of an alternative scheme of which their spouses or partners is already a member.

The Agency appointed new members to the Occupational Health and Safety Committee, made sure the Occupational Health and Safety Act and regulations are displayed on all of its notice boards, and obtained a compliance letter of good standing for the Compensation for Occupational Injuries and Diseases Act in accordance with the Agency's corporate responsibility to comply with laws and regulations and its intention to provide its employees with a safe and secure working environment.

The moving to the new premise at the South African Broadcasting Corporation (SABC), which is regarded as a National Key Point, assisted MDDA in bolstering the safety of MDDA Employees. Controlled access to the Agency's work areas and general premises are maintained in accordance with pertinent security and safety procedures to protect property, possessions, and individuals.

13. COMPANY /BOARD SECRETARY

Board Members have unrestricted access to the advice and services of the Company Secretary as well as the Secretariat Unit. The Company Secretary together, with other assurance functions, monitors MDDA's compliance with the requirements of the PFMA, National Treasury Regulations, the MDDA Act and other relevant and applicable legislation. The Company Secretary assists the Board Chairperson to conduct an annual Board evaluation process.

14. SOCIAL RESPONSIBILITY

The Media Development and Diversity Agency (MDDA) has a crucial social responsibility to promote media diversity, inclusivity, and access to information. This social responsibility is realised through creating an inclusive, diverse, and responsible media environment that empowers all South Africans to access and participate in the media landscape. By fulfilling these responsibilities, MDDA contributes to a more democratic and informed society.

Promoting Media Diversity:

- MDDA's primary responsibility is to foster diversity in the media industry by supporting and encouraging the establishment of community and small commercial media projects. This includes initiatives that represent historically disadvantaged, marginalised communities and ensure a plurality of voices in the media.
- MDDA aims to bridge the digital divide and improve media access for historically disadvantaged groups, including rural communities, women, youth, and people with disabilities. By providing support and resources, MDDA enables these groups to participate in media creation and consumption.
- MDDA's social responsibility extends to empowering media entrepreneurs, especially those from disadvantaged backgrounds. By providing financial support and capacity-building programs, the agency helps aspiring media professionals to establish viable and sustainable media ventures.

Fostering Media Literacy and Critical Thinking:

- MDDA's social responsibility includes promoting media literacy among citizens to enable them to critically analyse media content, identify misinformation, and make informed decisions. This helps create an informed and responsible media audience.

Supporting Diverse Content Creation:

- MDDA encourages media organisations to produce content that reflects the diversity of South Africa's society. This includes content that represents various cultures, languages, genders, and perspectives, thus promoting social cohesion and understanding.

15. AUDIT COMMITTEE REPORT

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.
The following internal audit work was completed during the year under review:

- Annual Financial Statement 2022/23.
- Audit of Performance Audit-(all quarters) (Q1, Q2, Q3 and Q4).
- HR Performance agreement and appraisal.
- HR Leave Management audit.
- Risk management audit.
- ITC audit.
- POPI Act.
- SCM audit.
- Financial Management-Audit of Travel and subsistence process.
- Audit Improvement plan 2022/23 and internal audits follow up (all quarters) (Q1, Q2, Q3 and Q4).
- Grant and seeding audits.
- APP review 1st draft 2022/23.

The following were areas of concern:

- The accuracy, validity, and completeness of financial statements.
- Compliance with regulations, policies and procedures.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority. The Audit and Risk committee has:

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

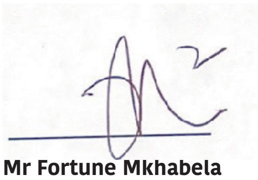
Evaluation of Financial Statements

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

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

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



Mr Fortune Mkhabela
Chairperson of the Audit Committee
Media Development and Diversity Agency

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	The MDDA does not issues licences or concessions
Developing and implementing a preferential procurement policy?	Yes	The MDDA is implementing the Preferential Policy Framework Act, 2000 (Act 5 of 2000), Preferential Procurement Regulations of 2017, and National Treasury Instruction and Practice Notes
Determining qualification criteria for the sale of state-owned enterprises?	N/A	There are no SOEs under the MDDA control
Developing criteria for entering into partnerships with the private sector?	N/A	The MDDA does not enter into partnerships with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	The MDDA does not offer incentives, grants and investment schemes

PART D:

HUMAN RESOURCE OVERSIGHT STATISTICS

INTRODUCTION

The key thrust of the MDDA Human Resources Management strategic imperative is to continue to build capacity and create an environment that enables the MDDA to achieve its mandate as specified in the MDDA Act of 2002. MDDA's Human Resources Department functions as a crucial business partner within the company, maximizing its contribution to and alignment with the company's strategic goals. To ensure the efficient and successful management of MDDA's personnel, the department provides a spectrum of professional services, expertise, and guidance, all of which are underpinned by sound risk management and statutory compliance.

OUR STRATEGIC THRUSTS

The Human Resources Department's primary responsibility in delivering operational excellence is to assist the organisation in accomplishing the HR-specific objectives committed in MDDA's Strategic Plan 2020 -2024 by planning, executing, and reviewing Human Resources projects. The MDDA has six (6) strategic thrusts to build organisational competences and leadership capacity for long-term growth:

- Organisational culture, and change management.
- Recruitment, retention, and succession planning.
- Employment equity – transformation and inclusivity.
- Training and development.
- Performance management.
- Health and wellness.

The Board approved the MDDA structure with one (1) additional position which increased the total number of funded positions to forty-four (44) in the structure. Although the MDDA experienced the resignation of five (5) employees and three (3) of those at the executive level during the financial year under review, significant improvement was noted when the MDDA filled most of its critical positions namely, HR & Corporate Services Manager, HR Officer, Legal Officer, Project Manager: Print and Digital, Accountant, and Digital Media Coordinator. Four (4) temporary staff members were employed during the period under review namely, Broadcast Consultant, Supply Chain Officer, X2 General Workers.

MDDA promotes a performance management culture as a strategic objective and tool of the organisation and is aimed at identifying talented employees and encouraging a culture of learning. The MDDA completed timeously its performance contracting process for the financial year 2022/23. The Board approved a new performance management policy in October 2022. The HR department ensured that the 2021/22 performance incentives were paid timeously to all qualifying employees.

The Employee Health and Wellness Programme (EHWP) was relaunched to provide programmes/interventions that can develop and maintain a healthy, dedicated responsive and productive employees within the MDDA. The EHWP Committee was established to assist with the assessment, planning and implementation of all activities associated with EHWP. Two (2) wellness days were implemented successfully for the financial year under review coupled with bi-monthly desktop awareness services, newsletters, EAP support, counselling services, and other relevant interventions and initiatives offered through the appointed employee wellness service provider ICAS.

MDDA promotes employee engagements and created a platform with the aim of bringing employees together and boosting staff morale called #StaffConnect. HR policies were communicated and workshoped to all employees including the newly introduced Hybrid Working Policy. Consequence management to address all matters pertaining to disciplinary, and dispute resolution, were implemented accordingly.

The MDDA prioritises employee development as it contributes to improved employee performance and organisational effectiveness. Employees continued to receive bursaries, short-term training initiatives and professional membership. This is to ensure capacity building, empowerment and development of skills to increase productivity and enable staff to be able to navigate the demands of the ever-changing workplace dynamics and media industry. Eight (8) training interventions were delivered and attended by one hundred and forty employees (140) namely, Ethics in the Public Service training (42), Project Management (28), Diversity and Disability in the workplace (31), Theory of Change (2), GRAP and Caseware (6), Root course analysis (1), CIA learning system infrastructure (3), as well as strategic conversations on governance (1). Fourteen (14) bursaries awarded, and twelve (12) professional memberships for five (5) employees paid.

MDDA entered into a memorandum of agreement with MICT SETA and was granted funding for the MDDA to host eight (8) learners for a duration of 12 months. The MDDA also hosted one (1) internship learner living with a disability funded by iGraduate.

INTRODUCTION

The highlights for the year under review were as follows;

- The approval and sign off of the HR Policy and procedure manual and Hybrid Working Policy by Board and communicated to staff in the form of desktop sensitization, and communication of at least one (1) policy per week.
- No grievances recorded for the year.
- Successful implementation of Disability and Diversity Workshop which touched on the white paper on the rights of persons with disabilities; reasonable accommodation & universal access plan; national strategic framework on awareness-raising campaigns.
- 89% of staff finished their Ethics in the Public service training through the National School of Government.
- Employee Wellness Day to equip MDDA employees with financial literacy, change management, management of stress and health in general; and
- Finalisation of skills audit project
- Signed MOUs with MICT SETA and National School of Government
- Successful implementation of the MDDA Internship Programme within the MICT SETA timeframes,
- Successful launch and implementation of #StaffConnect and #MyWellbeing programmes.
- Filling of critical positions with right skills and the finalisation of the CFO position timeously.
- Timeous implementation of performance bonuses for 2021/22 and annual salary increases for 2022/23.
- HR Records Management Framework approved.

Unachieved deliverables due to various reasons are the culture and climate survey and the organisational structure review design project which are prioritised for the 2023/24 financial year.

HUMAN RESOURCE OVERSIGHT STATISTICS

There was a total permanent staff complement of thirty-seven (37) at the end of the period under review, out of fourty-four (44) approved positions. This equates to a vacancy rate of 16%. There were five (5) terminations of permanent employees, one (1) was a dismissal while the other four (4) were resignations. The Agency appointed two (2) female managers during the FY 2022/23. The Agency appointed nine (9) interns and four (4) employees on short term contracts during the year under review.

2.1 Personnel related expenditure

Personnel Cost by programme/ activity/ objective

Employees are remunerated on total cost to the company remuneration model in order to increase the flexibility of their salary packages, make them more competitive in the market, and compensate them fairly for the services rendered.

The MDDA offers fringe benefits such as a provident fund administered by Liberty and, medical aid administered by Discovery included in the total cost to the company. Additionally, qualified employees also received, a cell phone allowance and study assistance. It is a condition of employment for permanent employees at the MDDA to join both the medical aid plan and provident fund. The total staff complement reflected here includes employees who left the Agency within the financial year as well as the nine (9) interns.

Programme/activity/objective	Total Expenditure for the entity	Personnel Expenditure	No of Employees	Average personnel cost per employee	Average personnel cost per employee
Communications & Strategy	R151 847 183,00	R2 400 444,63	4	R600 111,16	2%
Company Secretary	R151 847 183,00	R2 119 383,74	2	R1 059 691,87	1%
Finance	R151 847 183,00	R6 412 164,60	13	R493 243,43	4%
Human Resources & Corporate Affairs	R151 847 183,00	R2 605 663,10	6	R434 277,18	2%
Internal Audit	R151 847 183,00	R1 918 394,72	3	R639 464,91	1%
Legal Services	R151 847 183,00	R1 966 766,71	2	R983 383,36	1%
OCEO	R151 847 183,00	R2 729 676,14	2	R1 364 838,07	2%
Projects	R151 847 183,00	R10 699 261,03	15	R713 284,07	7%
Research, Training, Monitoring & Evaluation	R151 847 183,00	R6 235 169,33	9	R692 796,59	4%
Grand Total		**R37 086 924,00**	**56**		

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by salary band

Level	No of Employees	Personnel Expenditure	% of personnel exp. to total personnel cost	Average personnel cost per employee
Top Management	4	R6 633 368,33	18%	R1 658 342,08
Senior Management	11	R13 945 017,20	38%	R1 267 728,84
Professional	21	R11 981 779,58	32%	R570 560,93
Skilled	8	R3 883 944,36	10%	R485 493,05
Semi-Skilled	10	R612 991,77	2%	R61 299,18
Unskilled	2	R29 822,76	0%	R14 911,38
Grand Total	**56**	**R37 086 924,00**		**R662 266,50**

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure
Top Management	R265 999,08	R151 847 183,00
Senior Management	R475 313,67	R151 847 183,00
Professional qualified	R733 591,55	R151 847 183,00
Skilled Technical	R187 100,13	R151 847 183,00
Semi-skilled	R24 365,07	R151 847 183,00
Unskilled	0	R0 00
TOTAL	**R1 686 369,50**	

Training Costs

Programme//activity/ objective	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Professional Membership	R37 086 92	R95 209,00	39%	5	R19 041,80
Training & Development	R37 086 92	R262 549,39	14%	14	R18 753,53

HUMAN RESOURCE OVERSIGHT STATISTICS

Employment and vacancies

Although progress has been made in filling the critical positions during the year under review, the organisation experienced a high staff turnover in a very short period of time. One (1) qualifying female internal employee was appointed in the management position.

Programme/activity/ objective	2021/2022	2021/2022 Approved Posts	2021/2022	2021/2022 Vacancies	% of vacancies
	No. of Employees		No. of Employees		
Top Management	4	4	1	3	7%
Senior Management	9	10	9	1	2%
Professional qualified	20	22	19	3	7%
Skilled	7	7	7	0	0
Semi-skilled	1	1	1	0	0
Unskilled					0
Total	**41**	**44**	**37**	**7**	**16%**

Programme/activity/ objective	2022/2023 (April)	2022/2023 Approved Posts	2022/2023 (March)	2022/2023 Vacancies	% of vacancies
	No. of Employees		No. of Employees		
Office of the CEO	2	2	1	1	2%
Projects	13	14	13	1	2%
Research, Training, Monitoring & Evaluation	7	7	6	1	2%
Company Secretary	2	2	2	0	0%
Communication & Strategy	3	3	3	0	0%
Finance	7	7	5	2	5%
HR & Corporate Services	3	3	3	0	0%
Risk	0	1	0	1	2%
Legal Services	2	3	2	1	2%
Internal Audit	2	2	2	0	0%
Total	**41**	**44**	**37**	**7**	**16%**

HUMAN RESOURCE OVERSIGHT STATISTICS

Table: Employment and Vacancies as per Occupational Levels

Employment changes

Eight (8) employees were terminated during the period under review which led to a turnover rate of 17,9%

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	3	1
Senior Management	8	0	0	8
Professional qualified	18	6	2	20
Skilled	7	0	0	7
Semi-skilled	1	0	0	1
Unskilled	0	0	0	0
Total	**38**	**6**	**5**	**37**

Table: Employment changes

Reasons for staff leaving

Four (4) employees left the employ of MDDA for various reasons and one (1) dismissal.

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	4	11%
Dismissal	1	3%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	**5**	**14%**

Table: Reasons for staff leaving

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	1
Total	1

HUMAN RESOURCE OVERSIGHT STATISTICS

Equity Target and Employment Equity Status

The MDDA is in the process of implementing its three-year Employment Equity (EE) Plan (2022-2023) that emanates from the provisions of the Employment Equity Act, 1998, to support the creation of an enabling environment, to ensure equitable demographic representation across all occupational levels and categories and to manage inequalities within the organisation.

The employment equity statistics are based on all employees employed from 01 April 2022 to 31 March 2023. During the reporting period, 100% of our permanent employees were black (African and Indian), which is recorded as an overachievement in this category although there has been an underrepresentation on other races to make the workforce reflective of diversity and in line with the Employment Equity Plan.

The Agency achieved its female representation target of 60% and is sitting at 61% for the period under review. The Agency's target for people with disabilities for the 2022/2023 financial year was exceeded by 1% from 2% with an achieved target of 3%. The Agency embarked on a campaign for employees to declare their status on Gender, Race and People with Disability. This comes after the workshop on diversity and disability. An intern with disability was appointed in quest to pave way in achieving the 7% target by March 2024.

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	0	0
Senior Management	4	4	0	0	0	0	0	0
Professional qualified	7	9	0	0	0	1	0	0
Skilled	3	3	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**15**		**0**		**0**		**0**	**0**

LEVELS	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	2	0	0	0	0	0	0
Senior Management	6	6	0	0	0	0	0	0
Professional qualified	11	11	0	1	1	1	0	0
Skilled	4	4	0	0	0	0	0	0
Semi-skilled	1	1	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**22**		**0**		**1**		**0**	

HUMAN RESOURCE OVERSIGHT STATISTICS

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	1	1	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**1**	**1**	**0**	**0**

PART E:

PFMA COMPLIANCE REPORT

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular expenditure

a. Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
Opening balance	R0	49 055 159
Add: Irregular expenditure confirmed	R7 081 687	R0
Less: Irregular expenditure condoned	(R7 081 687)	R0
Less: Irregular expenditure not condoned and removed	R0	R0
Less: Irregular expenditure recoverable	R0	R0
Less: Irregular expenditure not recovered and written off	R0	(49 055 159)
Closing balance	**R0**	**R0**

Reconciling notes

Description	2022/2023	2021/2022
Irregular expenditure that was under assessment in 2022/2023	R7 081 687	
Irregular expenditure that relates to 2021/22 and identified in 2022/23		R7 081 687
Irregular expenditure for the current year	R0	
Total	**R7 081 687**	**R7 081 687**

b. Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description[1]	2022/2023	2021/2022
Irregular expenditure under assessment	R0	R0
Irregular expenditure under determination	R5 579 834	R0
Irregular expenditure under investigation	R0	R0
Total[2]	**R5 579 834**	**R0**

Description	2022/2023	2021/2022
Irregular expenditure condoned	R7 081 687	R0
Total	**R7 081 687**	**R0**

Description	2022/2023	2021/2022
Irregular expenditure NOT condoned and removed	R0	R0
Total	**R0**	**R0**

e. Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
Irregular expenditure recovered	R0	R0
Total	R0	R0

f. Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
Irregular expenditure written off	R0	R49 055 159
Total	R0	R49 055 159

Additional disclosure relating to Inter-Institutional Arrangements

g. Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
Not Applicable
Total

h. Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/2023		2021/2022	
Not Applicable				
Total				

1. Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
None

1.2 Fruitless and wasteful expenditure

a. Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
Opening balance	R52 484	R52 484
Add: Fruitless and wasteful expenditure confirmed	R29 285	R0
Less: Fruitless and wasteful expenditure written off	R0	R0
Less: Fruitless and wasteful expenditure recoverable	R0	R0
Closing balance	**R81 769**	**R52 484**

Reconciling notes

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure that was under assessment in 2022/23	R29 285	
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2022/23	R0	
Fruitless and wasteful expenditure for the current year	R29 285	
Total	**R29 285**	**R0**

b. Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description[3]	2022/2023	2021/2022
Fruitless and wasteful expenditure under assessment	R0	R0
Fruitless and wasteful expenditure under determination	R0	R0
Fruitless and wasteful expenditure under investigation	R0	R0
Total[4]	**R0**	**R0**

c. Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure recovered	R0	R0
Total	**R0**	**R0**

d. Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure written off	R0	R0
Total	**R0**	**R0**

e. Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None

1.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a. Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023	2021/2022
Theft	R0	R0
Other material losses	R0	R0
Less: Recovered	R0	R0
Less: Not recovered and written off	R0	R0
Total	**R0**	**R0**

b. Details of other material losses

Nature of other material losses	2022/2023	2021/2022
(Group major categories, but list material items)	R0	R0
Total	**R0**	**R0**

c. Other material losses recovered

Nature of losses	2022/2023	2021/2022
(Group major categories, but list material items)	R0	R0
Total	**R0**	**R0**

Other material losses written off

Nature of losses	2022/2023	2021/2022
(Group major categories, but list material items)	R0	R0
Total	**R0**	**R0**

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
Valid invoices received	149	R 16 228 339.96
Invoices paid **within** 30 days or agreed period	148	R 16 194 874.96
Invoices paid **after** 30 days or agreed period	1	R 33 465
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
CaseWare License	Adapt IT	License Renewal	N/A-Once off service	80 309.10
Professional Membership Renewal	SAICA	Professional membership	N/A- Once off service	13 747.00
Public Venue Services	David Kruper Local Municipality	Public Venue Services	N/A -Once off service	3 178.00
Laptop	Acer Africa (Pty) Ltd	Laptop Repairs	N/A- Once off service	2 812.84
Professional Membership	Association of certified fraud examiners	Professional membership	N/A-Once off service	10 730.00
Community Broadcasting Services	Face TV	Community Broadcasting Services	N/A-Once off service	56 000.00
Internal Audit Services	The Institute of Internal Auditors	Internal Audit Services	N/A-Once off service	35 816.00
Subscription fees	MultiChoice	Subscription fees	N/A-Once off service	8 400.00
Membership fees	National Association of Broadcasters	Membership fees	N/A-Once off service	59 673.75
Office space leasing	SABC	Office space leasing		10 664 461.16
OB Van for Broadcasting	Mohodi Community Radio	OB Van for Broadcasting	N/A-Once off service	14 000.00
CaseWare Training	Adapt Training	CaseWare Training	N/A-Once off service	12 450.00
Catering	Monate Catering	Catering	N/A-Once off service	22 000.00
Lease	SABC	Lease		
Total				**10 983 577**

3.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Total						**R0**

PART F:

ENVIRONMENTAL LANDSCAPE AND FUNDING

ENVIRONMENTAL LANDSCAPE AND FUNDING

GROWTH AND DEVELOPMENT OF LOCAL MEDIA

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

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

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

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

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

FUNDING OF THE AGENCY

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

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

The money referred to above must be utilised to:

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

Funding of the Agency

Description	2016/2017 R	2017/2018 R	2018/2019 R	2019/2020 R	2020/2021 R	2021/2022 R	2022/2023 R
Total budget from GCIS	23 814 000	30 005 000	30 669 000	31 795 000	32 279 000	35 167 623	56 038 630
Broadcast Income	43 661 000	48 256 912	51 743 849	56 313 833	60 915 177	64 641 480	64 988 360
TOTAL	**67 475 000**	**78 261 912**	**82 412 849**	**88 108 833**	**93 194 177**	**125 136 544**	**116 641 686**

Part of the income from GCIS is conditional grant for the Economic Development Fund (EDF). Revenue from EDF is recognised when conditions of the grant are met. A total of R 38 645 889 has been received and disbursement to beneficiaries started in the 2021/2022 financial year and will be finalised in the 2023/2024 financial year.

Broadcast funders - ICASA License holders have the option to pay the USAF levies to ICASA or MDDA, levies paid to MDDA are categorised as revenue. A total of 71% of the broadcast contributions are made by Multichoice. Multichoice has committed to contribute R45 million per year over the MTEF. Multichoice has been contributing above the committed funds in the prior financial years. The broadcast contribution is projected to increase by 2% over MTEF as a reflection of expected industry growth based on historical trends.Grants income – MDDA receives an unconditional grant allocation through Government Communication Information Systems (GCIS), the grant is used to fund operational expenditure. National Treasury has introduced spending curtailing measures and reduced MDDA allocations. Government Grants will only increase by an average of 5% over the MTEF, the increase is below the inflation levels which warranted a reduction on expenditure.

ENVIRONMENTAL LANDSCAPE AND FUNDING

Broadcast Partners

- HEART FM
- RADIO IGAGASI
- YOU FM
- DIGITAL
- YIRED YFM
- ALGOA FM
- PRIMEDIA BROAD
- E-TV
- MULTICHOICE
- EAST COAST RADIO
- JACARANDA FM
- SABC
- CAPRICORN CAP
- VUMA 103 FM
- KAYA FM
- SMI2023

Foreign Grants

No foreign grants were received in the year under review.

Rollover

For the period under review, the MDDA has requested R9 715 000 rollover of funds in respect of committed funds to be disbursed to project beneficiaries and service providers at a future date.

Funding Cycles

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

Regulatory and Contractual Requirements

MDDA regulations state that:

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

PART G: FINANCIAL INFORMATION

Media Development and Diversity Agency
(Registration number PE63)
Annual Financial Statements for the year ended 31 March 2023

Report of the Auditor-General to Parliament on Media Development and Diversity Agency

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Media Development and Diversity Agency (MDDA) set out on pages 97 to 142 which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of the auditor's report, the financial statements present fairly, in all material respects, the financial position of the MDDA as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Administration expenses

3. I was unable to obtain sufficient appropriate audit evidence for administration expenses (purchase returns) in the current year, as the public entity did not have adequate systems and supporting documentation. I was unable to confirm the administrative expenses (purchase returns) by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the administration expenses stated at R17 185 520 in note 19 to the annual financial statements.

Cash flow statement

4. Grants receipts were incorrectly calculated as it did not include cash movements from grants and subsidies, which constitutes a departure from Standards of GRAP 2, Cash Flow Statement. Consequently, grant receipts was understated by R16 571 868 in the cash flow statement.
5. Supplier payments were incorrectly calculated as it did not include the cash movements from the payables from exchange transactions, which constitutes a departure from Standards of GRAP 2, Cash Flow Statement. Consequently, supplier payments were overstated by R9 481 840 in the cash flow statement.

Commitments

6. The public entity did not recognise all items of operational commitments. Write-backs and operational commitments were identified that could not be traced to the commitment register. This resulted in operational commitments being understated by R8 118 552.

Context for opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
8. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Media Development and Diversity Agency
(Registration number PE63)
Annual Financial Statements for the year ended 31 March 2023

Restatement of corresponding figures

11. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2023.

Other matter

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

PFMA Compliance and Reporting Framework

13. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 26 and 27 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of MDDA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

14. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
19. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Media Development and Diversity Agency
(Registration number PE63)
Annual Financial Statements for the year ended 31 March 2023

Programme	Page numbers	Purpose
Grant and seed funding	30 - 31	The programme promotes media development and diversity through financial and non-financial support for community broadcasting as well as community and small commercial print projects
Partnerships, public awareness, and advocacy	32	This programme seeks to position the MDDA as a leading influencer and authoritative voice in the community and small commercial media, by playing a key role in the national dialogue on the sector, through implementation of strategic partnerships to carry out media development and diversity interventions
Capacity building and sector development	33	One of the objectives of the agency outlined in the Media Development and Diversity Agency Act No.14 of 2002 (MDDA Act) is to encourage the development of human resources, training and capacity building within the media industry, especially amongst historically disadvantaged groups. In response to this, the agency has developed capacity building programmers, which aim to provide community and small commercial media with necessary skills needed for effective performance in day-to-day work

20. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
21. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
23. I did not identify any material findings on the reported performance information of selected subject matters.

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

Media Development and Diversity Agency
(Registration number PE63)
Annual Financial Statements for the year ended 31 March 2023

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: grant and seed funding. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of cash and cash equivalents, payables from exchange transactions and government grants and subsidies identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

32. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007/08 and paragraph 3.2.1 of supply chain management instruction note 2 of 2021-22.
33. Some of the goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids and deviations were approved by the accounting authority but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.3.1 of supply chain management instruction note 2 of 2021-22 and Treasury Regulation 16A6.4. This non-compliance was identified in the procurement processes for the office lease and legal fees.
34. Some of the contracts and quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation.

Other information in the annual report

35. The accounting authority is responsible for the other information included in the annual report, which includes the board chairperson's report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
40. Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls as numerous non-compliance matters identified.
41. Governance did not ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial reporting and compliance with legislation.
42. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.
43. Management did not implement controls over daily and monthly processing and reconciling of transactions as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.
44. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as material misstatements were identified that resulted in the modification of the auditor's opinion.
45. Management did not review and monitor compliance with applicable legislation as material non-compliance matters were identified.

Auditor-General

Pretoria
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b)

Annexure to the auditor's report

Legislation	Sections or regulations
Treasury Regulations for public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
National Treasury Instruction Note 03 of 2019/20	Paragraph 5.5.1(vi); Paragraph 5.5.1(x);
National Treasury SCM Instruction Note 11 2020-21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
National Treasury SCM Instruction note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3

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Legislation	Sections or regulations
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
National Treasury Instruction note 4 of 2015-16	Paragraph 3.4
National Treasury SCM Instruction note 4A of 2016/17	Paragraph 6
Second amendment of National Treasury Instruction 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum National Treasury Instruction 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction 5 of 2020-21	Paragraph 2
Practice note 7 of 2009-10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021-22	Paragraph 4.1

General information

Country of incorporation and domicile Nature of business and principal activities	South Africa
Nature of business and principal activities	The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity in South Africa, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and small commercial media in South Africa. It was established in 2003, in terms of the MDDA Act No. 14 of 2002 and started providing grant funding to projects on 29 January 2004.
Directors	Prof. Hlengani Mathebula Ms. Brenda Leonard, Ms. Marina Clarke, Ms. Nadia Bulbulia, Ms. Martina Della-Togna, Mr. Hoosain Karjieker, Ms. Carol Mohlala
Registered office	SABC Auckland Park Campus GSM Building 26 Canary Road Auckland Park 2006
Bankers	Absa Bank Limited South African Reserve Bank
Auditors	Auditor-General South Africa
Secretary	Yolanda Du Preez

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

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Abbreviations used:

CEO	Chief Executive Officer
CFO	Chief Financial Officer
DCDT	Department of Communications and Digital Technologies
EDF	Economic Development Fund
GCIS	Government Communiacations Information Systems
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act No 1 of 1999
M & E	Monitoring and Evaluation

Directors' Responsibilities and Approval

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The directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data. 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 board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity.

While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future. The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors. The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4. The annual financial statements set out on page 4, which have been prepared on the going concern basis were approved by the board on 31 July 2023 and were signed on its behalf by:

Prof. Hlengani Mathebula
Board Chairperson

Statement of Financial Position as at 31 March 2023

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Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from non-exchange transactions	6	42 280	89 161
Receivables from exchange transactions	5	179 625	2 382 069
Cash and cash equivalents	7	92 200 026	133 761 191
		92 421 931	136 232 421
Non-Current Assets			
Property, plant and equipment	3	1 379 052	1 941 067
Total Assets		**93 800 983**	**138 173 488**
Liabilities			
Current Liabilities			
Operating lease liability	4	28 973	316 970
Payables from exchange transactions	10	3 361 264	3 623 620
Unspent conditional grants and receipts	8	18 539 615	39 416 275
Provisions	9	2 093 795	1 852 408
Bank overdraft	7	32 663	18 378
		24 056 310	45 227 651
Total Liabilities		**24 056 310**	**45 227 651**
Net Assets		**69 744 673**	**92 945 837**
Accumulated surplus		69 744 671	92 945 837
Total Net Assets		**69 744 671**	**92 945 837**

Statement of Financial Performance

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Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Commissions received		2 135 181	237 958
Other income		-	5 500
Interest received	14	5 060 060	3 398 102
Total revenue from exchange transactions	**15**	**7 195 241**	**3 641 560**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	56 462 416	35 229 245
Broadcast funders contribution	12	64 988 360	64 641 480
Total revenue from non-exchange transactions		**121 450 782**	**99 870 775**
Total revenue	**11**	**128 646 017**	**103 512 285**
Expenditure			
Employee related costs	17	(37 086 924)	(33 445 400)
Depreciation and amortisation	18	(534 759)	(367 671)
Impairment loss/Reversal of impairments	20	(27 257)	(18 209)
Lease rentals on operating lease	32	(802 127)	(1 963 297)
Grant cost expenditure	16	(96 210 596)	(72 168 027)
Administration expenses	19	(17 185 520)	(10 886 130)
Total expenditure		**(151 847 183)**	**(118 848 734)**
Deficit for the year		**(23 201 166)**	**(15 336 449)**

Statement of Changes in Net Assets

Media Development and Diversity Agency
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Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2021	108 282 286	108 282 286
Changes in net assets Surplus for the year	**(15 336 449)**	**(15 336 449)**
Total changes	(15 336 449)	(15 336 449)
Restated* Balance at 01 April 2022	**92 945 837**	**92 945 837**
Changes in net assets Surplus for the year	(23 201 166)	(23 201 166)
Total changes	(23 201 166)	(23 201 166)
Balance at 31 March 2023	**69 744 671**	**69 744 671**

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Grants		41 882 699	42 547 777
Interest income		5 060 060	3 398 102
Broadcast funders contribution		64 988 360	64 641 480
Other income		-	5 500
		111 931 119	**110 592 859**
Payments			
Employee costs		(37 086 924)	(33 330 818)
Suppliers		(20 209 050)	(12 180 708)
Grant cost expenditure		(96 210 596)	(72 282 608)
		(153 506 570)	**(117 794 134)**
Net cash flows from operating activities	**22**	**(41 575 451)**	**(7 201 275)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(660 748)
Net increase/(decrease) in cash and cash equivalents		**(41 575 451)**	**(7 862 023)**
Cash and cash equivalents at the beginning of the year		133 742 814	141 604 834
Cash and cash equivalents at the end of the year	**7**	**92 167 363**	**133 742 811**

The accounting policies on pages 8 to 27 and the notes on pages 28 to 47 form an integral part of the annual financial statements.

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Figures in Rand	Note(s)	2023	2022

1. Significant accounting polices

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

1.4 Materiality

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

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

1.5 Property, plant and equipment

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

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

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

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

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

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

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

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	10 - 20 years
Office equipment	Straight-line	5 - 10 years
IT equipment	Straight-line	3 - 8 years
Leasehold improvements	Straight-line	3 - 8 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.
Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

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

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

1.5 Property, plant and equipment (continued)

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

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

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

1.6 Financial instruments

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

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

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

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

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

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

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

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

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

1.6 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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Classification

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

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

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

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

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:
If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit
.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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

1.6 Financial instruments (continued) Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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).

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Presentation

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

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

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

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

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

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

1.7 Statutory receivables Identification

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

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

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

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

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

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

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Subsequent measurement

1.7 Statutory receivables (continued)

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

1.7 Statutory receivables (continued)

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

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

1.8 Leases

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

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

Operating leases - lessee

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

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.
Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

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1.10 Employee benefits

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

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

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

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

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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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 an 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.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.11 Provisions and contingencies (continued)

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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

1.13 Revenue from exchange transactions

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

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

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

1.13 Revenue from exchange transactions (continued) Measurement

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

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

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Rendering of services

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

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

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

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

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

Interest, royalties and dividends

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

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

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

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

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

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

1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

1.14 Revenue from non-exchange transactions (continued)

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

Taxes

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

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

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

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

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer. The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
The taxable event for estate duty is the death of a person owning taxable property.

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

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

Transfers

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

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

Transfers that are subject to conditions are recognised as unspeng grants upon receipt. Revenue is only recognised when the conditions are met.

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

1.14 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.
The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal- agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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1.16 Accounting by principals and agents (continued)

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.17 Grant cost expenditure

Grant cost expenditure relates to grants disbursed to grant beneficiaries

Ependiture is only recognised when the beneficiary has met all the contractual disbursement requirements

1.18 Administration expenses

Administration expenses relate to all the expenditure incured on a day to day running of the entity except:

- Employee cost
- Depreciaition and impairment
- Grant cost expenditure

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20 Irregular expenditure

Irregular expenditure is defined in PFMA section1 as 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 that Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 Events after reporting date

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

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

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.25 Prior period errors and adjustments

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from failure to use/misuse of reliable information that:

- Was available when the financial statements for that period were issued
- Could have been reasonably expected to be taken into account in those financial statements.

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period)

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity restate the comparative information to correct the error prospectively from the earliest date practicable.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date:	Years beginning on or after expected impact:
GRAP 103 (as revised): Heritage Assets 01 April 2099	01 April 2099	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

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3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 347 760	(724 827)	622 933	1 347 760	(668 182)	679 578
Office equipment	77 452	(70 820)	6 632	77 452	(65 770)	11 682
IT equipment	2 115 845	(1 366 360)	749 485	2 115 845	(988 779)	1 127 066
Leasehold improvements	1 527 715	(1 527 713)	2	1 527 715	(1 404 974)	122 741
Total	**5 068 772**	**(3 689 720)**	**1 379 052**	**5 068 772**	**(3 127 705)**	**1 941 067**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Depreciation	Impairment loss	Total
Furniture and fixtures	679 578	(56 645)	-	622 933
Office equipment	11 682	(5 050)	-	6 632
IT equipment	1 127 068	(377 583)	-	749 485
Leasehold improvements	122 741	(95 482)	(27 257)	2
Total	**1 941 069**	**(534 760)**	**(27 257)**	**1 379 052**

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Reconciliation of property, plant and equipment - 2022

		Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures		736 223	-	(56 645)	-	679 578
Office equipment		18 931	-	(7 249)	-	11 682
IT equipment		819 573	604 524	(278 822)	(18 209)	1 127 066
Leasehold improvements		91 474	56 224	(24 957)	-	122 741
		1 666 201	**660 748**	**(367 673)**	**(18 209)**	**1 941 067**

Pledged as security

No assets are pledged as security.

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	**2**	**122 741**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Leasehold improvements	42 665	4 765
IT Equipment	5 852	-
	48 517	**4 765**

4. Deferred Lease Liability

Current liabilities	(28 973)	(316 970)

5. Receivables from exchange transactions

Deposits	-	665 890
Other receivables	179 625	966 179
Prepaid expenses	-	750 000
	179 625	**2 382 069**

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Deposits		
120+ days		665 890
Other receivables		
120+ days	179 625	1 686 032
Financial asset receivables included in receivables from exchange transactions above	**179 625**	**30 147**
Total receivables from exchange transactions	**179 625**	**2 382 069**
Credit quality of trade and other receivables		**-**

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Deposits relates to the deposit paid on occupation of the leased building.

Prepaid expenses relates to advance payments made to service providers/service not rendered at year end. Other receivables for prior year pertains to double payment made to the service provider.

6. Receivables from non-exchange transactions

Staff debtors	**42 280**	**89 161**

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Staff debtors for prior year mainly relates to recoverable relocation costs paid to a former staff member who did not serve the minimum employment period as required by the MDDA human resources policy, cash advances advanced to MDDA staff members for travelling costs.

7. Cash and cash equivalents

Cash and cash equivalents consist of:		
Bank balances	23 655 387	42 998 151
Short-term deposits	68 544 639	90 763 040
Credit card	(32 663)	(18 378)
	92 167 363	**133 742 813**
Current assets	92 200 026	133 761 191
Current liabilities	(32 663)	(18 378)
	92 167 363	**133 742 813**

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Short-term deposits are the surplus funds deposited on the South African Reserve Bank Call Account. Funds are available for withdrawal immediately.

The cash and cash equivalents balance includes R 97 387 145 (2022 - R 133 742 813) funds committed for the approved grant beneficiaries, refer to note No. 22 for commitment disclosure.

Other current liabilities - credit card	**(23 414)**	**(18 378)**

Other current liabilities relates to the balance on the Corporate Credit Card. The balance is paid through a debit order on the 6th of each month.

8. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Department of Communication - Programme production	5 802 470	5 802 470
Competition Commission - Economic development fund	12 737 145	33 613 805
	18 539 615	**39 416 275**
Movement during the year		
Balance at the beginning of the year	39 416 275	31 865 860
Additions during the year	475 152	9 929 997
Disbursements to beneficiaries	(19 216 630)	(2 141 623)
Income recognition during the year	(2 135 182)	(237 959)
	18 539 615	**39 416 275**

Programme Production

During the 2008/2009 financial year, MDDA entered into a Memorandum of Understanding with the Department of Communications for Programme Production support for broadcast projects for an R 20 million. The remainder of R5,8 million will be realised as revenue as spending occurs.

Competition Commission

The Competition Commission fined different role players within the media industry for uncompetitive behaviour and requested MDDA to manage the Economic Development Fund and implement remedial projects on its behalf. The ramainder of the R 23 million (2022: R 38 million) will be realised as revenue as spending occurs.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note for reconciliation of grants from National/Provincial Government.
These amounts are invested in a ring-fenced investment until utilised.

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9. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee costs - provisions	1 852 408	2 093 795	(1 695 546)	(156 862)	2 093 795

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Employee cost provisions	1 560 947	1 754 648	(1 463 187)	1 852 408

The provisions relates to the provision for staff performance bonuses. Bonuses are provided based on the projected staff performance.

10. Payables from exchange transactions

Trade payables	2 416 567	2 006 812
Accrued leave pay	649 954	1 156 370
Accrued expenses	294 743	271 850
Other accrued expenses	-	188 588
	3 361 264	**3 623 620**

Other payables - Reserve Bank pertains to an amount that was transferred a withdrawal twice erroneously by the bank and made a reversal without debiting the MDDA account

11. Revenue

Commissions received	2 135 181	237 958
Other income	-	5 500
Interest received - investment	5 060 060	3 398 102
Government grants & subsidies	56 462 416	35 302 304
Broadcast funder contributions	64 988 360	64 641 480
	128 646 017	**103 512 285**

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

Commissions received	2 135 181	237 958
Other income	-	5 500
Interest received - investment	5 060 060	3 398 102
	7 195 241	**3 641 560**

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

Transfer revenue		
Government grants & subsidies	56 462 416	35 229 245
Broadcast funders contributions	64 988 360	64 641 480

12. Broadcast funders contributions

Broadcaster contributions	64 988 360	64 641 480

13. Government grants & subsidies

Operating grants		
Department of Communications and Digital Technologies	36 822 000	33 026 000
MICT : SETA Grant - Conditional	423 786	61 622
Competition Commission	19 216 630	2 141 623
	56 462 416	**35 229 245**

14. Interest Income

Interest revenue		
Bank	5 060 060	3 398 102

15. Other revenue

Commissions received	2 135 181	237 958
Other income	-	5 500
	2 135 181	**243 458**

Other income recognised pertains to insurance compensations.

16. Grant cost expenditure

Operarional grant		
Grant disbursement	87 964 977	63 683 621
Projects systems expenses	884 559	629 075
Training, workshop, and other administration costs	7 361 060	7 855 331
	96 210 596	**72 168 027**

Grant disbursements relate to the funds paid to beneficiaries.
Projects systems expenses relates to the projects management systems costs.
Workshop and travelling costs incurred by the projects managing, research and monitoring units are classified as workshop and travelling costs.

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17. Employee related costs

Basic	27 476 330	25 254 306
Performance Bonuses	1 936 934	1 679 014
Medical aid - company contributions	87 638	1 254 910
Unemployment Insurance Fund - UIF	86 782	74 474
Skills Development Levy - SDL	339 445	300 819
Leave pay provision charge	(1 063)	158 799
Cellphone allowance	640 000	648 154
Travel, motor car, accommodation, subsistence and other allowances	481 741	399 922
Overtime payments	-	34 076
Acting allowances	3 104 211	897 387
Contributions to Provident fund	2 934 906	2 743 539
	37 086 924	**33 445 400**

18. Depreciation and amortisation

Property, plant and equipment	534 759	367 671

19. Administration expenses

Advertising	179 469	119 343
Assessment rates & municipal charges	112 548	280 522
Auditors remuneration	1 264 900	1 350 887
Bank charges	38 166	35 992
Cleaning	8 456	20 626
Computer expenses	90 114	88 038
Consulting and professional fees	543 224	1 419 568
Insurance	94 977	80 109
Licenses	580 111	340 264
Placement fees	77 697	-
Postage and courier	58 175	92 610
Printing and stationery	76 016	115 898
Repairs and maintenance	48 517	4 765
Security	-	1 000
Staff welfare	152 055	31 066
Subscriptions and membership fees	14 241	6 475
Telecommunications costs	525 053	447 912
Training	775 338	952 904
Travel - local	1 939 774	549 052

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Electricity	136 579	152 875
Sewerage and waste disposal	7 149	13 376
Refuse	4 295	10 788
Board administration costs	933 066	472 425
Non-executive directors emoluments	954 461	925 037
Communications	1 221 340	411 643
Legal fees	7 090 497	2 817 039
Other expenses	259 302	145 916
	17 185 520	**10 886 130**

20. Impairment loss

Impairments		
Property, plant and equipment	27 257	18 209

Assets condition assessment was conducted at year end and there were no items of property plant and equipment were found to be in an unusable. Impairment expenditure was recognised on the carrying value of impaired assets.

21. Auditors' remuneration

Fees	1 264 900	1 350 887

22. Cash used in operations

Deficit	(23 201 166)	(15 336 449)
Adjustments for:		
Depreciation and amortisation	534 759	367 671
Impairment deficit	27 257	18 209
Movements in operating lease assets and accruals	(287 997)	55 444
Movements in provisions	241 387	291 461
Changes in working capital:		
Receivables from exchange transactions	2 202 444	(441 890)
Other receivables from non-exchange transactions	46 881	(53 155)
Payables from exchange transactions	(262 356)	347 019
Unspent conditional grants and receipts	(20 876 660)	7 550 415
	(41 575 451)	**(7 201 275)**

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23. Commitments

Operational commitments

Already contracted for but not provided for		
• Opening balance	95 996 680	91 503 498
• Projects approved	55 422 758	69 382 794
• Disbursement to projects	(81 690 156)	(61 619 366)
• Write-backs	-	(3 270 246)
	69 729 282	**95 996 680**

Total operational commitments		
Already contracted for but not provided for	69 729 282	95 996 680

The entity has entered into contracts to fund community radio, TV, print, digital projects, media and advertising bursaries commitments regarding the projects are shown above. All funding agreements are for periods up to 18 months for the projects and 36 months for media and advertising students bursaries.

Other operational commitments		
Other operational commitments		
Open orders	2 159 277	185 555
Long term contracts	1 323 367	2 312 622
	3 482 644	**2 498 177**

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 954 362	1 429 737
- in second to fifth year inclusive	8 391 799	2 983 530
	10 346 161	**4 413 267**

Office building

MDDA office space is leased from SABC. The lease agreement is for a period of 60 months. The lease has an annual escalation of 8%. There are no provision for contingent rental

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24. Related parties

Relationships

Directors	Refer to directors' report note
Controlling entity	Department of Communications and Digital Technologies
Shareholder with significant influence	Government Communication Information Systems
Members of key management	Refer to below

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
GCIS - Receivables	-	348 000
DCDT - Conditional grants	(5 802 470)	(5 802 470)

Government Communications Information Systems

MDDA has received grants to the value of R33 026 000 from GCIS in the 2021-22 financial year (2021 - R32 279 000). MDDA has participated in community media airtime buying through GCIS during the financial year. The advance payments that were not yet utilised at the end of prior financial year amounted to R348 000

Department of Communications and Digital Technologies
The R 5 802 470 relates to a conditional grant received in relation to programme production.

Figures in Rand

24. Related parties (continued)

Remuneration of management

Management class: Executive management

2023						
Name	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Acting allowance	Subsistence and travelling	Total
Ms. Z. Potye: Chief Executive Officer (Terminated - 25 Jan 2023)	1 974 626	-	30 000	-	-	2 004 626
Mr. Y. Asmal: Chief Financial Officer (resigned 30 September 2022)	1 065 909	92 054	18 000	-	1 248	1 177 211
Mr. K Maposa: Acting Chief Financial Officer - (From 01 October 2022)	514 648	-	14 285	333 161	1 053	863 147
Mr. M. Kashe: Acting CEO (From 01 April 2022)	1 767 519	89 602	39 077	467 996	6 786	2 370 980
Ms. Z. Mqolomba: Research Training, Monitoring & Evaluation Executive (Resigned 30 June 2022)	469 060	84 343	9 322	-	912	563 637
Ms. L. Dibetso: Acting Research Training, Monitoring & Evaluation - (From 01 July 2022)	1 081 174	61 068	58 331	78 526	8 057	1 287 156
Ms. S. Mgudlwa: Active Executive Projects (From 01 April 2023)	1 139 102	63 370	32 518	482 892	7 735	1 725 617
	8 012 038	**390 437**	**201 533**	**1 362 575**	**25 791**	**9 992 374**

2022						
Name	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Acting allowance	Subsistence and travelling	Total
Ms. Z. Potye: Chief Executive Officer	2 063 156	115 663	322 748	-	1 566	2 503 133
Mr. Y. Asmal: Chief Financial Officer	1 765 740	90 593	105 508	-	1 828	1 963 669
Mr. M. Kashe: Executive Projects	1 293 435	88 200	230 706	40 713	17 648	1 670 702
Ms Z. Mqolomba: Research, Training, Monitoring and Evaluation Executive	1 061 008	-	181 392	-	9 172	1 251 572
	6 183 339	**294 456**	**840 354**	**40 713**	**30 214**	**7 389 076**

Figures in Rand

25. Directors emoluments

Non-executive

2023	Members' fees	Total
Prof. Hlengani Mathebula	113 109	113 109
Ms. Brenda Leonard	205 434	205 434
Ms. Andiswa Ngcingwana - Resigned 4 April 2022	3 511	3 511
Mr Hoosain Karjieker	181 980	181 980
Ms. Marina Clarke	209 184	209 184
Ms. Martina Della-Togna - Appointed 19 May 2022	94 770	94 770
Ms. Carol Mohlala** - Appointed 19 May 2022	4 274	4 274
Ms. Nadia Bulbulia	146 154	146 154
Ms Nomkhosi Peter** - Resigned 31 March 2023	1 094	1 094
	959 510	**959 510**

2022	Members' fees	Total
Prof. Hlengani Mathebula	183 356	183 356
Ms. Brenda Leonard	227 440	227 440
Ms. Andiswa Ngcingwana	32 562	32 562
Mr. Hoosain Karjieker	28 188	28 188
Ms. Marina Clarke	227 934	227 934
Mr Moshoeshoe Monare	80 190	80 190
Ms. Nadia Bulbulia	90 396	90 396
Mr Ndivhuho Munzhelele	15 038	15 038
	885 104	**885 104**

** The following individual served as MDDA board members but are not remunerated because they are shareholder representative or work for other organs of state. They are however, entitled to reimbursement of their travel and data expenditure.

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Figures in Rand

25. Directors emoluments (continued)

Audit and Risk Committee (ARC)

2023

	Emoluments	Other benefits	Total
Mr. Fortune Mkhabela**	-	-	-
Ms. Margaret Phiri	35 970	-	35 970
Ms. Matseliso Shongwe	54 370	-	54 370
Mr. Simon Mankgaba**	-	1 600	1 600
Mr Hoosain Karjieker - Appointed 22 April 2022	-	-	-
	90 340	**1 600**	**91 940**

2022

	Emoluments	Total
Ms. Phuti Phukubje	1 236	1 236
Ms. Margaret Phiri	27 035	27 035
Ms. Matseliso Shongwe	26 378	26 378
Mr. Fortune Mkhabela**	-	-
Mr. Simon Mankgaba**	-	-
	54 649	**54 649**

* Other benefits comprise travel allowance and medical benefits

** The members below were not remunerated a meeting attendance board fees because they work for other organs of state. However, members are entitled for reimbursement of their travel and data expenditure as disclosed.

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26. Irregular expenditure

Irregular expenditure	7 081 687

The prior year irregular expenditure mainly pertains to the total expenditure incurred for the employment contract to the former Chief Financial Officer from September 2018 to May 2022. The period in question where the CFO worked without a signed contract of employment. This irregular expenditure was investigated and confirmed during the year under review and has subsequently been submitted and approved by the Board for condonation.

27. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	29 285

Payroll declaraction submitssions were submitted late due to lack of capacity within the Finance division thus incurred interest on late payment from SARS.

Disciplinary steps taken/criminal proceedings

SARS penalties	**29 285**	**-**

28. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Economic Development Fund Interest

MDDA received correspondence in the form of agreed upon procedures that the interest should be included in the EDF fund and not revenue for MDDA. However this correspondence came after year end of 31 March 2022 and this indicates that it is an event after reporting period but it is a non-adjusting event and management should not have recognised this interest in the unspent conditional grants, it should have been treated as revenue as in the prior years.

CFO Secondment

The total amount of R615 977.58 was invoiced to BrandSA for the Secondment of Mr Khathu Maposa to Brand SA from MDDA as an Acting CFO, however of this total the amount of R30 146.30 was relating to March 2022.

Salaries and Wages Error

Salary for HR contract employee pertaining to March 2023 month end paid in April.

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Figures in Rand	2023	2022

28. Prior-year adjustments 2022 (continued)

Note	As previously reported	Correction of error	Restated
Unspent conditional grants and receipts	(38 238 376)	(1 177 899)	(39 416 275)
Receivables from exchange transactions	2 351 922	30 147	2 382 069
Payables from exchange transactions	(3 572 101)	(51 519)	(3 623 620)
	(38 238 376)	**(1 199 271)**	**(40 657 826)**

Statement of financial performance			
2022			
Note	As previously reported	Correction of error	Restated
Interest Income	3 867 944	469 842	3 398 102
Other Income	36 175 261	708 057	35 467 203
Employee Costs	33 309 445	21 372	33 229 152
Surplus for the year	**73 352 650**	**1 199 271**	**72 094 457**

29. Events after the reporting date

A claim against MDDA by a beneficiary has been settled and MDDA will have to pay legal fees of the claimant of approximately R300,000.

30. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus (deficit) of R69 744 671 and that the entity's total assets exceed its liabilities by R69 744 671.

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

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Figures in Rand	2023	2022

31. Risk manament

Liquidity risk

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

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

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

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

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Forward foreign exchange contracts - cash flow hedges				
Payables from exchange transactions	8 960 071	-	-	-
Provisions	2 093 795	-	-	-
Deferred lease liability	28 973	-	-	-

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	3 624 620	-	-	-
• Provisions	1 852 408	-	-	-
• Deferred lease liability	316 970	-	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Short-term deposits	5,90 %	73 755 172	-	-	-	-

Figures in Rand	2023	2022

32. Lease rentals on operating lease

Premises		
Contractual amounts	802 127	1 963 297

33 Contingencies

Contingent assets

A claim of R 521 120 has been lodged against a former employee who was paid a salary and other benefits while on unathorised sick leave.

Contingencies liabilities

Contingent Liability	**300 000**	**1 085 654**

A claim has been made against the MDDA by a beneficiary whose funding agreement has been cancelled.

34. Segment Reporting

Grap 18 requires entities to to provide information about the specific operational objectives and major activities of an entity as well as the resources devoted to and costs of these objectives and activities. A segment is an activity of an entity: that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing it's performance; and for which separate financial information is available. Management has considered the information which is reported internally and such information does not meet the criteria of segments. MDDA provide funding to beneficiaries for media development and that is the only segment of the entity. Management has thus concluded that MDDA does not meet the requirements to do segment reporting.

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35. Budget Information

GRAP 24 states that an entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard. The Standard further states in Grap 24.03 that the Standard is applied by entities that are required, or elected, to make their approved budgets publicly available; and they are held publicly accountable for those budgets. According to Grap 24.04 a publicly available approved budget means that the budget has been approved; and made available to the public at large by tabling in Parliament, legislature, municipal council. This standard does not require approved budgets to be made publicly available, nor does it require that financial statements disclose information about, or make comparisons with approved budgets that are not made publicly available. MDDA budget is not made publicly available by tabling in parliament. It is for this reason that this information will not be disclosed in the financial statements but will be included as part of the annual report.

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