



Presentation to the Parliamentary Committee on Communications

Corporate Strategic & Business Plan 2014/19 and APP 2014/15

04 July 2014



CELEBRATING 20 YEARS OF DEMOCRACY 20 YEARS OF MEDIA FREEDOM AND DIVERSITY



INTRODUCTION

- Historically disadvantaged communities are deprived of access to information that can assist them to participate actively in the democratic processes of our country.
- Current media (in particular print and TV) lacks diversity and recognition of indigenous languages and culture,
- Approximately 80% of the SA population is African, yet the number of indigenous language media products are counted and instead most media is produced in English,
- Advertising tends to be biased toward media houses with adequate financial resources,
- Broadcast frequency spectrum is a limited public resource, digital broadcasting may assist regarding availability of more frequencies.
- Small commercial media projects have limited access to printing given lack of resources (costs and facilities),
- Access to advertising for small commercial media remains a stumbling block to their growth and viability. Similarly their inability to acquire the audit bureau of circulation (ABC) certificate disadvantages them in the market place,
- The sector lacks appropriate and relevant skills in respect of marketing; management, financial management and production management.
- The sector lacks the development of strategies for sustainability of their projects.

Environmental analysis

Macro

- **2014/ 15 marks 20 years of South African democracy**
- **National Development Plan – 2030**
- Focus is now on IMPACTS rather than EFFORTS
- 2014 South Africa will be conducting the 4th democratic national elections & special focus
 - will be on what the MDDA has done
- Performance expectations put on us as a BRICS member nation
- Effects of global recession are still upon us.
- Dwindling national fiscus – economic downturn
- Rising cost of delivering services by government (labour costs, duplication, inefficiencies, corruption, consultancy fees, etc)
- Political pressure on government to deliver even more with limited resources.
- Innovation (finding economical ways of providing high quality service to the communities)
- Digital broadcasting
- Paradigm shift with the introduction 5 key priorities for the current electoral term.
- Agenda of media transformation high on the countries agenda
- Expectations of MDDA increased from Parliament, etc.
- New MDDA leadership appointed.
- Socio economic challenges: inequality, poverty and unemployment.
- Market environment.

11 YEARS OF MDDA – HISTORICAL TRENDS OF GOOD GOVERNANCE

Financial Year	AGSA Opinion
2003 - 2013	Unqualified and clean audit opinion
2013 - 2014	In progress

20 YEARS OF DEMOCRACY AND 11 YEARS OF MDDA – MILESTONES (A GOOD STORY TO TELL)

Media freedom, freedom of expression and access to information is protected and guaranteed through the Constitution Act of 1996.

A number of statutes like IBA, ICASA, ECA, MDDA, Promotion of Access to Information, Promotion of Admin Justice, etc. were enacted to give effect & meaning to the Constitution, creating an enabling environment for media diversity.

20th anniversary of the establishment of independent broadcasting regulation in South Africa - the then IBA was set up in 1994.

A three-tier broadcasting system (public, community & private) enable a diverse broadcasting industry.

SA content, languages, cultures, etc. enjoys airtime.

Listenership and viewership has grown since 1994.

Broadcast coverage has increased.

11 years of the MDDA, 10 years of unqualified and clean audits.

Ongoing funding partnership between broadcast and print media, and Government.

570 media projects supported with MDDA grants worth R275m.

Community radio commands more than 25% of total radio listenership.

Signal distributions costs for community broadcasting discounted/reduced.

20 YEARS OF DEMOCRACY AND 11 YEARS OF MDDA – MILESTONES (A GOOD STORY TO TELL)

Community television is licensed in more than 4 provinces, access Government advertising and viewership is growing.

Readership of community & small commercial newspapers increased to more than 3m

More than 2021 individuals trained and skilled.

More than 247 bursaries awarded in media studies.

More community and small commercial newspapers and magazines are produced in indigenous languages spread in different District Municipalities.

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More journalists are provided accredited training through MICT-Seta partnership.

More than R30m Government adspent is allocated to community and small commercial media per annum.

More than 12% of government advertising expenditure amounting to more than R60m has been spent on community and small commercial media from April 2011 up to March 2013.

State owned entities committed to allocating their adspent to community and small commercial media.

Enabling easy to use toolkits like in Governance, Advertising & Marketing produced to empower community and small commercial media.

20 YEARS OF DEMOCRACY AND 11 YEARS OF MDDA – MILESTONES (A GOOD STORY TO TELL)

A number of research work produced and published on www.mdda.org.za

Visible efforts to media diversity.

MDDA received a number of acknowledgements, including being Finalists in the National Business Awards 2013.

Mentoring and coaching approach that handhold projects, produce templates and toolkits.

Stable organisation.

Background, Context and Legislative basis

Section 16 and 32 of the Constitution Act No. 108 of 1996 provides for the freedom of expression and access to information.

MDDA Act No. 14 of 20 MDDA Act No. 14 of 20 establishes a statutory body called the MDDA.

The MDDA is entrusted with the responsibility of promoting media development and diversity in S.A. by (amongst others) providing financial and other support to community (non-profit) and small commercial media projects.

Background, Context and Legislative basis

The MDDA Act defines media as all forms of mass communication, including printed publications, radio, television and new electronic platforms for delivering content.

defines media development as the development of the media environment and infrastructure, so that historically disadvantaged communities and persons have access to the media as owners, managers, producers and consumers of media.

The MDDA Act defines community media as any media project that is owned and controlled by a community where any financial surplus generated is reinvested in the media project”.

defines small commercial media ” means independent media enterprises or initiatives that are run for personal gain as micro, very small or small businesses as classified in the National Small Business Act, 1996 (Act No. 102 of 1996).

OBJECTIVES OF THE AGENCY IN TERMS OF THE MDDA ACT

Encourage ownership and control of, and access to, media by HDC as well as by historically diminished indigenous language and cultural groups,

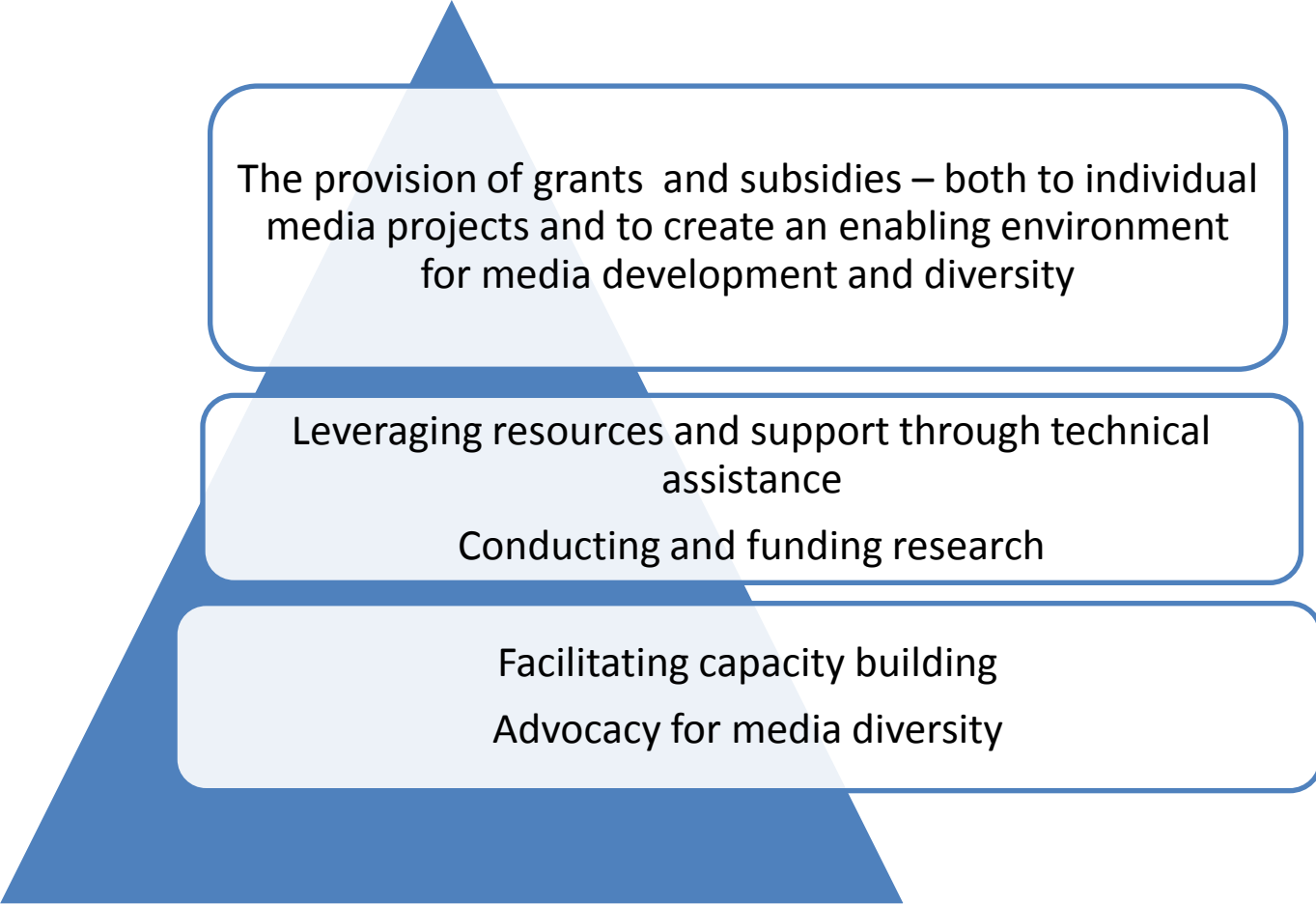
Encourage the development of human resources and training, and capacity building, within the media industry, especially amongst HDGs,

**Encourage the channelling of resources to the community media and small commercial media sectors,
Raise public awareness with regard to media development & diversity issues**

**Support initiatives which promote literacy and a culture of reading,
Encourage research regarding media development & diversity,
Liaise with other statutory bodies, such as ICASA and USAASA**

APPROACH

(financial and non-financial support)



The provision of grants and subsidies – both to individual media projects and to create an enabling environment for media development and diversity

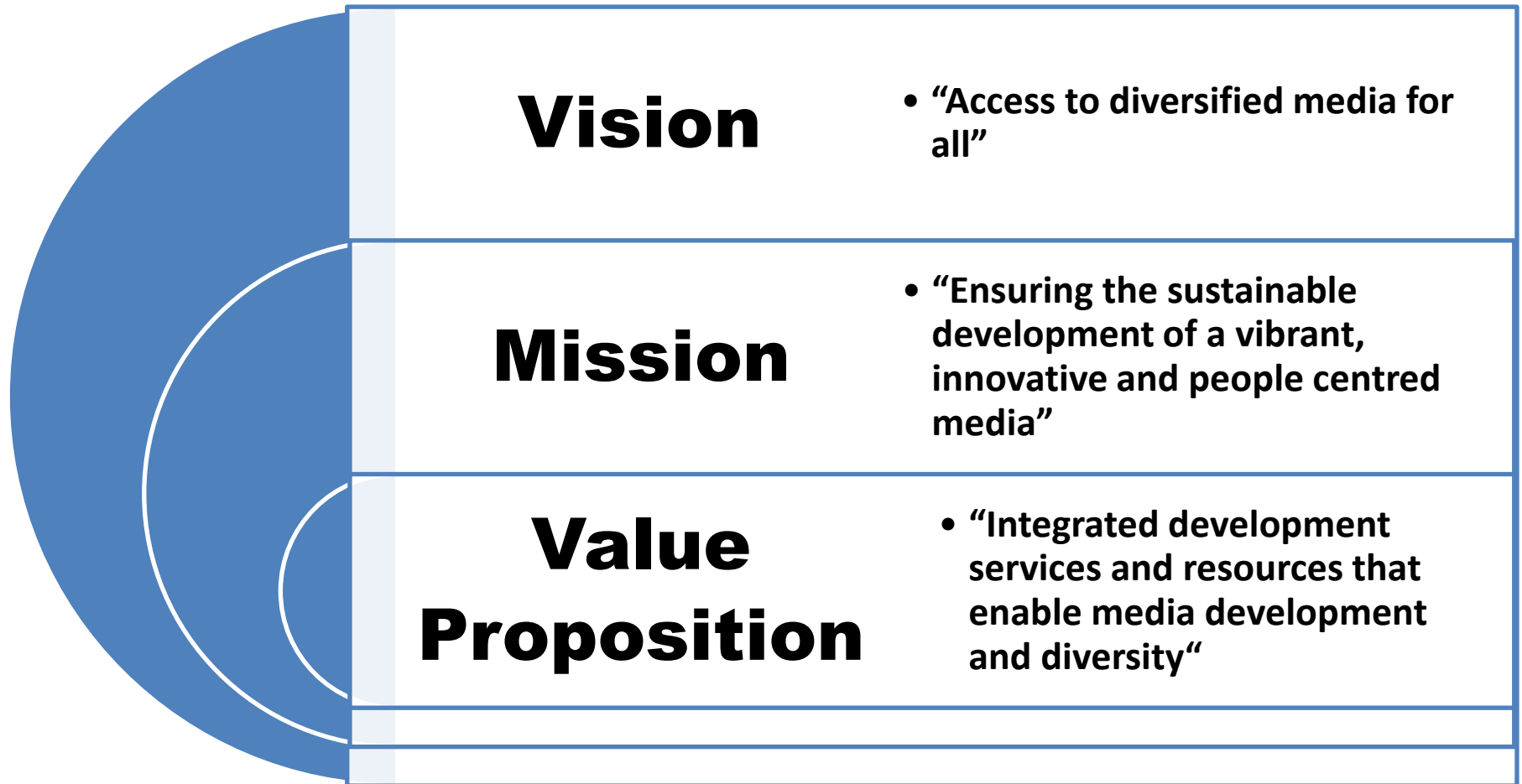
Leveraging resources and support through technical assistance

Conducting and funding research

Facilitating capacity building

Advocacy for media diversity

2014/15 Medium Term Framework and Annual Performance Plan



Strategic Objectives

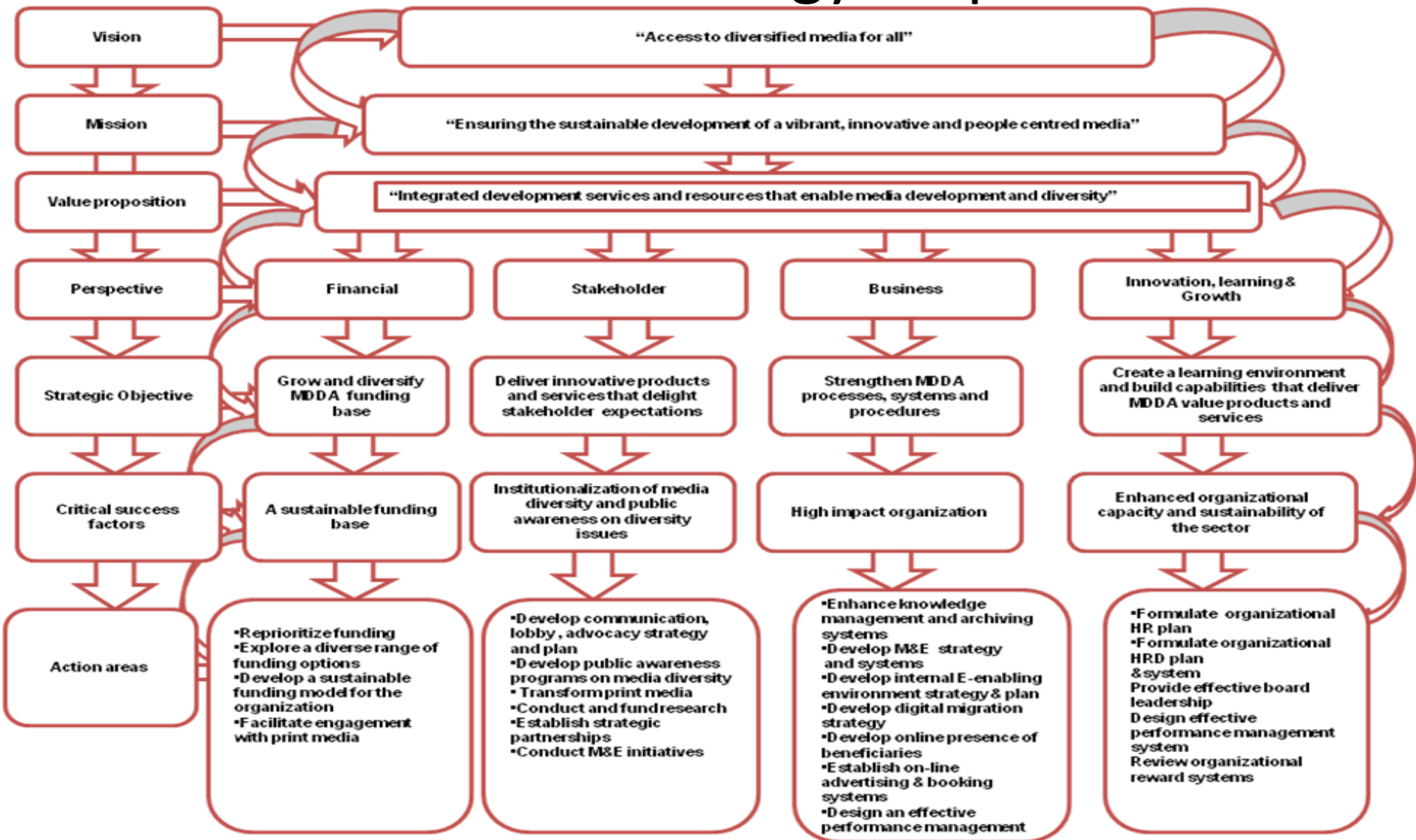
Grow and diversify MDDA funding base

Deliver innovative products and services that delight stakeholders expectations

Strengthen MDDA processes, systems and procedures

Create a learning environment and build capabilities that deliver MDDA value products and services

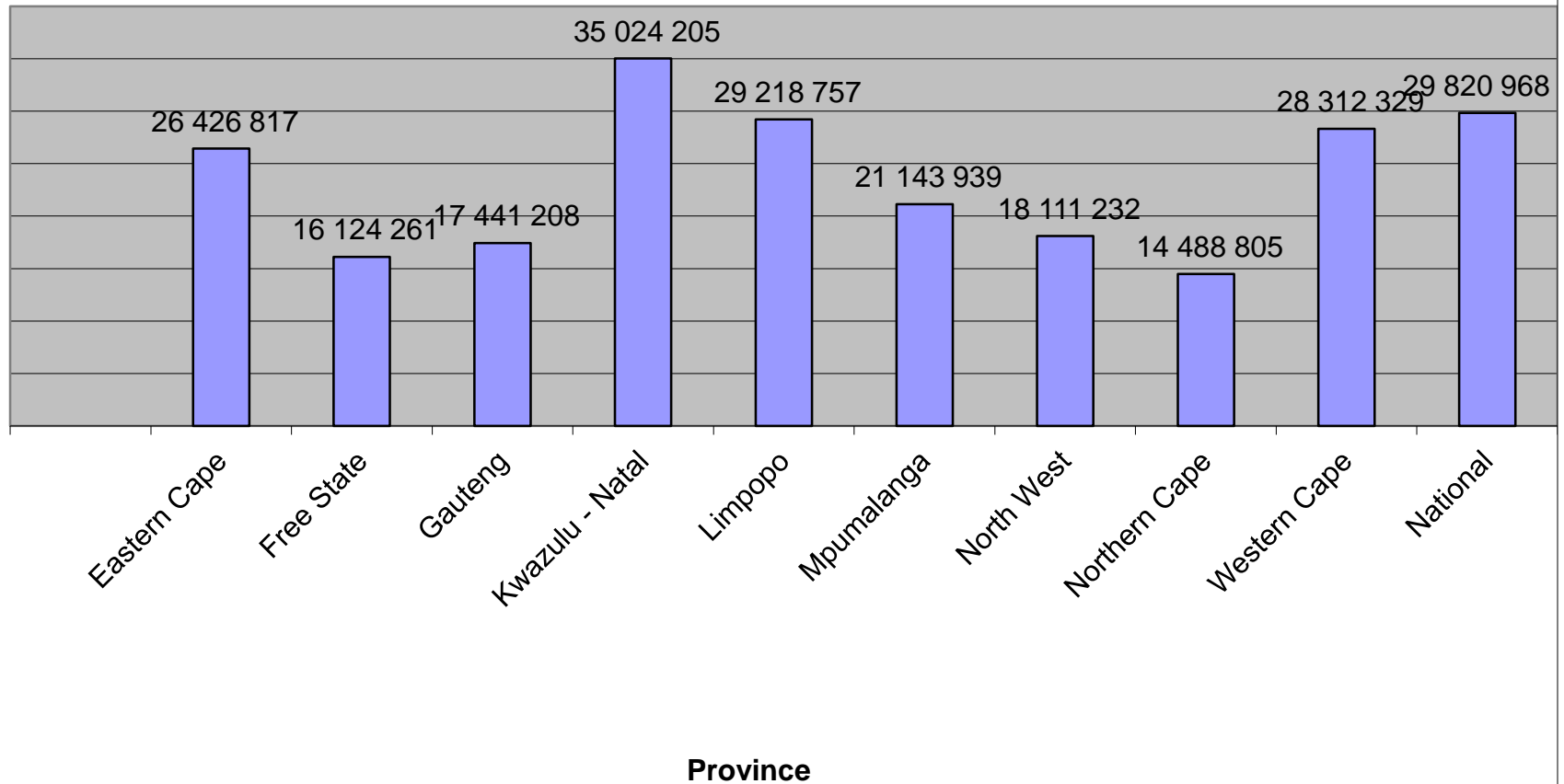
MDDA Strategy Map



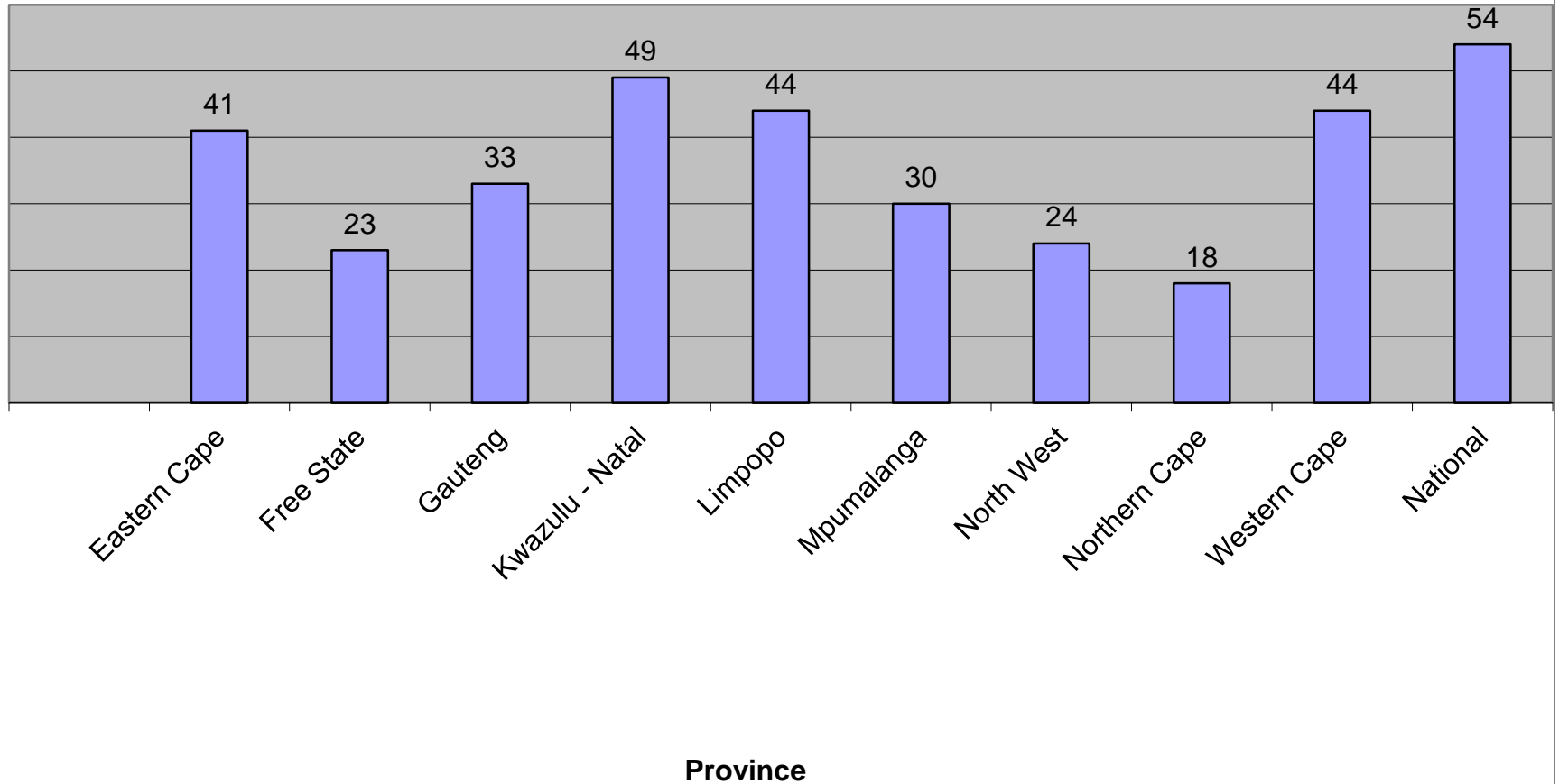
Programs and sub-program Plans

- **Program A: Grant Fund and Support**
 - *Sub-Programme A1: Community Media*
 - *Sub-Programme A2: Small Commercial Media*
 - *Sub-Programme A3: Research, Training & Development*
 - *Sub-Programme A4: Monitoring and Evaluation*
- **Program B: Legal and Contracts**
- **Program C: HR and Corporate Affairs**
- **Program D: Internal Audit & Risk Management**
- **Program E: Financial Management and Auxiliary Services**
 - *Sub-Programme E1: Finance and Supply Chain Management*
 - *Sub-Programme E2: Information Technology*
- **Programme F : Communications CEO's Office: Communications and stakeholder management**

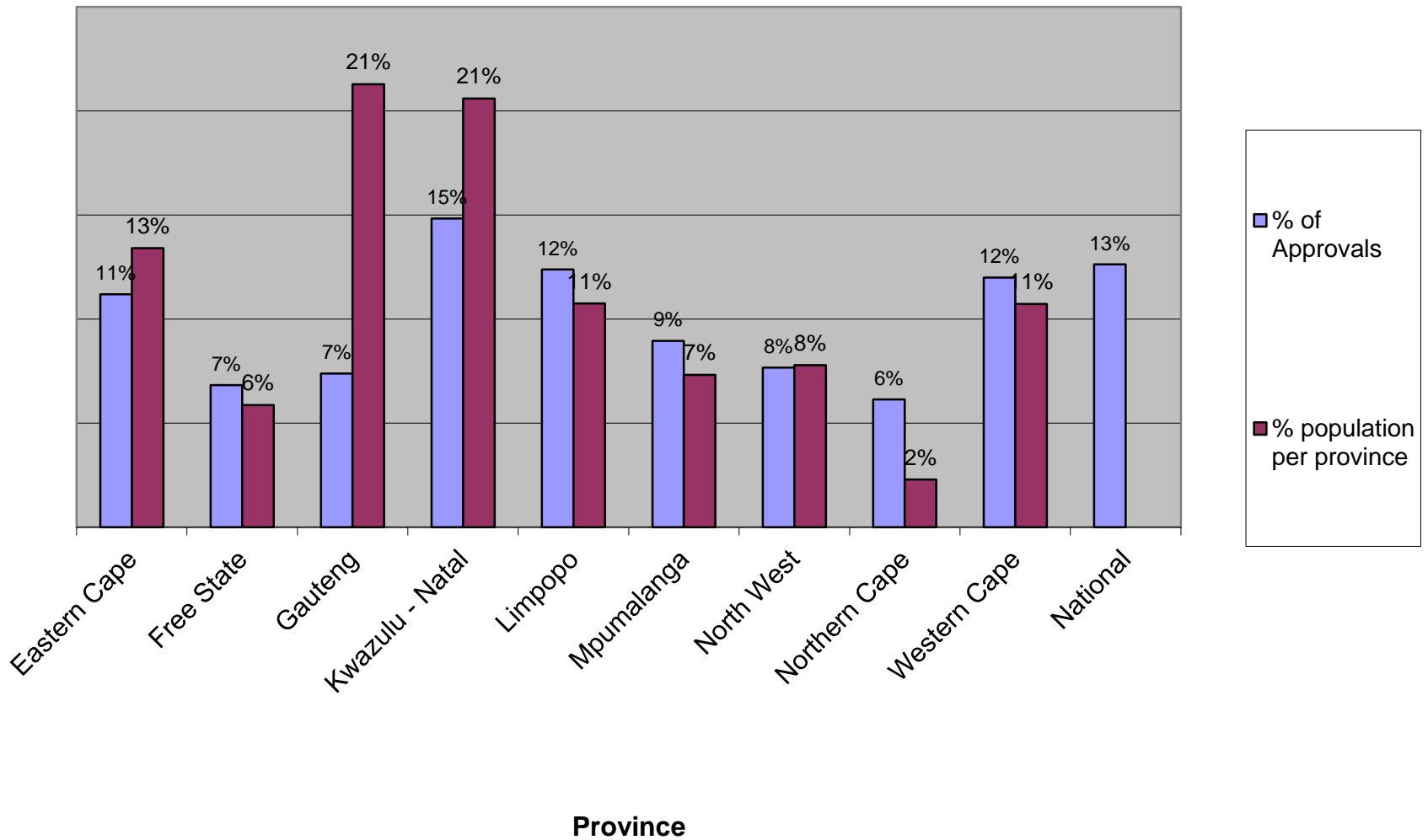
Approvals by Province



No. Of Projects per Province



% of Approvals per Province



Areas of Funding

Community Media - 60%

The MDDA Act defines community media as “any media project that is owned and controlled by a community where any financial surplus is reinvested in the media project”. Community media projects are defined as a geographic community or a community of interest. In addition, there is a strong emphasis on public participation and is not for profit. ***Projects that are registered as a Section 21, NPO, NGO, CBO, or cooperative can apply for this category.***

Small Commercial Media – 25%

The MDDA Act defines small commercial media as “independent media enterprises or initiatives that are run for personal gain as micro, very small or small business as classified in the National Small Business Act, 1996. *Small business "means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which... can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule...". The Act uses three indicators: Number of people employed, turnover and assets of the business. Projects that are registered as a Sole Proprietorship, Close Corporation or Private Company can apply in this category.*

Research Projects – 5%

This is funding allocated to projects who wish to undertake research into the media sector in South Africa or who want to undertake feasibility studies.

Other – 10%

This is funding allocated towards training, monitoring and evaluation of the media projects funded by the MDDA. It includes non-financial interventions like development of guidebooks, toolkits, etc.

Funding for the Agency

(For financial year 01 April 2014 to 31 March 2017)

Print Partners

- **PDMSA** (representing CTP Ltd, Independent Newspapers (Pty) Ltd, TML, Media24 Ltd) have decided to not commit to this MTEF until policy review)

Broadcast Partners

- Multichoice
- South African Broadcasting Corporation Ltd (SABC)
- Electronic Media Network Ltd (M-Net)
- E-TV (Pty) Ltd
- Primedia Broadcasting (Pty) Ltd
- Kagiso Broadcasting (Pty) Ltd (East Coast Radio)
- Kagiso Broadcasting (Pty) Ltd (Jacaranda FM)
- AME (Radio Algoa)
- AME (OFM)
- Kaya FM
- YFM
- Capricorn Radio
- Eastcoast Radio
- Heart FM
- Igagasi FM
- Top TV

Community Broadcasters

(like Radio Today, Radio Riverside, Radio Pulpit) have been exempted through the new amendments to the ECA.

This was proposed by MDDA and ICASA as both parties felt there were unintended consequences in the ECA which made it difficult for community broadcasters to comply.



Budgeting Regulations & Challenges



MDDA has to meet regulatory and funding agreements requirements

- Regulations divide funds between small commercial, community and research & training



Funding agreements divide between print and broadcast

Funding is on different cycles

PDMSA have indicated their non-commitment to renewing their contributions until a policy review on media development and diversity is completed. This decision means MDDA budget for 2014/19 is less R4m. An amendment to the law, either Money Bill or MDDA Act needed.



Funding agreements from private sector specify no more than 10% to administration and research.

National Treasury need to facilitate the transfer of the allocation of support for capacity building of community radio programme production in VOTE 26 (Communications) to VOTE 8 (GCIS) for MDDA

CHALLENGES

EXTERNAL CHALLENGES

- ❖ Limited funding, especially in the area of print media, where funders have signed the same R1.2m support for the first three years and R1m for the last two years, this as a result of the financial challenges the print media industry is facing at present; PDMSA have indicated their non-commitment to renewing their contributions until a policy review on media development and diversity is completed. This decision means MDDA budget for 2014/19 is less R4m.
- ❖ The market environment for print media development is not enabling, having regard to the value chain (printing and distribution), costs of running the business and funding support;
- ❖ Loss of skills from small commercial and community media to the more lucrative commercial/private media and public broadcasting sector;
- ❖ Limited exposure of small commercial and community media to marketing and advertising revenues;
- ❖ Sustainability challenges and mobility of skills.
- ❖ Limited number of mentors and people business administration skills .

CHALLENGES

INTERNAL CHALLENGES

- ❖ The level of organisational skills and capacity both in terms of numbers, knowledge and skills given the broad spectrum of projects across the country;
- ❖ The more the beneficiary numbers increase, the less is the capacity of MDDA to manage, monitor and evaluate, and report adequately;
- ❖ The inadequacy of the MDDA financial resources which limit the Agency's ability to recruit and retain appropriate and the best staff the market can offer;
- ❖ Five (5) Board members' terms of office are expiring in December 2014
- ❖ Positioning the Agency in the context of new technologies and innovation;
- ❖ Using cutting edge technologies to enhance efficiencies.

MDDA BUDGET SUMMARY

ITEMS	BUDGET		
	2014/15 R'000	2015/16 R'000	2016/17 R'000
INCOME			
GCIS – Transfer	21 815	22 615	23 814
Broadcast Media	24 502	24 502	24 501
Print Media	4 000	4 000	4 000
Other Income	7 378	7 708	8 401
	57 695	58 826	60 717
EXPENDITURE			
Programme Cost	42 013	42 613	43 512
Operational Expenses	15 579	16 116	17 106
Capital Expenditure	103	96	99
	57 695	58 826	60 717
SURPLUS/DEFICIT	-	-	-

Overview of the 2014/2017 and METF estimations

Program	Audited outcomes			Adjusted Appropriations	Medium Term Expenditure Estimate		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/15	2015/16	2016/17
Program A: Grant Fund and Support	28 304	76 465	41 917	47 422	40 965	41 485	47 657
<i>Sub-Programme A1: Community Media</i>	<i>18 371</i>	<i>49 225</i>	<i>30 654</i>	<i>33 446</i>	<i>26 944</i>	<i>27 176</i>	<i>27 614</i>
<i>Sub-Programme A2: Small Commercial Media</i>	<i>6 679</i>	<i>17 779</i>	<i>6 587</i>	<i>7 180</i>	<i>7 519</i>	<i>7 759</i>	<i>8 061</i>
<i>Sub-Programme A3: Research, Training & Development</i>	<i>2 257</i>	<i>8 127</i>	<i>3 446</i>	<i>5 305</i>	<i>5 161</i>	<i>5 103</i>	<i>5 432</i>
<i>Sub-Programme A4: Monitoring and Evaluation</i>	<i>997</i>	<i>1 334</i>	<i>1 230</i>	<i>1 491</i>	<i>1 341</i>	<i>1 447</i>	<i>1 550</i>
Program B: Legal and Contracts	479	251	98	589	61	64	20
Program C: HR and Corporate Affairs	1 397	2 017	2 788	2 628	2 595	2 586	2 711
Program D: Risk management & Audit	1 095	1 661	1 509	1 659	1 532	1 632	1 707
Program E: Financial Management and Auxiliary Services	4 245	5 459	6 813	6 904	7 111	7 316	7 824
<i>Sub-Programme E1: Finance and Supply Chain Management</i>	<i>3 992</i>	<i>5 096</i>	<i>6 486</i>	<i>6 561</i>	<i>6 857</i>	<i>7 049</i>	<i>7 538</i>
<i>Sub-Programme E2: Information Technology</i>	<i>253</i>	<i>363</i>	<i>327</i>	<i>343</i>	<i>254</i>	<i>267</i>	<i>286</i>
Programme F : Communications CEO's Office: Communications and stakeholder management	3 967	3 957	4 450	5 061	4 067	4 332	4 646

CRITICAL ASSUMPTIONS

- ❖ Sufficient legislative, regulatory and govt policy positions exist to support efforts of the sector and support from private media houses.
- ❖ The MDDA Act provides for the development and support of the sector and there is an approved budget for project implementation.
- ❖ The funding requests increases beyond current funding. NOTE - The MDDA receives requests worth in excess of R150m.
- ❖ The MDDA regulations prescribe categories to be funded by the MDDA.
- ❖ Beneficiary organisations are willing and able to participate in MDDA sponsored interventions.
- ❖ There is sufficient base of trainers and mentors in the sector.

RISKS AND ACTIONS TO MITIGATE RISKS

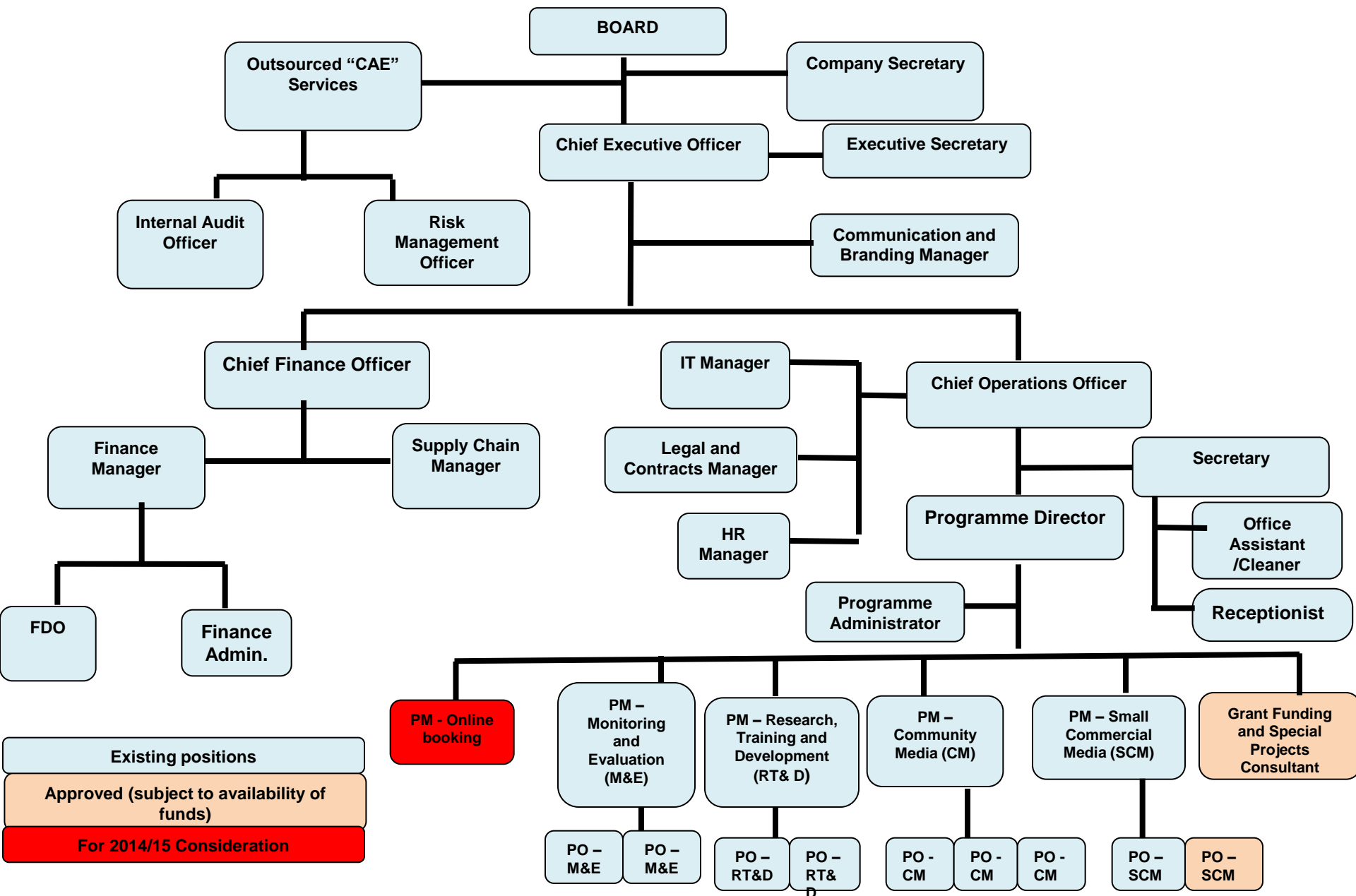
❖ **Two main risks were rated high:**

1. Sustainability of funded projects
2. Lack of adequate funds for print media mandate

❖ **Actions to mitigate risks:**

1. Integrated development approach leading to improved socio-economic conditions of the targeted communities.
2. Continuous engagement with the print media sector and increased government funding.

Proposed Structure – January 2014



Existing positions
Approved (subject to availability of funds)
For 2014/15 Consideration

HUMAN RESOURCE PLAN FOR IMPLEMENTATION OF ITS STRATEGIC FOCUS 2014-2019

Established posts		Positions filled		
Position	Number of positions	Year 1: 2014/2015	Year 2: 2015/2016	Year 3: 2016/2017
1. Chief Executive Officer	1	1	1	1
2. Chief Financial Officer	1	1	1	1
3. Chief Operations Officer	1	1	1	1
4. Program Director	1	1	1	1
5. Legal and Contract Management Manager	1	1	1	1
6. Finance Manager	1	1	1	1
7. HR Manager	1	1	1	1
8. Supply Chain Management Manager	1	1	1	1
9. IT Manager	1	1	1	1
10. Communications & Branding Manager	1	1	1	1

Established posts		Positions filled		
Position	Number of positions	Year 1: 2014/2015	Year 2: 2015/2016	Year 3: 2016/2017
11. Risk Management Officer	1	1	1	1
12. Internal Audit Officer	1	1	1	1
13. Company Secretary	1	1	1	1
14. Program Manager	4	4	4	4
15. Grant Funding & Special Projects Consultant	1	0	1	1
16. Project Officer	9	8	8	9
17. Financial Administrator	1	1	1	1
18. Finance and Disbursement Officer	1	1	1	1
19. Receptionist	1	1	1	1
20. Office Assistant and Cleaner	1	1	1	1
21. Executive Secretary (CEO's office)	1	1	1	1
22. Admin Assistant/Secretary	3	2	3	3
23. Online Booking & Monitoring Project Manager	1	0	1	1
Total staff complement	36	32	35	36

EMPLOYMENT EQUITY (EE) PLAN

Numerical Goals (2013/14) to 2015/16) as informed by the Human Resources Plan

Occupational Level	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	2	0	0	0	1	0	0	0	0	0	3
Senior Management	1	0	0	0	1	0	0	0	0	0	2
Professionally Qualified and experienced specialists and mid management	3	0	1	0	3 + 1	1	0	1	0	0	10
Skilled technical and academically qualified workers	2 + 1	0 + 1	0 + 1	0 + 1	2 + 1	0 + 1	0 + 1	0 + 1	0	0	12
Semi-skilled and discretionary decision making	1	0 + 1	0	0	4	0	0	0 + 1	0	0	7
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	0	1
Total Permanent	10	2	2	1	14	2	1	3	0	0	35
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	10	2	2	1	14	2	1	3	0	0	35

MDDA express gratitude to the previous CEO, Mr Lumko Mtimde, for serving the organisation for 8 years, we appreciate his commitment to the sector.

Conclusion

This new strategic approach and the Strategic & Business Plan was approved by the Board in January 2014.