Presentation to the Portfolio Committee

on Communications

Third Quarter Performance and Expenditure Report

16 September 2014

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

**11 years of unqualified and clean audits since inception**

Total of 570 media projects supported with MDDA grants worth R275m.

- ❑ More than 2021 individuals trained and skilled.
- ❑ More than 247 bursaries awarded in media studies.
- ❑ MICT-SETA partnership on accredited and quality training programmes.

❑ **Media Freedom, Freedom of Expression and Access to Information is protected and guaranteed through the Constitution Act of 1996.**

❑ **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. (existing partnerships with the GCIS Media Buying, Milele Group, etc.)**

❑ **More community and small commercial newspapers and magazines are produced in indigenous languages spread in different District Municipalities across the country.**

- ❑ **Research work produced and published on media topics (*Print Transformation, Media Co-operatives, Viable Content for CTV, etc.*)**

- ❑ **Diverse and innovative SA content, languages, cultures, etc. enjoys airtime in the three-tier broadcasting system *(public, community & private)* and enable a diverse broadcasting industry.**

- ❑ **Listenership and viewership has grown since 1994. Community radio commands more than 25% of total radio listenership. Community television is licensed in 4 provinces (GP, WC, EC, and KZN), access Government advertising and viewership is growing.**

- ❑ **Creation of easy to use Toolkits & Guidebooks in Governance, Advertising & Marketing, Financial Management, etc.**

- ❑ **Signal distributions costs for community broadcasting discounted/reduced (Sentech partnership)**

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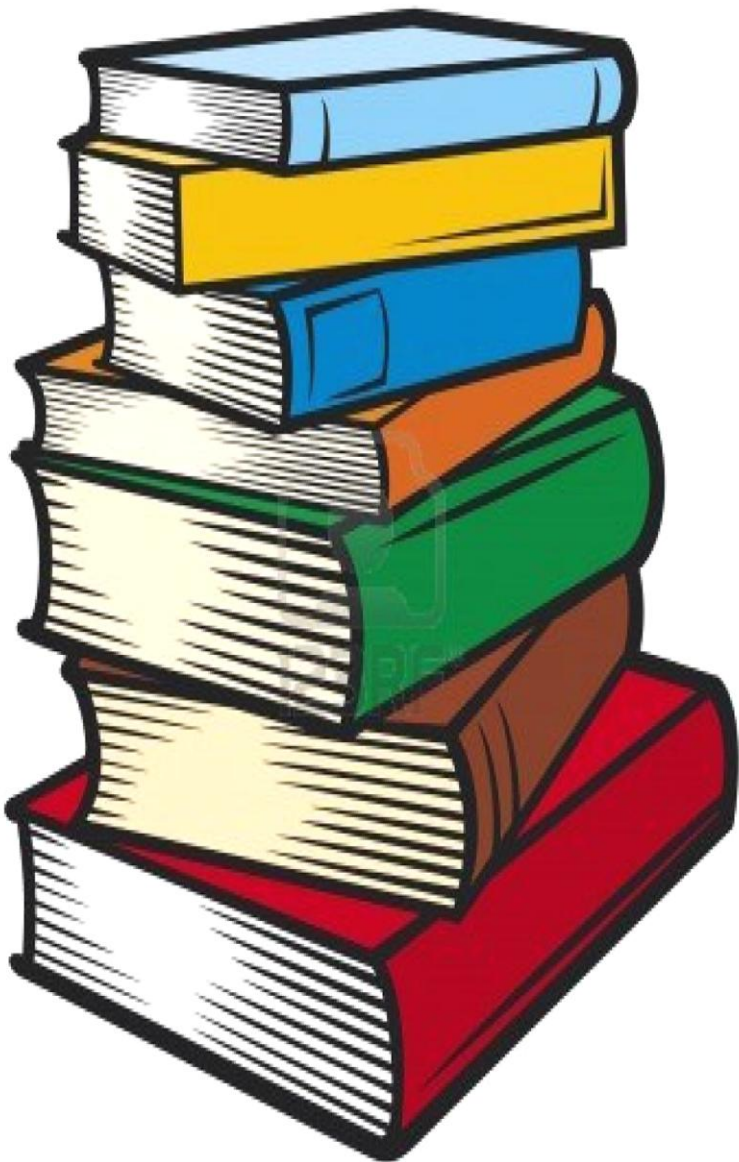
Section 16 and 32 of the Constitution Act No. 108 of 1996 provides for the freedom of expression and access to information.

MDDA Act No. 14 of 20 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.

MDDA Act defines

”**MEDIA** ” as all forms of mass communication, including printed publications, radio, television and new electronic platforms for delivering content.

“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).

“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”.

“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.

MANDATE

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.

Programme Performance

PROGRAMME A: COMMUNITY MEDIA					

Strategic Objective Ownership, control and access to information and content production by communities					
Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	Actual		
	2013/14	Oct-Dec	Oct-Dec		
Percentage of community media projects funded are operational	100%	100%	100%	0%	Achieved
Number of funded community projects streaming	10	10	10	10	Achieved
Percentage of applications received online	50%	35%	15%	-20%	Only 15% was achieved, but the system will be continuously improved
Number of Community Radios receiving advertising bookings online	20	20	0	-20	The RFP will be re issued to accommodate new development in the sector
Number of Community Print Media receiving advertising bookings online	5	5	0	-5	The RFP will be re issued to accommodate new development in the sector
Percentage of Community Radio Projects recorded on the online data base	80%	20%	10%	-10%	Only 10% was achieved, but the system will be continuously improved
Number of learning forums attended by beneficiary community media projects	1	0	0	0	
Number of studies to assess local content and iinfrastructure support activated	1	0	0	0	N/A

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Programme Performance *(...cont.)*

PROGRAMME B: SMALL COMMERCIAL MEDIA					
Strategic Objective **Enhancement of ownership,& control by independent media entrepreneurs**					
Performance Indicator	**Annual Target**	**Actual Performance against Target**		**Variance**	**Reason for Variance**
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Rand amount of grant and seed funding allocated /disbursed	R5,7 million	R1,3 million	R1,3 million	0	Achieved
Percentage increase in advertising revenue for SCM sector projects	5%	5%	5%	0	Achieved
Percentage increase in advertising revenue for SCM sector projects as a result of online exposure.	20%	20%	0	-20%	The RFP will be re issued to accommodate new development in the sector
Percentage project application handling turn-around times improvement	40%	10%	10%	0	Achieved
Percentage SCM funded projects benefiting from the Learning Forum	100%	0%	0%	0	N/A
Number of SCM funded projects Grassroots Certified	20	5	4	-1	4 projects received the ABC certificates
Percentage discounts received by SCM funded projects	5%	5%	5%	0	Achieved
Number of SCM projects receiving NEF Imbewu low interest loans	15	5	0	-5	NEF is no longer funding

Programme Performance *(...cont.)*

PROGRAMME C: RESEARCH, TRAINING AND DEVELOPMENT					
Strategic Objective **A vibrant, innovative and people centred media.**					
Performance Indicator	**Annual Target**	**Actual Performance against Target**		**Variance**	**Reason for Variance**
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Rand amount of research grant disbursed	R1 million	R500k	R500k	0	Achieved
Number of beneficiaries trained	400	200	200	0	Achieved
Number of mentor/trainers on the database	50	5	5	0	Achieved
Number of beneficiaries that underwent the Grantee Orientation Workshops	60	60	41	-19	Due to budgetary constraints only 41 beneficiary projects could be achieved.
Basic Financial Management Guidebook developed	1	0	0	0	N/A
Number of quality assured training programs in place	3	1	1	0	Achieved
Increase in the number of operational media projects as a result of training and skills provided transferred	460	115	115	0	Achieved
Number of research projects commissioned	2	0	0	0	N/A
Number of Social Impact Evaluation and assessments undertaken	1	1	0	-1	Tender process is in the final stage.
Number of Annual Journals Published	2	1	1	0	Achieved

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Programme Performance (...cont.)

PROGRAMME D: MONITORING AND EVALUATION

Strategic Objective
Enhancement of ownership & control by independent media entrepreneurs.

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Percentage of funded projects monitored	100%	100%	90%	10%	90% achieved due to under capacity in the Unit
Percentage of grantee compliance with grant agreements	100%	100%	100%	0%	Achieved
Percentage of corrective action implemented as a result of identified monitoring gaps	100%	100%	100%	0	Achieved
Number of projects monitored through site visits	50	10	9	1	90% achieved due to under capacity in the Unit
Number of project monitored through desktop	45	15	15	0	Achieved
Number of Small Commercial Media monitoring and evaluation reports reviewed	6	2	2	0	Achieved
Number of Community Media monitoring and evaluation reports reviewed	6	2	2	0	Achieved
Number of summative impact evaluations in place	1	1	–	1	Unit under capacitated
Percentage increase in the number of projects monitored through partnerships	10%	10%	10%	0	Achieved

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Programme Performance *(...cont.)*

PROGRAMME E: HUMAN RESOURCES

Strategic Objective
Creation of an environment and capabilities that deliver MDDA value products and services .

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Percentage reduction in desired staff turnover	100%	75%	100%	0	Achieved
Number of staff identified for succession in identified posts	2	0	0		N/A
Percentage of jobs evaluated and graded	100%	50%	0%	-50%	The Budget was re-allocated to Recruitment Services for the CEO, COO and Company Secretary
Percentage of vacancies filled within the agreed turnaround time	100%	75%	55%	-20%	COO, Company Secretary, Risk Management Officer ,, Internal Audit Officer and Finance Manager appointments will be concluded in April 2014.PM: M&E matter await CCMA finalisation
Percentage of performance targets achieved	100%	75%	23%	-52%	Only 3 out of 13 (23% performance targets were met . 5 (38 % performance targets are in progress with 2 (14%) having an improved status.

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Programme Performance *(...cont.)*

PROGRAMME E: HUMAN RESOURCES

Strategic Objective
Creation of an environment and capabilities that deliver MDDA value products and services .

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	Actual		
	2013/14	Oct-Dec	Oct-Dec		
Percentage of disputes lodged and resolved	100%	75%	75%	0	Achieved
Percentage compliance with HR policies and procedures	100%	75%	75%	0	Achieved
Percentage alignment of remuneration and benefits to positions as a result of regular salary market surveys	100%	50%	0%	-50%	The Budget has been re-allocated to Recruitment Services for the CEO, COO and Company Secretary
Percentage of accuracy and integrity of personnel information on HRIMS	100%	100%	100%	0	Achieved
Percentage reduction in the number of audit findings	100%	75%	55%	-20%	55% achieved. Succession planning policy awaiting Board approval.
Percentage increase in achievement of performance information targets	100%	75%	23%	-52%	Only 3 out of 13 (23% performance targets were met . 5 (38 % performance targets are in progress with 2 (14%) having an improved status.
Number of personnel trained in the identified skills gap	100%	75%	75%	0	Achieved
Number of positions filled as per the EE plan	100%	50%	0%	-50%	The EE plan was approved in October and subsequent recruitment is in terms of EE plan.

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Programme Performance *(...cont.)*

PROGRAMME F: COMMUNICATIONS, BRANDING AND STAKEHOLDER MANAGEMENT

Strategic Objective
A well-known, valued and reputable brand

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Percentage increase in MDDA public awareness	100%	0%	0%	0	N/A
Percentage stakeholder satisfaction index	100%	0%	0%	0	N/A
Number of positive media comments (using Meltwater reports and BizCommunity)	10 000	3000	3050	0+	Exceeded target
Increased partnerships in support of media development and diversity	10	3	3	0	Achieved
Number of entrants and winners	1 510	0	0	0	N/A
Number of winners	40	0	0	0	N/A

Programme Performance *(...cont.)*

PROGRAMME G: RISK MANAGEMENT AND INTERNAL AUDIT

Strategic Objective
Enhanced governance and accountability standards of the MDDA

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Risk management strategy and plan	1	1	1	0	Achieved
Risk assessment audits completed	1	1	1	0	Achieved
Divisional risk education events completed	6	3	2	-1	More workshops will be considered in the next financial year.
Divisional fraud prevention education events	6	3	0	-3	Workshops will be held in the next financial year.
Internal audit policy and plan	1	0	0	0	N/A
Internal Audit completed	8	3	1	-2	Remaining 2 reviews in progress.

Programme Performance *(...cont.)*

PROGRAMME H: FINANCIAL MANAGEMENT

Strategic Objective
To strengthen, grow and protect the MDDA funding base

Performance Indicator	Annual Target	Actual Performance against Target		Variance	Reason for Variance
		Target	**Actual**		
	2013/14	Oct-Dec	Oct-Dec		
Rand amount of transfers received	R46million	0	R1.8million	0+	Exceeded target
Percentage variance of actual vs budget (MDDA regulated allocations of 75% GFC and 25% admin)	0%	0%	0%	0	Achieved
Percentage compliance to FM Procedures manual	100%	100%	100%	0	Achieved
Percentage variance in asset register reconciliation inventory count	0%	0%	0%	0	Achieved
Reduction in the number of significant audit findings and emphasis of matter	0	0	0	0	Achieved
Reduced number loss of data as a result of IT Security Management System	0	0	0	0	Achieved

FINANCIAL EXPENDITURE 2013-14

ITEMS	Budget (R) (Apr–Dec)	Actual (R) (Apr–Dec)	Variance (R)	Reason and Corrective Measure
Small Commercial Media	4 304 726	4 061 748	242 978	**Under spending due to late approval of contract for projects**
Community Media	21 201 407	13 159 765	8 041 642	**Under spending due to late approval of contract for projects**
Research and Training	1 765 009	640 056	1 124 953	**Under spending due to late approval of contract for projects**
Other	2 705 018	1 793 182	911 836	**Under spending due to late approval of contract for projects**
Community Awards	0	0	0	N/A
Monitoring and Evaluation	123 700	123 646	54	

FINANCIAL EXPENDITURE 2013-14

ITEMS	Budget (R) (Apr–Dec)	Actual (R) (Apr–Dec)	Variance (R)	Reason and Corrective Measure
Administration Costs	5 165 781	4 888 797	276 978	**Under spending due to outstanding claims/invoices from service providers/suppliers**
Employee Costs	5 105 896	3 777 700	1 328 196	**4 Vacancies not filled**
Programme Admin Costs	4 476 828	3 484 581	992 247	**Under spending due to outstanding claims/invoices from service providers/suppliers**

CONCLUSION

The Agency would like to express its appreciation and thanks to the Committee, Government, and the funding partners for the support to the Board and Management.

Further we hope -
- o to ensure diversity of media in each and every district municipality of our country,
- o to ensure increased media in different indigenous languages, reflecting unity in diversity,
- o to ensure rural communities are empowered, jobs are created, poverty is alleviated and we have an informed society.

CONCLUSION

Challenges:
- o Current demands for funding far outweigh available resources, as a result projects are given less than what they requesting.
- o The MDDA currently receives more than R150 million in applications, without increased funding.

Priorities:
- o The agency is undertaking an impact study in two parts, impact of the MDDA funding on projects and the impact of the sector on socio-economic development.
- o MDDA will engage ICASA on the management of licensing process to ensure complementarity. The new licensing model allows community radio stations to be licensed within 60 days which makes it difficult for MDDA to adjust its financial plans to accommodate new stations.
- o In improving relations with print funders, the agency is working with the Minister in engaging the print media sector to discuss their financial and non financial support to the sector.