



This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2014 to 31 March 2015.

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

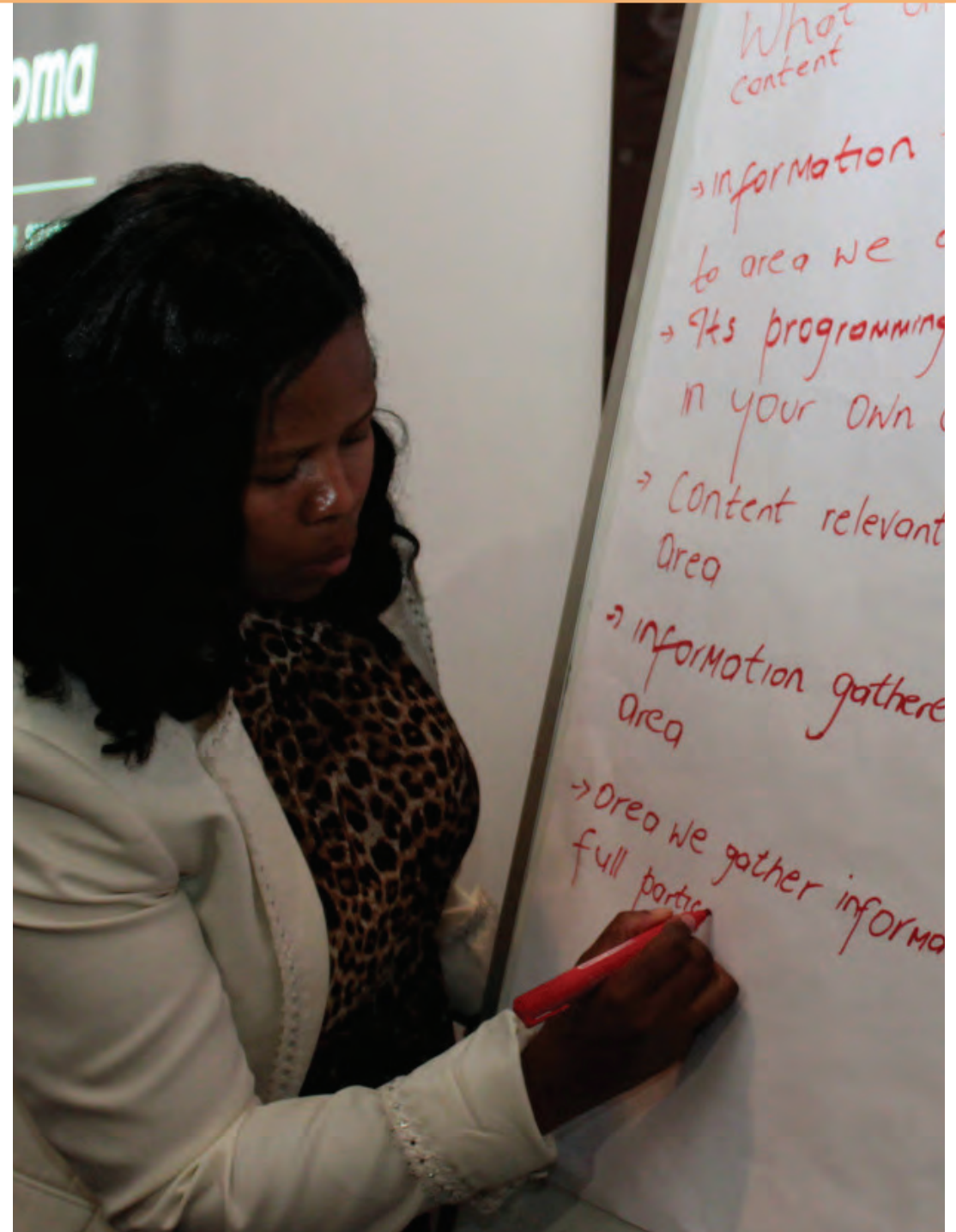
The Media Development and Diversity Agency (MDDA) is a statutory development agency for promoting and ensuring media development and diversity, set up as a partnership between the South African Government and major print and broadcasting companies to assist in (amongst others) developing community and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

Vision

"Access to diversified media for all."

Mission

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



MDDA Value Proposition

“Integrated development services and resources that enable media development and diversity”

- Encourage the development of human resources and training, and capacity building, within the media industry, especially amongst historically disadvantaged groups.
- Encourage the channelling of resources to the community media and small commercial media sectors.
- Raise public awareness with regard to media development and diversity issues

Overall Objective

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

Mandate

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

- Create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans.
- Redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry.
- Promote media development and diversity by providing support primarily to community and small commercial media projects.
- Encourage ownership and control of, and access to, media by historically disadvantaged communities as well as by historically diminished indigenous language and cultural groups.

2014/2015 MDDA Board of Directors (Outgoing)

Phelisa Nkomo (Chairperson)
Ingrid Louw
Thato Mahapa
Jimmy Manyi
Robert Nkuna
Phenyo Nonqane
Dr René Alicia Smith
Roland Williams

MDDA Standing Board Committees

AUDIT AND RISK COMMITTEE

Ingrid Louw (Chairperson)
Jimmy Manyi (Alternate)
Albert Dzuguda
Nkoana D Modiba
Given Sibiya

FINANCE AND OPERATIONS

Phenyo Nonqane (Chairperson)
Phelisa Nkomo
Dr René Alicia Smith

GOVERNANCE

Roland Williams (Chairperson)
Ingrid Louw
Thato Mahapa
Jimmy Manyi
Phelisa Nkomo
Robert Nkuna
Phenyo Nonqane

POLICY, LEGISLATIVE AND REGULATORY

Robert Nkuna (Chairperson)
Thato Mahapa
Dr René Alicia Smith

REMUNERATION AND HUMAN RESOURCES

Ingrid Louw (Chairperson)
Jimmy Manyi (Alternate)
Phelisa Nkomo
Dr René Alicia Smith
Roland Williams

TENDER

Thato Mahapa (Chairperson)
Phelisa Nkomo
Phenyo Nonqane

BANKERS

Absa

AUDITORS

Sizwe Ntsaluba Gobodo (SNG)– Internal
Auditor-General of South Africa – External



Ms Phelisa Nkomo
Chairperson



Mr Roland Williams



Mr Thato Mahapa



Mr Jimmy Manyi



Dr René Alicia Smith



Mr Phenyo Nonqane



Mr Robert Nkuna



Ms Ingrid Louw

2015/2016 MDDA Board of Directors (Incoming)

Phelisa Nkomo (Chairperson)
Roland Williams
Themba Khumalo
Louise Vale
Palesa Kadi
Jabulane Blose
Musa Sishange
Neo Momodu

POLICY, LEGISLATIVE AND REGULATORY

Roland Williams (Chairperson)
Jabulane Blose
Musa Sishange

REMUNERATION AND HUMAN RESOURCES

Louise Vale (Chairperson)
Roland Williams
Phelisa Nkomo

TENDER

To be confirmed

MDDA Standing Board Committees

AUDIT AND RISK COMMITTEE

Palesa Kadi (Chairperson)
Musa Sishange (Alternator)
Albert Dzuguda
Nkoana D Modiba
Given Sibiya

FINANCE AND OPERATIONS

Musa Sishange (Chairperson)
Jabulane Blose
Themba Khumalo



Ms Phelisa Nkomo
Chairperson



Mr Roland Williams



Ms Louise Vale



Mr Musa Sishange



Mr Themba Khumalo



Ms Palesa Kadi



Mr Jabulane Blose



Ms Neo Momodu

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PART ONE: INTRODUCTION

"Access to diversified media for all."





1.1 MINISTER OF COMMUNICATIONS FOREWORD

It gives me great pleasure as the Executive Authority to submit the 2014/2015 Annual Report of the Media Development and Diversity Agency (MDDA). This report describes and details the activities of the Agency for the period 1 April 2014 to 31 March 2015. The mandate of the MDDA recognises that a diverse media is critical in the creation of an informed and knowledgeable society. The success of our democracy and the hopes of our people are dependent on the ability of our people to access information in the languages of their choice.

The objectives of the MDDA Act are in line with the national policy priorities and the Constitution, 1996 (Act No. 108 of 1996), which are to promote media development and diversity, media freedom, the right to freedom of expression and freedom to receive and impart information or ideas.

While the MDDA can look back proudly on its achievements as the largest contributor to enabling access to, control of and management of the sector by historically disadvantaged individuals and groups, there is still much to be done if we are to enjoy a fully transformed media sector.

I endorse the MDDA and local media's initiatives in driving the transformational agenda outlined in the National Development Plan (NDP), which sets out where we want to be in 20 years' time as a country. The importance of local media to nation building and building an environment of tolerance to further advance the social cohesion in our country cannot be underestimated.

I hereby formally table this Annual Report to Parliament.

Faith Muthambi

Executive Authority

Minister of Communications



1.2 CHAIRPERSON'S STATEMENT AND FOREWORD

It is with great pleasure that I present this Annual Report of the Media Development and Diversity Agency (MDDA) on behalf of the Board.

The MDDA funded its first project in 2004, following its establishment by an Act of Parliament in 2002. In subsequent years, in line with its mandate, the Agency has rapidly increased both the number and reach of the projects it supports, with the cumulative total in 2014/2015 reaching more than 200 media projects across all nine provinces of South Africa. This has been a powerful force in giving a voice to our

communities, building skills and creating employment in the local media sector for people from our historically disadvantaged communities.

The year under review ushered in a period of transition for the MDDA, both in terms of the internal environment, with a change in executive leadership as well as Executive Authority, and the external operating environment. The Minister of Communications and the Department of Communications, to which the MDDA now reports, have demonstrated their passion for community media and their unwavering support of the MDDA and its mandate.

The Department of Communications potential digital migration across South Africa provided the opportunity in 2014/2015 for the MDDA to start positioning itself as one of the key players in this field. A major activity of the year was therefore provincial consultations, as a precursor to the development of a strategy that will assist the MDDA champion the necessary changes for the sector when the digital environment becomes a reality.

Mandate

Despite the significant strides made over the past 20 years in media freedom, historically disadvantaged communities do not yet enjoy the levels of access to information required to assist them participate actively in the democratic processes of the country. The current media landscape in South Africa still lacks a fully-entrenched diversity and recognition of indigenous languages and culture.

In this context, the MDDA plays a critical role in media transformation and access to information. The MDDA continues to work towards ensuring a flourishing, vibrant and robust local media sector, which supports nation building as well as defends and strengthens our democracy, social cohesion and good governance.

The MDDA derives its mandate, which is encapsulated in Section 3 of the MDDA Act of 2002, from Section 16 and 32 of the Constitution Act No. 108 of 1996, thereby providing for freedom of expression and access to information. The mandate requires that the MDDA encourages the ownership and control of, and access to media by historically disadvantaged communities as well as by the historically diminished indigenous language and cultural groups. The South African story must be told by South Africans united in their diversity, in their own language and expressed through their own culture and heritage.

Matters of Governance

The Agency is a well-managed organ of state, which has a continuous record of unqualified audit reports, testimony to the good corporate governance and prudent management of the Agency since its inception.

The terms of some Board members came to an end in 2014/2015, and I would like to thank those members who left the Board during the year for their contribution and willingness to work as a collective, providing good guidance and leadership to the management team. I would also like to thank Parliament for its initiative this year in making new appointments to the Board, enabling us to have a fully quorate board, ready and with the enthusiasm to take the MDDA forward into a new era.

During 2014/2015, the Board continued to provide oversight and leadership to the organization through its various committees. The Audit and Risk Committee fulfilled its responsibilities for the year, complying with section 38(1) (a) of the PFMA and Treasury Regulation 3.1. I would like to express my appreciation to Ms Ingrid Louw who chaired the Audit and Risk Committee for the past three years.

Funding for the Agency

The Agency receives funding from the Government through the Department of Communications, as well as from major commercial entities such as broadcast service licensees. The funding agreements with broadcasting service licensees are aligned to the ICASA regulation and prescribe that each broadcast licensee contributes 0.2% of their annual turnover of licensed activities. In the past years, the MDDA has seen a reduction in print media funding, which is provided through Print and Digital Media South Africa (PDMSA) and in 2014/2015 received no funding from this sector at all. The MDDA views PDMSA as an important partner towards achieving media development and diversity in South Africa, and will continue to engage it towards establishing a mutual understanding.

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

Why Support the MDDA

The objectives of the MDDA Act are in line with the national policy priorities and the Constitution Act, 1996 (Act No. 108 of 1996), which are to promote media development and diversity, media freedom, the right to freedom of expression and freedom to receive and impart information or ideas.

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

The Way Forward

The Board has reviewed and approved the MDDA Management's reassessment of its work to date, and its resulting redefined focus to ensure the promotion of a vibrant and diversified media in South Africa, in pursuance of its constitutional prescripts. The MDDA is committed to strengthening relations between its various stakeholder groupings in the best interests of the local media sector. The MDDA will continue to uphold its values of, amongst others, integrity and professionalism, ensuring effective, transparent communication with its stakeholders and the local media to maintain and build on their trust and confidence.

With the MDDA now well into its second decade, the announcement of the Minister of Communications in her budget vote speech to Parliament, regarding a review of the MDDA Act and its associated regulations, is welcomed. I commit the MDDA, on behalf of the Board and Management, to supporting this initiative, to ensure that the MDDA accelerates its impact on media transformation.

The consistent political support, the enabling legislative environment and the positioning of the MDDA in the Department of Communications present it with an opportunity to reach wider audiences and entrenches the relevance of its value proposition. It empowers the Agency to drive its proposition and gives it priority and prominence. The MDDA will invest in building internal capacity that strengthens its ability to deliver on its mandate.

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



Phelisa Nkomo

Chairperson



1.3 CHIEF EXECUTIVE OFFICER'S EXECUTIVE SUMMARY AND OVERVIEW

The end of the financial year 2014/2015, the MDDA's eleventh financial year, saw the acceleration of a number of exciting developments, not only within the sector, but also within the organization. As a result, the reporting period looked to set firm foundations for the organization to grow and capitalize on the changes within the sector, as it continues in its second decade of existence.

Achievements

The MDDA is the largest contributor to enabling access to, control of and management of the sector by historically disadvantaged individuals. The last decade saw the MDDA change the media landscape quite considerably. More than 200 community radio stations are in existence. Some 135 are or have been funded by the MDDA. More than ever before, all the languages of South Africa are being actively used to communicate to and engage with communities. The MDDA has invested significantly in the purchase of world class radio equipment, enabling quality productions.

With less than 10 years having passed since the first one year licence was granted in South Africa to a community TV station, this sector has grown encouragingly. The MDDA has supported four TV stations. Two were still being supported in the year under review.

Similarly, the community and small commercial print sector has grown significantly in recent years with South Africa now boasting more than 200 small publishers, a good proportion of which are publishing in an indigenous language. The MDDA has funded in total some 53 community print projects, with 26 of these currently being funded, and 93 small commercial print projects, with 31 still being funded.

Other achievements of the MDDA's initiatives include the fact that signal distribution costs for community broadcasting have been discounted or reduced, more than 2 500 individuals in the community media sector have been trained and skilled, more than 230 bursaries have been awarded for media studies and more than R30 million of government advertising spend has been allocated to local media. The diversification of the community landscape can be largely attributed to this investment made by the MDDA.

Operational Environment

At a glance, the 2014/2015 financial year saw a number of challenges for the Agency, caused by some potentially unsettling developments. During this period, there were changes in leadership across the Executive Authority and Executive Management levels, while a number of Board members came to the end of their terms.

Change is more often than not accompanied by discomfort, and in this environment the Agency was also required to adapt and align its key priorities to the mandate of the new Department of Communications, led by the Honourable Minister Faith Muthambi. I must congratulate the staff on their continued dedication and commitment to the mandate of the MDDA, as well as the positive steps taken to align their work to the new Executive Authority.

Performance

The Agency achieved 56% of its performance indicators; this translates into 84 of the 149 performance indicators being achieved, a positive outcome given the challenging environment of 2014/2015.

Executive Authority

Our new Executive Authority, The Minister of Communications, the Honourable Faith Muthambi, and the Department of Communications are strongly committed to the community media sector. This is evident in her enthusiasm for the Agency and shared concerns with the MDDA regarding the funding of the Agency in view of its large and critical mandate.

The Board appeared before Parliament three times during this reporting period. The

MDDA also enjoyed a site visit from the Portfolio Committee, with members interacting with staff and making use of the opportunity to understand the organization better. The interactions with Parliament were also of great assistance to the Agency in tightening up its processes and ensuring improved delivery to the local sector.



MDDA Board 2015: Standing (left to right): Mr Musa Sishange, Ms Louise Vale, Mr Jabulane Blose and Mr Roland Williams. Seated (left to right): Ms Neo Momodu, Ms Phelisa Nkomo (Chairperson) and Ms Palesa Kadi.

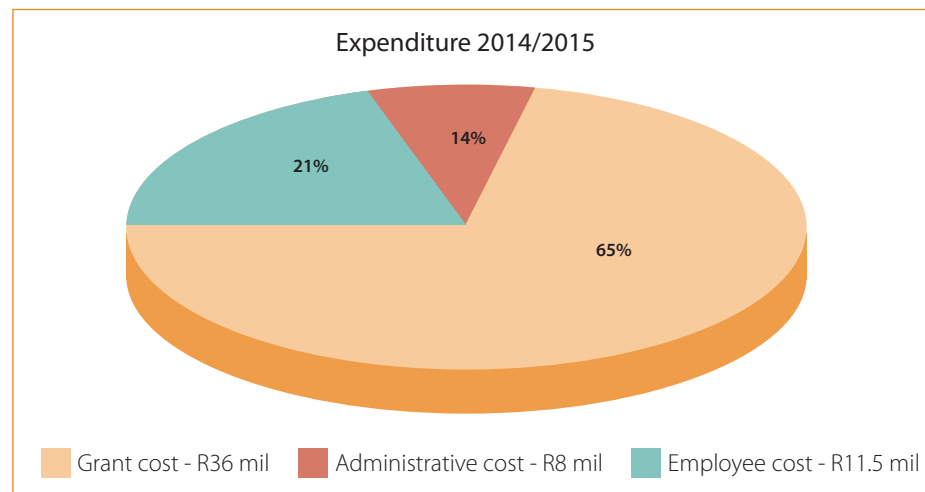
Financial Summary

The spending of the MDDA for the year under review, 2014/15, is well within the regulated percentage of allocations. MDDA has experienced under spending in the following employee cost. The under spending is mainly attributable to:

- The few projects that were approved by the Board at its July 2014 sitting and the low disbursement rate.
- The MDDA experienced high staff-turnover.
- Under spending experienced under administration cost is reasonable, but may be linked to factors above.

Compared to the prior year, the MDDA expenditure decreased by 3% (R1.5 million) from R57.6 million to R56 million.

Expenditure Analysis - Inclusive of R79 million for grants approved in previous financial years.



Governance

The MDDA is a juristic person, which acts only through the Board and is required to act in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Agency is independent and must be impartial, exercising its powers and performing its duties without fear, favour or prejudice and without any political or commercial interference. The MDDA Act requires the Agency not to interfere in the editorial content of the media. Section 16 of the MDDA Act provides the accountability framework that requires the Board to submit approved Annual Reports to the Minister for tabling in Parliament. Chapter 7 of the PFMA further accords responsibility to the Executive Authority over an entity such as the MDDA.

Five MDDA Board meetings sat during the reporting period. The last two meetings were not able to approve projects due to the lack of a quorum. This negatively impacted on the performance of the Agency, halting the onboarding of new projects. The MDDA must nevertheless be congratulated for receiving an unqualified audit for 2014/2015. This means it has an unbroken record of unqualified audits since its inception.

Way Forward

The MDDA needs to be proactive in responding to the fast paced changes in the media and broadcasting landscape and championing the necessary changes for the local media sector. As a result, the MDDA will look to lead the discussions on these changes, strengthening its engagement with its stakeholders and partners to widen its resource base for the benefit of the sector.

The upcoming review of the MDDA Act, announced by the Minister of Communications in her budget speech to Parliament, will also provide considerable opportunity for a refocused approach to growing this vital, local media sector.

The MDDA's dedicated team of individuals is its key asset and we will continue to strive for a rewarding and nurturing environment, one that is conducive to the growth of its staff, and filled with opportunities.

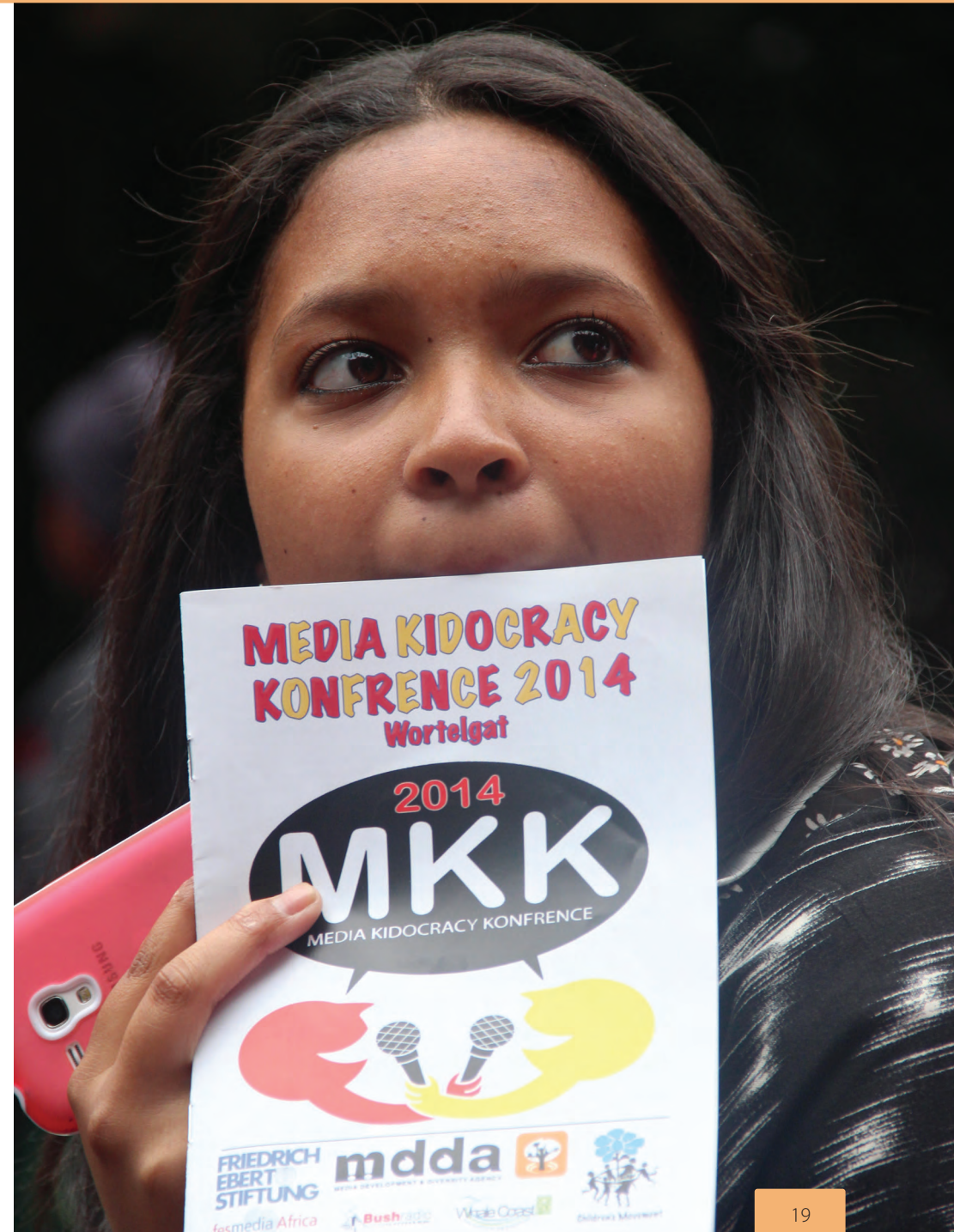
Whilst the year under review was admittedly a difficult year for the organization, the Agency did well to achieve more than 50% of its key indicators. Notwithstanding all the issues that inhibited the progress of the Agency, the team pulled together to ensure it ended the year on a solid ground.

I would like to thank the Board, the Minister of Communications and the Department of Communications for their unwavering support of the Agency.



Duduzile Nchoba

Acting Chief Executive Officer



MDDA Management as at 31 March 2015



Ms Duduzile Nchoba
Acting Chief Executive Officer



Mr Talifhani Khubana
Acting Chief Financial Officer



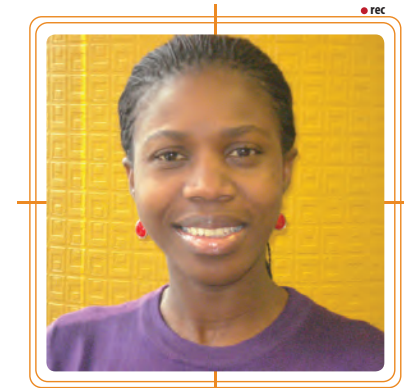
Ms Manana Stone
Programme Manager Research,
Training and Development



Mr Lindinkosi Ndibongo
Acting Programme Director



Ms Thembelihle Sibeko
Programme Manager
Monitoring and Evaluation



Ms Mpho Leshabane
Programme Manager
Community Broadcasting

MDDA Staff



standing left to right: **Kabelo Thelele:** Project Officer, Community Media; **Thembelihle Sibeko:** Programme Manager, Monitoring & Evaluation; **Zanele Machaba:** Internal Audit Officer; **Lindinkosi Ndibongo:** Acting Programme Director; **Nompumelelo Maduna:** Project Officer, Monitoring and Evaluation; **Mokgaetji Ledwaba:** Finance and Disbursement Officer; **Sfiso Maphanga:** Programme Officer, Community Media; **Khanyisa Mahlawule:** Project Officer, Research, Training & Development; **Mmathabo Thulo:** Programme Officer, Community Media; **Ouma Moatsi:** Receptionist; and **Sediroa Sithole:** Project Administrator.

seated left to right **Gugulethu Bonnet:** Programme Officer, Monitoring & Evaluation; **Talifhani Khubana:** Acting Chief Financial Officer; and **Thandiwe Kgatshe:** Acting Human Resources Manager.



left to right: **Faith Morokane:** Personal Assistant to the Acting Chief Executive Officer; and **Jimmy Ngwenya:** Project Officer, Small Commercial Media.

PART TWO: PERFORMANCE FOR 2014/2015

"Access to diversified media for all."



mdda
MEDIA DEVELOPMENT & DIVERSITY AGENCY



rec

2.1 PERFORMANCE AGAINST OBJECTIVES

2.1.1 Programme

Below is the programme structure set for the financial year and guided by the regulations, the strategy, business plan and the budget.

		PROGRAMME PURPOSE	STRATEGIC OBJECTIVE	APPROPRIATION 2014/2015 R'000
PROGRAMME A GRANT FUNDING AND SUPPORT				34 146
Sub Programme A1	Community Media	To provide technical, non-financial and financial support to diverse media platforms owned and controlled by communities	Ownership, control and access to information and content production by communities	29 995
Sub Programme A2	Small Commercial Media	To provide technical, non-financial and financial support to diverse media platforms owned and controlled by independent publishers	Enhancement of ownership and control by independent media entrepreneurs	1 917
Sub Programme A3	Research, Training and Development	To create and enhance a body of knowledge regarding the media landscape and build capacity for a diverse media industry	A vibrant, innovative and people centred media	1 924
Sub Programme A4	Monitoring and Evaluation	To assess grant agreement compliance and impact of MDDA funded projects	The strengthening and promotion of a vibrant, innovative and people centred and diversified media	310

		PROGRAMME PURPOSE	STRATEGIC OBJECTIVE	APPROPRIATION 2014/2015 R'000
PROGRAMME B LEGAL AND CONTRACTS MANAGEMENT		To provide legal support and advice, and contract management service to the Agency	Legally sound contract management and litigation free Agency	'61
PROGRAMME C HR AND CORPORATE AFFAIRS		To develop MDDA human capital so as to deliver products and services that delight stakeholders	Creation of an environment and capabilities that deliver MDDA value products and services	1 799
PROGRAMME D RISK MANAGEMENT AND AUDIT		To limit the negative impact of organizational and environmental risks	Enhanced governance and accountability standards of the MDDA	1 205
PROGRAMME E FINANCIAL MANAGEMENT AND AUXILIARY SERVICES				7 638
Sub Programme E1	Finance and Supply Chain Management	To provide the Agency with overall financial and supply chain management, and guide management in complying with legislative requirements, budget planning, financial management and administration	To strengthen, grow and protect the MDDA funding base	7 111
Sub Programme E2	Information Technology	To strengthen the Media Development and Diversity Agency's Information Management System	To standardise the basic IT infrastructure and to ensure that it complies with industry standards	527
PROGRAMME F COMMUNICATIONS CEO'S OFFICE: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT		To enhance the MDDA brand as a leader in media development and diversity	A well known, valued and reputable brand	620

2.1.2 Determined Strategic Objectives in relation to Key Result Areas

Performance Information-Reporting - Financial Year 2014/15

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

Accordingly, this Performance Information Report is a subject matter/agenda item of every Board and Executive Management meeting in line with the regulatory requirements, good corporate governance and proper oversight. This ensures that the Agency complies with the requirements of the Auditor General's audit findings in terms of Section 20 (2) (c) of the Public Audits Act No 25 of 2004 on the reported information relating to performance against predetermined objectives.

Sub Programme A1: Community Media - To provide technical, non-financial and financial support to diverse media platforms owned and controlled by communities

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
1 Percentage of community media projects funded that are operational	100%	100%	100%	0%	Achieved
2 Number of projects approved for funding	New Indicator	21	5	-16	22 projects were prepared. 5 were approved and 17 are yet to be considered by the Board.
3 Percentage of funds disbursed	New Indicator	60%	44%	-16%	Failure of grantees to comply with the grant funding conditions and reporting time frames.
4 Percentage improvement in application handling turnaround times	New Indicator	100%	100%	0%	Achieved

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
5 Percentage of on-line applications received (Development, testing and piloting of the on-line based project management system)	44%	100%	0%	0%	Lack of capacity.
6 Percentage increase in government advertising spent on the sector	New Indicator	10%	17%	7%	Achieved
7 Number of community radio stations with on-line presence – audio streaming	10	12	2	-10	10 projects are yet to be considered by the Board.
8 Number of community newspapers with on-line presence – electronic community newspapers	New Indicator	4	2	-2	2 projects approved for electronic newspapers and they are in a process of setting up the on-line publication. 2 projects are yet to be considered by the Board.
9 Web-based community media database	1	1	1	0	Achieved
10 Percentage of community media beneficiaries capacitated to run their projects effectively and efficiently (Learning Forum)	New Indicator	100%	99%	-1%	Achieved
11 Percentage of implemented recommendations arising from MDDA research reports	New Indicator	30%	30%	0%	Achieved
12 Number of Integrated Programmes and operations meeting attended	New Indicator	4	4	0	Achieved

Sub Programme A2: Small Commercial Media - To provide technical, non-financial and financial support to diverse media platforms owned and controlled by independent publishers

Key Performance Indicators		Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
			Target 2014/2015	Actual 2014/2015		
13	Rand amount of grant and seed funding allocated	R5,7 million	R5,9 million	R1,0 million	R4,9 million	PDMSA did not renew the funding agreement to the value of R4 million. Two projects worth R0,9 million await the Board approval.
14	Percentage increase in advertising revenue for SCM sector projects	10%	10%	30%	20%	Achieved
15	Percentage increase on development, testing and pilot of the online advertising bookings project management system	New Indicator	100%	0%	-100%	The Online Advertising Booking System tender was cancelled.
16	Percentage project application handling turn-around times improvement	New Indicator	40%	40%	0%	Achieved
17	Number of SCM beneficiaries capacity building through workshops and learning forums	New Indicator	50	45	-5	No new projects approved.
18	Percentage printing discounts received by SCM funded projects	5%	10%	20%	10%	Exceeded the target
19	Number of projects receiving printing discounts	45	46	45	-1	One of the projects has become dormant/no longer active.
20	Web based Small Commercial Media Projects database	New Indicator	100%	100%	0%	Achieved

Key Performance Indicators		Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
			Target 2014/2015	Actual 2014/2015		
21	Percentage of funds disbursed (of the funded projects)	New Indicator	100%	58%	-42%	Failure of grantees to comply with the grant funding conditions and reporting time frames. The contracting period delayed due to late approval of projects
22	Percentage of implemented recommendations arising from MDDA research reports	New Indicator	30%	30%	0%	Achieved
23	Number of Integrated Programmes and operations meeting attended	New Indicator	4	4	0	Achieved

Sub-Programme A3: Research, Training & Development - To create and enhance a body of knowledge regarding the media landscape and build capacity for a diverse media industry.

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
24	Rand amount of research grant disbursed	R1 million	R1.5 million	R0.3 million	(R1.2 million)	SPI Research into Key Business and Editorial Strategies for Community Television (tranche 1 paid and research in progress) - MDDA Impact Study (Jan 2015 Board decision implementation underway).
25	Number of beneficiaries trained	516	400	586	186	Target exceeded by 186 due to Content Development Strategy focus groups.
26	Number of mentor and trainers on the database	56	50	75	25	Target exceeded in Q1 by 25 due to increase in programme marketing at R&T stakeholder engagements.
27	Number of beneficiaries that underwent the Grantee Orientation Workshops	41	60	49	-11	less number of Board approved projects led to decreased number of grantees.
28	Number of quality assured training programmes in place	6	3	3	0	Achieved
29	Increase in the number of interventions made to the CM and SCM sector (non-financial support)	New Indicator	6	4	-2	Lack of capacity
30	Number of research projects commissioned	1	2	2	0	Achieved

Key Performance Indicators		Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
			Target 2014/2015	Actual 2014/2015		
31	Number of Integrated Programmes and operations meeting attended	New Indicator	4	4	0	Achieved
32	Development of the Audio Visual Databank (related to the Sector Knowledge Management Project)	New Indicator	1	1	0	Achieved
33	Integrate the Sector Knowledge Management Online Database	New Indicator	1	1	0	Achieved
34	Number of Social Impact Evaluation and assessment studies undertaken	New Indicator	1	1	0	Achieved
35	Number of Media Literacy Summits held	1	1	1	0	Achieved
36	Percentage completion of the research projects	New Indicator	100%	25%	-75%	UFS Newsroom Audit Report @ 100% (final report approval - July 2014), Content Development Strategy Report @ 80% (interim report pending Jan/Feb/May 2015 Board), MDDA Impact Study pending Partnership with Universities (Jan 2015 Board Resolution)
37	Percentage disbursed of research grants	New Indicator	80%	58%	-22%	Savings on trainings initiatives

Sub-Programme A4: Monitoring & Evaluation - To assess grant agreement compliance and impact of MDDA funded projects

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
38	Percentage of funded projects monitored	100%	100%	100%	0%	Achieved
39	Percentage of grantee compliance with grant agreements (non compliance identified)	100%	100%	100%	0%	Achieved
40	Percentage of corrective action implemented as a result of identified monitoring gaps	100%	100%	100%	0%	Achieved
41	Number of projects monitored through site visits	50	50	50	0	Increased monitoring capacity.
42	Number of project monitored through desktop	45	45	33	-12	Achieved
43	Number of Small Commercial Media monitoring and evaluation reports reviewed	8	8	11	3	Achieved
44	Number of Community Media monitoring and evaluation reports reviewed	10	10	16	6	Achieved
45	Monitor and Evaluate percentage of implemented recommendations arising from MDDA research reports	New Indicator	1	0	-1	Implementation and monitoring in progress.
46	Measure the functionality and operation of the On-line Booking System	New Indicator	100%	0%	-100%	Tender was cancelled.
47	Develop Monitoring & Evaluation IT concept document	New Indicator	1	0	-1	In progress of identifying the most suitable M&E system.
48	Number of project interventions conducted	New Indicator	6	6	0	Achieved

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
49 Number of Integrated Programmes and operations meeting attended	New Indicator	4	4	0	Achieved
50 Summative impact evaluation report	1	1	1	0	Achieved
51 Percentage increase in the number of projects monitored through partnerships (12 Projects)	10%	100%	0%	-100%	Partnership agreement pending approval.

Programme B: Legal and Contracts Management - To provide legal support and advice, and contract management service to the Agency.

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
52	Number of submissions to support and enable legislative and regulatory environment	2	2	1	-1	Submission made to ICASA.
53	Number of legal opinions done	15	20	3	-17	No legal and contract personnel.
54	Number of contracts with Service Providers completed	20	20	20	0	Achieved
55	Service Provider's Contract Schedule	1	1	1	0	Achieved
56	Number of incidents of non-compliance by Service Providers	New Indicator	0	0	0	Achieved
57	Number of useful reports from Service Providers adding value to the business	New Indicator	2	2	0	Achieved
58	Number of contracts with Beneficiaries completed	43	37	8	-29	Few projects were approved during 2014/15 financial year.
59	Beneficiaries Contract Register	1	1	1	0	Achieved
60	Number of amendments to contracts with Beneficiaries	35	20	20	0	Achieved
61	Number of Funding Agreements reviewed and completed	4	6	0	-6	Engagement with PDMSA ongoing.
62	Number of MDDA Funders who have not complied with funding agreement	0	0	0	0	Achieved
63	Percentage of contract management plan completed	New Indicator	50%	50%	0%	Achieved

Key Performance Indicators		Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
			Target 2014/2015	Actual 2014/2015		
64	Number of significant audit findings on compliance to Regulatory and Statutory Legislation	0	0	0	0	Achieved
65	Number of contract management workshops	New Indicator	1	0	-1	Lack of legal personnel
66	Number of employee workshops on contract management	New Indicator	2	0	-2	Workshop was not held
67	Percentage win on litigation	0%	100%	100%	0%	Achieved
68	Reduced number of legal disputes	0	0	0	0	Achieved
69	Number of legal services procured	1	1	1	0	Achieved

Programme C: Human Resource and Corporate Services - To develop MDDA human capital so as to deliver products and services that delight stakeholders

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
70	Percentage reduction in staff turnover	99%	100%	61%	-39%	Instability in the company was brought by contracts for the leadership not being renewed. This brought about uncertainties.
71	Percentage of vacancies filled within the agreed turnaround time	New Indicator	100%	46%	-55%	6/13 appointments were only made in the fourth quarter due to the resignation of the HR Manager in the 3rd quarter.
72	Percentage of new and identified jobs evaluated	100%	100%	100%	0%	Achieved
73	Percentage of existing jobs evaluated and graded	100%	N/A	N/A	N/A	N/A
74	Number of staff identified for succession in identified posts	0	1	0	-1	Lack of capacity.
75	Number of skills audit conducted	0	1	1	0	Achieved
76	Percentage of performance contracts signed	1	100%	100%	0%	Achieved
77	Number of performance appraisals conducted	4	4	4	0	Achieved
78	Percentage of disputes lodged and resolved	New Indicator	100%	100%	0%	Achieved as no disputes were lodged.
79	Percentage win on labour disputes	New Indicator	100%	0%	-100%	Not achieved as one case that was lodged at the labour court was awarded against the Agency.
80	Number of significant audit findings on compliance to statutory, regulatory and HR policies and procedures	New Indicator	0	1	-1	Interest on CCMA Award to one of the employees who was unfairly dismissed

Key Performance Indicators		Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
			Target 2014/2015	Actual 2014/2015		
81	Develop an HR Information Management Manual	0	1	1	0	Achieved
82	Establish an HRIMS	0	1	1	0	Achieved.
83	Number of audits of personnel information	New Indicator	4	4	0	Achieved
84	Percentage of personnel trained in the identified skills gap	100%	100%	100%	0%	Achieved
85	Number of personnel on Leadership Development	0	2	0	-2	Lack of capacity.
86	Develop an Internship Policy	0	1	1	0	Achieved
87	Positions filled as per the EE plan	New Indicator	95%	50%	-45%	Of the appointments that were made in the fourth quarter, 3/6 (50%) were in accordance with the EE plan.
88	Number of statutory reports submitted	New Indicator	2	1	-1	In progress. EE report submitted in September 2014.

Programme D: Risk Management and Internal Audit - To limit the negative impact of organizational and environmental risks

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
89 Risk management strategy and plan	1	1	Achieved	0	Achieved
90 Risk assessment audits completed	1	1	Achieved	0	Achieved
91 Divisional risk education events completed	2	4	2	-2	Lack of capacity to conduct the risk education events.
92 Divisional fraud prevention education events	0	4	2	-2	Lack of capacity to conduct the fraud prevention education events.
93 Internal audit policy and plan	1	1	1	0	Achieved
94 Internal Audit completed	8	8	10	2	Additional audits were performed in IT and Risk Management.

Programme E1: Financial Management and Auxiliary Service - To provide the Agency with overall financial and supply chain management, and guide management in complying with legislative requirements, budget planning, financial management and administration

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
95	Rand amount of transfers received	R56,6 million	R50,3 million	R54 million	R3.7million	Ongoing engagement with Broadcast funders.
96	Percentage variance of actual vs budget	0%	8%	0%	0%	Achieved
97	Percentage grant disbursement	New Indicator	80%	48%	-32%	Slow disbursement rate due to non-compliance and untimely reporting by the grantees.
98	Number of incidents of non-compliance to FM Procedures manual	0	0	0	0	Achieved
99	Grant Funding Strategy and Framework developed	New Indicator	1	1	0	Achieved
100	SCM and Finance policy reviewed	New Indicator	2	2	0	Achieved
101	Number of ENE submissions	New Indicator	2	2	0	Achieved
102	Number of procurement plans submitted	1	1	1	0	Achieved
103	% of services providers approved (Supplier Database Listed)	100%	100%	100%	0%	Achieved
104	Invitation of potential service providers for database registration on Government Tender Bulletin	New Indicator	1	0	-1	The invitation will be issued upon finalisation of the work of the BAC.
105	Advertisement of the bid prices and bid results on Government Tender Bulletin	New Indicator	100%	0%	-100%	Tenders awaiting consideration by the Tender Committee.
106	Reviewed and updated supplier database	New Indicator	4	4	0	Achieved

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
107 Supply Chain Management Compliance Check list (for all payment memos)	New Indicator	1	1	0	Achieved
108 Turnaround time for payments to service providers on approved invoices	New Indicator	30 Days	30 Days	0	Achieved
109 Number of asset / inventory count	4	4	4	0	Achieved
110 Number of significant Audit findings and emphasis of matter	0	0	0	0	Achieved

Programme E2: Information Technology - To strengthen the Media Development Diversity Agency's Information Management System

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
111	IT Strategy Reviewed	100%	100%	100%	0%	Achieved
112	Disaster Recovery Plan Reviewed	100%	100%	100%	0%	Achieved
113	Number of IT Steering Committee meetings	New Indicator	4	4	0	Achieved
114	Reduced number of significant Audit findings	New Indicator	100%	50%	-50%	IT Infrastructure related findings remain unresolved, due to budget constraints.
115	Application systems training for new users	New Indicator	100%	100%	0%	Achieved
116	Application training for new users for PTS, Pastel	New Indicator	100%	100%	0%	Achieved
117	Email and Domain Controller Server	New Indicator	1	0	-1	To be purchased
118	Application Server	New Indicator	1	1	0	Achieved
119	Upgraded Server Room Infrastructure	New Indicator	100%	0%	-100%	IT Infrastructure related findings remain unresolved, due to budget constraints.
120	Web site maintenance	12	12	12	0	Achieved
121	Number of performance reports by IT service providers	12	12	6	-6	Lack of capacity
122	Updated Firewall	1	1	1	0	Achieved
123	Implement a new backup system with offsite tape storage	1	1	1	0	Achieved
124	Maintain, update and test the Backup and Restore procedures	1	1	1	0	Achieved
125	Upgrade Antivirus Software	1	1	1	0	Achieved

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance
		Target 2014/2015	Actual 2014/2015		
126 Wireless Hotspots at MDDA premises	New Indicator	1	1	0	Achieved
127 Integration of IT systems (PTS, Pastel, M and E, HRIMS, Sector Knowledge management systems, Compu-brand, Meltwater, press office, Access Control)	New Indicator	1	0	-1	Integration is in progress.
128 Convert all policy documents to digital format and upload on the intranet	New Indicator	12	9	0	Only 9 policies were uploaded onto intranet.

Programme F: Communications, Branding and Stakeholder Management - To enhance the MDDA brand as a leader in media development and diversity.

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
129	Number of hits on the MDDA website and social media	2 000	3 000	0	-3 000	New interactive website has disabled previous stats reports - no longer available from service provider.
130	Customer Relationship Management Policy Framework	0	1	0	-1	Lack of capacity and communications manager position vacant.
131	Percentage increase in stakeholder satisfaction index	Baseline Report	5%	0%	-5%	No stakeholder satisfaction index carried out due to lack of capacity.
132	Number of positive media comments (using Meltwater reports and BizCommunity)	10 750	15 000	59	-14 941	Lack of capacity and communications position vacant.
133	Number of partnerships in support of media development and diversity	10	10	14	4	Achieved
134	Number of entrants and winners (SANLAM/ MDDA Local Awards)	750	1 520	800	-720	Increase in previous years but lack of capacity to publicise the awards.
135	Number of participating winners (SANLAM/ MDDA Local Awards)	34	40	36	-4	Some categories not awarded winners due to lack of quality of entries.
136	Review Communication & branding strategy	1	1	0	-1	Lack of capacity and communications position vacant.
137	Internal communication, correspondence and record management tool bar	1	1	1	0	Achieved
138	Review Stakeholder Management Strategy and Plan	0	1	0	-1	Lack of capacity and communications position vacant.
139	Upgraded interactive website	1	1	1	0	Achieved
140	Customer Survey	0	1	0	-1	Lack of capacity

Key Performance Indicators	Baseline (Actual Output) 2013/2014	Actual Performance against Target		Variance	Reason for variance	
		Target 2014/2015	Actual 2014/2015			
141	Review Communication & Branding manual	1	1	0	-1	Lack of capacity and communications position vacant.
142	Number of participations in Marketing events	New Indicator	15	2	-13	Lack of capacity and communications position vacant.
143	Number of articles in newspapers & publications	New Indicator	20	59	33	Achieved
144	Number of TV & Radio features	New Indicator	10	0	-2	Lack of capacity and communications position vacant.
145	Social Media postings	New Indicator	10 000	0	-10 000	Social media not tracked.
146	Funders Newsletter reports	New Indicator	4	0	-4	Lack of capacity and communications position vacant.
147	Annual Report	1	1	1	0	Achieved

2.2. SUMMARY OF PROJECTS SUPPORTED FOR THE FINANCIAL YEAR

Sector	No. of Projects	Total Rand Value Approved R'000s	% Approved Regulations
Community Media	5	6 076 000.00	60%
<i>Community Radio</i>	3	5 098 488.68	
<i>Community Television</i>	0	0	
<i>Community Print</i>	2	977 511.32	
<i>Provincial Hubs</i>	0	0	
Small Commercial Media - Print	3	1 050 000.00	25%
Research, Training and Development	5	1 850 000.00	15%
Sub-Total		8 975 625.26	100%
DoC – Programme Productions	0	0	DoC
Total		8 975 625.26	100%

2.2.1 Community Media - Radio

Indonsakusa Community Radio – R 1 777 511.74

Indonsakusa Community Radio, affectionately known as ICORA FM, is a family broadcaster established in 1997. The primary objective of the station is to redress the imbalances of the past regime particularly in rural areas. The radio station has been licensed to broadcast in Babanango, Qudeni, Esikhawini and Richards Bay in KwaZulu-Natal. The licensed broadcast language is 100% isiZulu and the permanent radio frequency is 100.40FM. The MDDA support is for digital broadcast on-air and production studio equipment, transmission cost, and contribution towards operational costs and salaries.

Sekhukhune Community Radio – R 1 675 511.74

Sekhukhune FM is a family broadcaster established in 1997. The primary objective of the station is to operate an effective, sustainable and community owned radio station that champions development within its broadcast coverage area. The radio station has been licensed to broadcast in Sekhukhune District Municipality in the Limpopo. The licensed broadcast languages are 92% Sepedi, 3% isiNdebele and 5% English and the permanent radio frequency is 98.7FM. The MDDA support is for digital on-air and production studio equipment, transmission costs and a contribution towards salaries and operational costs.

Kumkani FM – R 1 645 090.46

Kumkani FM is a youth radio established in 2008. The primary aim of the radio station is to disseminate useful and relevant information to encourage young people to participate in the economic development of their communities. The radio station has been licensed to broadcast in Buffalo City Metropolitan area in the Eastern Cape. The licensed broadcast languages are 60% isiXhosa, 30% English and 10% Afrikaans and the permanent radio frequency is 95.8MHz. The MDDA support is for digital on-air and production studio equipment, transmission costs, audio streaming and a contribution towards salaries and operational costs.

Mamre News – R 498 381.00

Mamre News is a new project of the Mamre Community Development Trust established in 2012. The primary aim of the project is to give the community a voice through a medium that is interactive and accountable. Mamre News is an 8-page monthly tabloid published in isiXhosa, English and Afrikaans. The distribution area of the community newspaper is Atlantis, Century City, Dunoon, Joe Slovo Park, Melkbosstrand, Milnerton, Parklands and Table View in the Western Cape. The MDDA support is for printing and distribution costs of Mamre News, personnel costs, operational costs and capital expenses.

Ledig Sun – R 479 130.32

Ledig Sun was founded in January 2012 as a newspaper that covers matters of interest to the Bakubung and surrounding communities. The community newspaper is aimed at reflecting on local mining community issues and to update stakeholders on the project developments of the Bakubung Platinum Mine. Ledig Sun is a monthly newspaper published in English, Setswana and isiZulu. The distribution area of the community newspaper is Bakubung and surrounding areas. The MDDA support is for a contribution towards salaries and operational costs; office equipment, newspaper production, printing and distribution costs and information technology.

2.2.2 Small Commercial Media

Phetoho News – R 350 000.00

Phetoho News is a bilingual newspaper which was started in 2008 as a weekly church bulletin evolving into a small commercial newspaper, following a communication gap between Government departments and the community being identified. The project is based in the Setsoto Local Municipality which comprises four towns, namely Ficksburg, Clocolan, Marquard and Senekal. Setsoto Municipality is near the border of Lesotho, and Phetoho News is therefore a bilingual newspaper that consists of 60% Sesotho and 40% English. The Phetoho News has been approved funding support for printing, office rental, distribution, stipends and bank charges.

Kuruman Chronicle – R 350 000.00

Kuruman Chronicle Newspaper is a bilingual (English 40% and Setswana 60%), small commercial newspaper distributed in the communities of John Taolo Gaetseye District Municipality. This comprises the Moshaweng, Segonyane, Gamaraga and Joe Morolong Local Municipalities. The project was registered in 2010. The newspaper is published monthly for the community of Kuruman and its surrounding areas and uniquely portrays the lifestyles and mindset of the inhabitants, offering readers educational, stimulating, entertaining and informative content that is objective, comprehensive, credible, balanced and fair. Kuruman Chronicle has been approved funding support for printing, distribution, stipends and bank charges.

Bushbuckridge News – R 350 000.00

Bushbuckridge News was established in March 2009, with its first issue published on 14 February 2009. The establishment of Bushbuckridge News came after the publisher noted a need for a medium of communication that would bring together the diverse communities, groups and ethnicities in the region. Bushbuckridge Newspaper is currently a weekly commercial newspaper, which publishes in the iSipedi, siSwati and English languages. The newspaper at this stage is distributed mainly in Hazyview, Bushbuckridge and Sabie. The MDDA is providing grant support for printing, office rental, stipends and bank charges.

2.2.3 Research, Training and Development

	Type	No. of delegates
World Press Freedom Day Dialogue 2014	Seminar	37
Learning Forum 2014		99
Content Development Seminars	Consultative	
· KwaZulu-Natal Province	Seminar /	34
· Mpumalanga Province	Focus Group	22
· Eastern Cape Province		40
· North West Province		29
· Gauteng Province		28
· Northern Cape Province		13
· Free State Province		25
· Limpopo Province		29
· Western Cape Province		37
Media Kidiocracy	Exchange Programme	99
Media Freedom Day 2014 Roundtable	Roundtables	45
Grantee Compliance Orientation Workshop	Training Programme	47

World Press Freedom Day Dialogue 2014

The World Press Freedom Day Dialogue was themed “How Transformed is Our Media?” and held as a joint partnership between the MDDA and the University of Johannesburg (UJ). It brought together Members of Parliament, government department and entities, academia, media practitioners and students to engage and participate in a panel discussion. The theme was linked to the research report on “Transformation of Print Media” that was launched at the same event, having been carried out by the MDDA as a follow-up on the 2009 published report on “Trends of Ownership and Control in Media”.

Content Development Strategy and Content Development Seminars

Nine content development seminars were held covering all of South Africa’s nine provinces, between 27 June 2014 and 22 January 2015. With the Department of Communications currently working on the implications of Digital Terrestrial Television (DTT) on Local Content and hosting stakeholder consultations, it was considered to be critical for the MDDA to also begin engaging on similar matters. The provincial consultation process was aimed at developing a strategy that will strengthen, guide and put into practice the already existing regulatory framework in terms of content development for superior content on broadcast media. Printed media was also included from a knowledge gathering and sharing basis to ensure that all sectors contribute to the discourse.

Grantee Compliance Orientation Workshop

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

Media Kidocracy Conference (MKK) 2014

The Kidocracy (Kid-democracy) name denotes a form of society characterised by social equality and acceptance of young people with representation for, and by, young people between the ages of 8 and 18 years. MKK is a week-long media education programme for children of school going age and out of school youth. MMK’s main aim is to provide young people with a platform to be heard on issues they feel relevant to their times, and to have access to media-making tools and various ways of expressing their thoughts, in order to share their experiences in ways they feel most appropriate. In 2014, Bush Radio partnered with Whale Coast Monitor to host the conference. Whale Coast Monitor is a media establishment supported by the MDDA to produce a monthly community newspaper and

offer community broadcast services in the Western Cape.

Learning Forum 2014

The Learning Forum is a platform for community media projects to be capacitated to run their projects efficiently and effectively in order to become self-sustaining. The Learning Forum is hosted for community broadcasters, and community and small commercial printers. The Forum was followed by a Corporate Governance Toolkit Launch Workshop.



2.2.4 Number of projects approved per District Municipality

No.	NAME OF DISTRICT MUNICIPALITY	COMMUNITY RADIO	COMMUNITY PRINT	COMMUNITY TV	SMALL COMMERCIAL PRINT	RESEARCH & TRAINING
Limpopo Province						
	Sekhukhune District Municipality	Sekhukhune Community Radio				
Mpumalanga Province						
	Ehlanzeni District Municipality				Bushbuckridge News	
KwaZulu-Natal Province						
	Uthungulu District Municipality	Indonsakusa Community Radio (ICORA FM)				
Free State Province						
	Thabo Mofutsanyane District Municipality				Phetoho News	
Western Cape Province						
	City of Cape Town		Mamre Community Development Trust (Mamre News)			
Northern Cape Province						
	John Taolo Gaetseye District Municipality				Kuruman Chronicle	
North West Province						
	Bojanala District Municipality		Ledig Sun			
Eastern Cape Province						
	Buffalo City Metropolitan	Kumkani FM				

2.2.5 Projects by Province

LIMPOPO PROVINCE	
Sekhukhune District Municipality (DC47)	1
MPUMALANGA PROVINCE	
Ehlanzeni District Municipality (DC32)	1
KWAZULU-NATAL PROVINCE	
Uthungulu District Municipality (DC21)	1
WESTERN CAPE PROVINCE	
City of Cape Town Metropolitan Municipality	1
NORTH WEST PROVINCE	
Bojanala District Municipality (DC37)	1
NORTHERN CAPE PROVINCE	
John Taolo Gaetseye District Municipality	1
FREE STATE PROVINCE	
Thabo Mofutsanyane District Municipality (DC19)	1
EASTERN CAPE PROVINCE	
Buffalo City Metropolitan	1

2.2.6 Existing versus Emerging Projects Approved

Category		APPROVED	PAID	%	Number of Projects	Number as %
Community Media	Emerging	R5 098 113.94	R1 574 071.74	31%	3	60%
	Existing	R977 511.32	R149 514.00	15%	2	40%
	Sub-Total	R6 075 625.26				
	Existing	R1 050 000.00	R 379 541.68	70%	3	
Total		R1 050 000.00				
Small Commercial Media	Existing	R1 050 000.00	R 379 541.68	70%	3	100%
	Sub-Total	R1 050 000.00				
TOTAL		R7 125 625.26				

PART THREE: ENVIRONMENTAL LANDSCAPE AND FUNDING

"Access to diversified media for all."



mdda
MEDIA DEVELOPMENT & DIVERSITY AGENCY



rec

3.1 GROWTH AND DEVELOPMENT OF LOCAL MEDIA

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

Despite the fact that transformation of the media remains a challenge for South African democracy, the media landscape has changed considerably since 2004, with the MDDA being the largest contributor to enabling access to, control of and management of the sector by historically disadvantaged individuals. Of the estimated 207 community radio stations in existence, 135 were and some 84 still are funded by the MDDA. More than ever before, all the languages of South Africa are being actively used to communicate to and engage with communities. The MDDA has invested significantly in the purchase of world class radio equipment, enabling quality productions.

With less than 10 years having passed since the first one year licence was granted in South Africa to a community TV station, this sector has grown into a resilient industry. The MDDA has supported four stations, of which two are still being supported.

Similarly, the community and small commercial print sector has grown significantly in recent years with South Africa now boasting more than 200 small publishers, a large proportion of which are publishing in an indigenous language. The MDDA has funded in total some 53 community print projects, with 26 of these currently being funded, and 93 small commercial print projects, with 31 still being funded.

3.2 ADVERTISING REVENUE

Attracting advertising revenue both from the public and private sectors is key to the sustainability of local media and the MDDA has focused on assisting community media attract such revenue.

A detailed account of the revenue breakdowns for community media as traded through the GCIS, The Media Connection and, for community and small commercial print, as traded through the Milele Group, is shown below. This is largely due to the MDDA intervention in this space.

GCIS Revenue Indicator

Community Media	Community Spend		Community spend percentage	
	Fiscal 2013/2014	Fiscal 2014/2015	Fiscal 2013/2014	Fiscal 2014/2015
Radio	R16 440 004.31	R20 409 988.07	41%	54%
Print	R16 695 301.68	R7 474 040.98	40%	20%
TV	R7 560 537.98	R9 985 258.39	19%	26%
TOTAL	R40 695 845.97	R37 869 287.44		

Milele Group Revenue Indicator

Community and Small Commercial Print	Community Spend	
	Fiscal 2013/2014	Fiscal 2014/2015
Print	R1 569 126.92	R1 283 752.71

3.3 Socio-Economic Impact and Return on Investment

Item	Number (Cumulative to date)
Number of jobs created through projects funded	825
• Full time employed	276
• Part time interns/freelancers	549
Number of people trained	2 683
Number of bursaries	348
Total Community Radio listenership	8 841 400
Total radio listenership	32 642 000

3.4 Funding of the Agency

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

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

The money referred to above must be utilised to:

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

Description	2012/2013 R	2013/2014 R	2014/2015 R	2015/2016 R
Total budget from GCIS	21 090 000	20 790 000	21 815 000	22 615 000

Description	2012/2013 R	2013/2014 R	2014/2015 R
Broadcasting Service Licensees	26 333 687	31 799 776	32 212 694
Print Funders	4 000 000	4 000 000	4 000 000
TOTAL	30 333 687	35 799 776	36 212 694

Income	R
Government (GCIS)	21 815 000
Print media	0
Broadcast media	32 212 694
Interest	4 624 300
Total Income	58 651 994

Broadcast Partners

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

- Heart FM
- Radio Pulpit
- Starset

Foreign Grants

No foreign grants were received in the year under review.

Rollover

For the period under review, there was R76 million rollover of funds for the programme cost centre.

Funding Cycles

The MDDA is funded by Government through the Department of Communications and by broadcast media companies as per funding agreements signed between the MDDA and these partners. The funding cycle from Government is in line with the Agency's financial year, which is April to March. 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;

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

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



PART FOUR: HUMAN RESOURCES

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The key thrust of the MDDA Human Resources Management strategic imperative is to continue to build capacity and create the environment that enables the MDDA to achieve its mandate as specified in the MDDA Act of 2002.

4.1 STAFF COMPLEMENT

There was a total staff complement of 19 at the end of the period under review, out of 32 approved positions. The staff complement came about as a result of a number of resignations and contracts which ended. There were 11 terminations and one appointment. The Table below shows the distribution of staff by level, gender and race.

EMPLOYMENT EQUITY PROFILE

Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/Senior Manager	0	0	0	0	0	0	0	0	0
Manager	3	0	0	0	3	0	0	0	6
Professionals/Specialist	2	0	0	0	6	0	0	0	8
Administrative/Support	0	0	0	0	5	0	0	0	5
Total	5	0	0	0	14	0	0	0	19

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

The Employment Equity staff profile percentage of black employees is 100% of the overall staff complement. Female employees constitute approximately 73%.

4.2 EMPLOYEE RELATIONS

MDDA constantly engages with employees through staff meetings and other platforms to identify and attend to their needs and concerns as well as address any uncertainties arising from the changes in the organization.

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

4.3 LEARNING AND DEVELOPMENT

All training undertaken during the reporting period was based on the employee and the organizational needs. A total cost of R130 153.00 was spent on skills development. A skills audit was undertaken to ascertain the gap in the skills required against those that exist within the organization. This will be used as a feeder into individual development plans. More training interventions are still required to enable the organization to perform optimally and these will be continued during the new reporting period.

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

4.4 REMUNERATION AND BENEFITS

Employees are remunerated on a Total-Cost-To-Company so as to facilitate greater salary package flexibility, competitiveness in the market, as well as paying at an equitable rate for services rendered. Job evaluation and grading was conducted to ensure that all positions were valued at the correct level.

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

4.5 OCCUPATIONAL HEALTH AND SAFETY

During the year under review, there was only one health and safety incident reported amongst all employees. Occupational Health and Safety representatives' nominations were conducted in order to monitor and advise on health and safety issues. The Occupational Health and Safety Committee conducted a planned Emergency Evacuation drill in accordance with the Occupational Health and Safety Act. Plans for the unannounced Emergency Evacuation drill are underway for the new financial year.



4.6 TABULATED STAFF HEAD COUNT

Position	African (A)		Asian (AS)		Coloured (C)		White (W)		Disabled	Total
	A- Acting	Male	Female	Male	Female	Male	Female	Male		
Chief Executive Officer			(A)							Vacant
Chief Financial Officer		(A)*								Vacant
Chief Operations Officer										Vacant
Project Director		(A)**								Vacant
Internal Audit Officer			1							1
Risk Manager										Vacant
HR and Corporate Affairs Manager			(A)							Vacant
Project Managers		1**	3							4
Project Officers		2	4							6
Executive Secretary to the CEO			(A)***							Vacant
Company Secretary										Vacant
Manager in the CEO's office										Vacant
Legal and Contracts Adviser										Vacant
Finance Admin Office			1							1
Disbursement Officer										Vacant
Project Administrator			1							1
Receptionist			1***							1
Office Assistant and Cleaner			1							1
Finance Manager		1*								1
IT Manager		1								1
Communications and Branding Manager								(A)		Vacant
Supply Chain Manager										Vacant

Position	African		Asian		Coloured		White		Disabled	Total
	A- Acting	Male	Female	Male	Female	Male	Female	Male		
Admin Assistant										Vacant
Total Head Count	5	12								17

* Finance Manager acted in capacity as Chief Financial Officer

** Project Manager acted in capacity as Programme Director

*** Receptionist acted in capacity as Executive Secretary

4.7 DECLARATION OF DIRECTORS EMOLUMENT (EXCLUDING NON-EXECUTIVE DIRECTORS)

Executive Management

Employee Name	Position	Time Period	Salary	Acting Allowance	S&T	Bonus	Total
Lumko Mtimde	CEO	1/03/2014 – 30/06/2014	581	0	9		590
Mshiyeni Gungqisa	CFO	1/03/2014 – 31/07/2014	767	79 (CEO)	8	0	853
Nkopane Maphiri	COO	1/03/2014 – 31/07/2014	286		5	0	291
Dudzile Phungwayo	Human Resources Manager	1/03/2014 – 31/10/2014	355		3	0	358
Talifhani Khubana	Acting CFO	1/07/2014 – 31/03/2015	561	113 (CFO)	5	26	705
Lindinkosi Ndibongo	Acting Project Director	1/09/2014 – 31/03/2014	607	60 (APD)	10	27	704
Dudzile Nchoba	Acting CEO	1/01/2015 – 31/03/2015	21		3		24
Manana Stone	Acting COO	1/08/2014 – 31/10/2014	580	69	11	25	685

4.8 ALLOWANCES

There were no overtime, housing allowance or other allowances made.

4.9 EXPENDITURE

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

Personnel Costs by Programme, 2014/2015

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)
CEO	2290	32	
Finance	2583	41	
Projects	5773	30	
HR and CA	877	15	557
Total	11523	120	557

Overtime

There was no overtime paid during the 2014/15 financial year.

4.10 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts in the Agency, the number of employees, the vacancy rate and whether there are any staff who are additional to the Agency. This information is presented in terms of three key variables: programme, salary band and critical occupations. The Agency has identified critical positions that need to be monitored.

The vacancy rate reflects the percentage of posts that are not filled.

Employment and vacancies by programme, 31 March 2015

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the Agency
CEO's office	6	0	6	0
Projects	14	11	3	0
Finance	5	2	3	0
HR and CA	7	4	3	0
Total	32	17	15	0

Employment and vacancies by salary bands, 31 March 2015

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the Agency
Lower skilled (level 5)	4	3	1	0
Skilled (levels 9 – 13)	-	-	-	-
Highly skilled production (levels 14 – 15)	13	8	5	0
Highly skilled supervision (levels 16 – 17)	11	6	5	0
Senior management (levels 19 – 21)	4	0	4	0
Total	32	17	15	0

Employment and vacancies by critical occupation, 31 March 2015

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the Agency
CEO & Legal and Contracts Manager	2	0	2	0
CFO, Finance Manager, IT Manager, Supply Chain Manager	4	2	2	0

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the Agency
Project Director and Project Managers	5	4	1	0
HR Manager	1	0	1	0
Total	12	6	6	0

4.11 JOB EVALUATION

No job evaluation was carried out in the 2014/2015 financial year.

4.12 EMPLOYMENT CHANGES

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

Annual turnover rates by salary band for the period 1 April 2014 – 31 March 2015

Salary Band	Number of employees per band as at 1 April 2014	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Turnover rate
Lower skilled (level 5)	1	0	0	0
Skilled (levels 9 – 13)	3	0	1	1
Highly skilled production (levels 14 – 15)	0	0	0	0
Highly skilled supervision (levels 16 – 17)	0	0	0	0
Senior management (levels 19 – 21)	3	0	3	3

Annual turnover rates by critical occupation for the period 1 April 2014 – 31 March 2015

Occupation	Number of employees per occupation as at 1 April 2014	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Turnover rate
CEO & Legal and Contracts Manager	2	0	2	100%

Occupation	Number of employees per occupation as at 1 April 2014	Appointments and transfers into the Agency	Terminations and transfers out of the Agency	Turnover rate
CFO, Finance Manager, IT Manager, Supply Chain Manager	3	0	2	67%
Project Director and Project Managers	5	0	1	20%
HR Manager	1	0	1	100%
Total	11	0	6	297%

Reasons why staff are leaving the Agency

Termination type	Number	Percentage of total
Death	0	0
Resignation	7	67
Expiry of contract	2	17
Dismissal -operational changes	0	0
Dismissal - misconduct	0	0
Dismissal - inefficiency	0	0
Discharged due to ill health	1	8
Retirement	0	0
Transfers to other Public Service Departments	0	0
Other	1	8

Termination type	Number	Percentage of total
Total	11	
Total number of employees who left as a % of the total employment	32	

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

4.13 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1988.

Employment Equity Profile as at 31 March, 2015

Levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Executive/Senior Manager	0	0	0	0	0	0	0	0	0
Manager	3	0	0	0	3	0	0	0	6
Professionals/Specialist	2	0	0	0	6	0	0	0	8
Administrative/Support	0	0	0	0	5	0	0	0	5
Total	5	0	0	0	14	0	0	0	19

Recruitment for the period 1 April 2014 to 31 March 2015

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Professionally qualified and experienced specialists and middle management	3	0	0	0	0	0	0	0	3
Total	3	0	0	0	0	0	0	0	3

Terminations for the period 1 April 2014 to 31 March 2015

Occupational Band	Males				Females				Total
	A	C	I	W	A	C	I	W	
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and middle management	5	0	0	0	1	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Total	7	0	0	0	2	0	0	0	9

4.14 PERFORMANCE REWARDS

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

Salary Band	Cost			
	Number of beneficiaries	Number of employees	Total Cost (R'000)	Average Cost per Employee
Management	5	5	132 636	26 527
Staff	11	11	123 505	11 228

4.15 FOREIGN WORKERS

There were no foreign nationals employed at the Agency during the 2014/2015 financial year.

4.16 LABOUR RELATIONS

There were no collective agreements entered into with trade unions within the Agency during the 2014/2015 financial year.

There were no misconduct and disciplinary hearings within the Agency during the 2014/2015 financial year.

There were no grievances lodged within the Agency during the 2014/2015 financial year.

There were no disputes lodged within the Agency during the 2014/2015 financial year.

There was no strike action within the Agency during the 2014/2015 financial year.

There were no precautionary suspensions within the Agency during the 2014/2015 financial year.

PART FIVE: GOVERNANCE

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5.1 THE BOARD

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

At the end of the financial year, the Board did not comprise a quorum due to vacancies.

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

The Agency acts only through the Board and is required by law to be:

- independent;
- impartial;
- and exercise its powers and perform its duties without fear, favour or prejudice; and without any political or commercial interference.

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

5.2 CODE OF ETHICS

The Board has adopted a Code of Ethics to ensure each member acts with integrity when performing his or her responsibilities on behalf of the MDDA. The Code outlines the Board's fiduciary duties and defines its responsibilities towards stakeholders, staff members, and government. In terms of the Code, each member of the Board must make an annual declaration of interests, in order to ensure decisions are fair and to protect the Agency against perceptions of bias or conflict of interest.

All members of the Board have also taken an oath or affirmation committing them to the following principles:

- Fairness;
- Freedom of expression;
- Openness;
- Accountability; and
- Upholding and protecting the Constitution and other laws of South Africa.

A minimum of four Board meetings are held annually in accordance with Section 10 of the MDDA Act.

Schedule of Board and Committee Meetings (2014/2015)

Board	29 May 2014 30 May 2014 30 June 2014 (teleconference) 31 July 2014 10 December 2014 9 January 2015 (teleconference) 29 January 2015
Special Board Meetings	9 April 2014 10 June 2014
Board Strategic Sessions	24-25 July 2014 23 August 2014 26 September 2014
Special Board	9 April 2014
Finance & Operations	No meetings held
Remuneration & HR	8 April 2014 (teleconference) 11 July 2014 23 August 2014 26 September 2014
Audit & Risk	15 May 2014 15 July 2014 22 October 2014 18 February 2015
Tender	8 September 2014 18 September 2014 10 October 2014 31 January 2015
Policy, Legislative and Regulatory	No meetings held
Communications	No meetings held
Governance	24 April 2014 18 October 2014



Names	Number of Board Meetings Attended	Special Board Meetings	Number of Audit & Risk Committee Meetings Attended	Number of Remuneration & HR Committee Meetings Attended	Number of Governance Committee Meetings Attended	Number of Tender Committee Meetings Attended	Other Meetings Attended
Phelisa Nkomo	9	1		3	1	3	<ul style="list-style-type: none"> • SBP presentation in Parliament • NCOP meeting • Parliament oversight visit • Meeting with PDMSA • CEO Interview • Commonwealth Digital Broadcast Switchover • Mzansi insider interview on Media Content • NCRF Meeting • NAB Meeting • Media Training Workshop
Ingrid Louw	8	2	2		2		<ul style="list-style-type: none"> • SBP presentation in Parliament • Meeting with PDMSA
Thato Mahapa	4	2		1	1		<ul style="list-style-type: none"> • SBP presentation in Parliament
Jimmy Manyi	2	2	1	2	2		<ul style="list-style-type: none"> • CEO performance appraisal
Robert Nkuna	8	1			2		<ul style="list-style-type: none"> • SBP presentation in Parliament • Meeting with PDMSA
Phenyo Nonqane	7	2			1		<ul style="list-style-type: none"> • SBP presentation in Parliament
Dr René Alicia Smith	4	1		4	1	3	<ul style="list-style-type: none"> • SBP presentation in Parliament
Roland Williams	4	2		3	1	1	<ul style="list-style-type: none"> • SBP presentation in Parliament • NCRF Meeting
Albert Dzuguda			4				
Nkoana Modiba			3				
Given Sibiyi			3				

PART SIX: ANNUAL FINANCIAL STATEMENTS

"Access to diversified media for all."



6.1 STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED MARCH 2015

The Chairperson of the Board, the Accounting Authority, has delegated to the Chief Executive Officer, in his capacity as Accounting Officer, the responsibility for the preparation and integrity of the annual financial statements and related information included in this annual report.

In order for the Accounting Officer to discharge his responsibilities, executive management has developed and continues to maintain an effective system of internal controls and risk management. The operations of the Agency are reviewed primarily through internal audit and risk management activities and the Audit and Risk Management Committee.

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

In order to ensure the system of internal control works efficiently, in addition to the outsourced services of Internal Auditors, an internal audit and risk management unit has been set up. Internal Auditors conduct operational, financial and specific audits, and coordinate compliance audit coverage with the Auditor-General. The Auditor-

General is responsible for performing the audit of the annual financial statements.

The annual financial statements have been prepared in accordance with South African Generally Recognised Accounting Practice Standards and incorporate disclosure in line with the PFMA. The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The annual financial statements for the year ended 31st March 2015, set out on pages 76 to 103, have been approved by the Board and signed on its behalf by:



Phelisa Nkomo

Chairperson
31st May 2015



Duduzile Nchoba

Acting Chief Executive Officer
31st May 2015

6.2 REPORT OF THE AUDIT AND RISK COMMITTEE

Report of the Audit and Risk Committee

The Audit and Risk Committee has pleasure on presenting to the Board and Parliament its report for the financial year ended 31st March 2015, as required by the Treasury Regulations issued in terms of the PFMA.

The Audit and Risk Committee of the Media Development and Diversity Agency (MDDA) comprises of non-executive members and is chaired by member of the Board in compliance with the Public Finance Management Act 77(a) and (Treasury Regulations 27.1.3 and 27.1.14).

The Committee operates in terms of written terms of reference and has complied with its responsibilities as registered therein as required in terms of Treasury Regulation 27.1.6 and 27.1.7.

Audit and Risk Committee Members and Attendance:

In accordance with the Audit and Risk Committee Charter, the audit committee consists of the members listed hereunder and meets at least four times per annum. During the year under review, four meetings were held.

<i>Name of Member</i>	<i>Number of Meetings Attended</i>
Ms I. Louw	4
Mr J Manyi	2
Ms G. Sibiyi	4

Mr A. Dzuguda	4
Mr ND Modiba	3

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.

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

Internal Audit

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

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. We can report that the system of internal control for the period under review was efficient and effective.

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

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

Evaluation of Financial Statements

The Audit and Risk Committee has:

- reviewed and discussed the audited annual financial statements and performance information to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto;

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



Albert Dzuguda

Chairperson of the Audit and Risk Management Committee (Acting)

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Media Development and Diversity Agency set out on pages 76 to 108 which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Media Development and Diversity Agency as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during year of 31 March 2015 in the financial statements of the Media Development and Diversity Agency at, and for the year ended, 31 March 2014.

Additional matters

9. We draw attention to the following matters. Our conclusions are not modified in respect of these matters:

Achievement of planned targets

10. Refer to the annual performance report on pages 23 to 43 for information on the achievement of planned targets for the year.

Report on other legal and regulatory requirements

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Media Development and Diversity Agency for the year ended 31 March 2015:

- **Programme 2.1:** Community media on pages 25 to 26
- **Programme 2.2:** Small commercial media on pages 27 to 28

13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time

bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Compliance with legislation

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

Annual financial statements

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by section 55(1)(b) of the PFMA.
19. Material misstatements of non-current assets and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

20. Quarterly reports were not submitted to the Department of Communication timeously as required by the Treasury Regulation 30.2.1

Internal control

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

Leadership

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

Financial and performance management

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



Auditor-General

Johannesburg

31 July 2015



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

6.4 STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 2015

	Notes	2015 R 000	2014 Restated R000
ASSETS			
Non-current assets			
Property, plant and equipment	2	990	788
Intangible assets	3	944	775
		46	13
Current assets			
Inventories	5	87 050	85 711
Trade and other receivables	4	0	19
Cash and cash equivalents	6	8 710	9 194
		78 340	76 498
TOTAL ASSETS		88 040	86 499

Notes	2015 R000	2014 Restated R000
LIABILITIES		
Current liabilities		
	8 265	9 445
Trade and other payables	7 1 446	1 502
Deferred lease costs	8 121	477
Projects in progress	9 6 571	6 882
Provisions	10 0	584
Finance lease liability	19.2 127	0
Non-Current assets		
Finance lease liability	19.2 140	0
NET ASSETS		
Accumulated surplus	11 79 635	77 054
TOTAL NET ASSETS AND LIABILITIES		
	88 040	86 499

6.5 STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED MARCH 2015

	Notes	2015 R000	2014 Restated R000
REVENUE			
Revenue from non-exchange transaction - GCIS transfer	12	21 815	20 790
Revenue from non-exchange transaction – Other funders	13	32 213	35 804
Other revenue from exchange transaction - Interest	14	4 624	4 103
Total revenue		58 652	60 697
EXPENDITURE			
Grant costs	15	36 416	36 909
Administrative costs	16	7 769	8 474
Employee costs	17	11 523	12 029
Finance costs		34	0
Depreciation	2	301	193
Amortisation	3	28	18
Total expenses		56 071	57 623
SURPLUS/(DEFICIT) FOR THE YEAR		2 581	3 074

6.6 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 2015

Notes	March	March
	2015	2014
		Restated
	R000	R000
Opening accumulated surplus	77 054	73 630
Prior Period Error		350
Accumulated Depreciation - FF		250
Accumulated Depreciation - CE		100
Surplus for the year	2 581	2 938
Expenses adjustments		136
Closing accumulated surplus	79 635	77 054

6.7 CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 2015

	Notes	2015 R000	2014 R000
Cash flows from operating activities			
<i>Cash receipts</i>			
Grants		45 923	48 498
Interest received		5 121	3 764
Other receipts		8 692	8 913
		59 736	61 175
<i>Cash paid to suppliers, employees and grant recipients</i>			
Employee costs		(12 146)	(11 472)
Administrative costs		(8 273)	(8 716)
Grant costs – disbursement		(36 416)	(36 909)
Project in-progress: DoC		(388)	(2 121)
Other payments: MICT-Seta		(523)	(900)
		(57 746)	(60 118)
Net cash inflows/(outflows) from operating activities	18	1 990	1 057

	Notes	2015 R000	2014 R000
Cash flows from investing activities			
Acquisition of property, plant and equipment	2	(87)	(234)
Acquisition of intangible assets	3	(61)	-
Net cash outflows from investing activities		(148)	(234)
Net increase in cash and cash equivalents			
		1 842	823
Cash and cash equivalents at beginning of the year		76 498	75 675
Cash and cash equivalents at end of the year	6	78 340	76 498

6.8 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED MARCH 2015

	2015 R000 Budget	2015 R000 Actual	R000 Variance
REVENUE			
Transfers from government	21 815	21 815	-
Other income	29 353	32 213	2 860
Interest income*	6 527	4 624	(1 903)
Total revenue	57 695	58 652	(957)
EXPENDITURE			
Grant costs **	34 781	36 416	1 635
Administrative costs	7 601	7 769	168
Finance cost	0	34	(34)
Employee costs	15 128	11 523	3 605
Depreciation and impairment loss	155	301	(146)
Amortisation	30	28	2
Total expenses	57 695	56 071	1 628

	2015	2015	
	R000	R000	R000
	Budget	Actual	Variance
Net deficit	-	2 584	671
Plus: Accumulated surplus previous year***		77 054	
Net accumulated surplus as per the Statement of Financial Position		79 635	

Notes on variances:

- * The interest income is lower than expected due to unstable global economic conditions and varying periods of investing. As a result the Agency could not get the best possible return (low interest rate).
- ** Expenditure: Grant costs – The grant costs are inclusive of the disbursement for grants that were committed in prior years to the tune of R70 million.
- *** The National Treasury approved the surplus retention in accordance with the PFMA. The surplus amount would be used to service the commitments of the Agency.

6.9 NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 2015

1 Accounting policies

The following are the principal accounting policies of MDDA, which are, in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise.

Management has used judgments, assessments and estimates in preparing the annual financial statements - these are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis (that the agency will continue to operate as a going concern for at least the next 12 months and into the foreseeable future). All amounts have been presented in the currency of South African Rand, which is the functional currency of the agency.

1.1 Basis of preparation

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

1.1.1 Standards and pronouncements comprising the GRAP financial reporting framework

Reference	Topic
GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 7	Investments in associates
GRAP 8	Interests in joint ventures
GRAP 9	Revenue from exchange transactions
GRAP 10	Financial reporting in hyper inflationary economies
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after reporting date
GRAP 16	Investment property
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions (Taxes and transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee benefits

Reference	Topic
GRAP 26	Impairment of cash-generating assets
GRAP 100	Non-current assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
GRAP 103	Heritage assets
GRAP 104	Financial instruments
IPSAS 20	Related party disclosures
IGRAP 1*	Applying the probability test on initial recognition of exchange revenue
IFRIC 2	Members' shares in co-operative entities and similar instruments
IFRIC 4	Determining whether an arrangement contains a lease
IFRIC 9	Reassessment of embedded derivatives
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges in a net investment in a foreign operation
SIC 21	Income taxes - Recovery of re-valued non-depreciable assets
SIC 25	Income taxes - Changes in the tax status of an enterprise or its shareholders
SIC 29	Disclosure - Service concession arrangements
Directive 1	Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP

Reference	Topic
Directive 2	Transitional provisions for the adoption of standards of GRAP by public entities, municipal entities and constitutional institutions
Directive 3	Transitional provisions for the adoption of standards of GRAP by high capacity municipalities
Directive 4	Transitional provisions for the adoption of standards of GRAP by medium and low capacity municipalities
Directive 5	Determining the GRAP reporting framework
Directive 6 **	Transitional provisions for the Revenue collected by the South African Revenue Service
Directive 7	The application of deemed cost on the adoption of Standards of GRAP
ASB guide 1	Guideline on accounting for public private partnerships
<p>* An entity first adopts the Standard of GRAP before it applies the related Interpretation of the Standards of GRAP. Therefore, IGRAP 1 is applicable if an entity applies GRAP 9 <i>Revenue from exchange transactions</i>.</p> <p>** Directive 6 will become effective once the Minister of Finance determines the effective date for GRAP 23.</p>	

1.1.2 The cash flow statement can only be prepared in accordance with the direct method

The cash flow of the MDDA was prepared using the direct method.

1.1.3 The following GRAP standards have not been adopted as at 31 March 2015:

Reference	Topic
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

The adoption of the above Standards of GRAP will not have a significant impact on the Agency's financial statements as these standards have been used to formulate and inform the current accounting policies and disclosures.

1.2 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

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

All property, plant and equipment are initially recorded at cost. All the Agency's assets

are recorded in the asset register at cost on receipt of the item.

Depreciation is provided on straight-line basis which, it is estimated, will reduce the carrying value of the assets to their residual values at the end of their useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the cost of the item is depreciated separately. Where 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. Where the carrying value is greater than estimated recoverable amount, it is written down immediately to its recoverable amount.

The major categories of assets are depreciated at the following rates:

- Furniture and fittings 8 years
- Office equipment 5 years
- Computer equipment 6 years

Residual values and estimated useful lives of assets are assessed on annual basis.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in surplus or deficit. Where an asset is acquired by the Agency for no or nominal consideration (i.e. a non-exchange transaction) the cost is deemed to be equal to the fair value of that asset on the date acquired.

The Agency does not recognize in the carrying amount of the property, plant and equipment the cost of day-to-day servicing of the item. Rather, these costs are recognized in the surplus or deficit as incurred.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are associated to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

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

- Licences and software 3 years

Intangible assets 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 on disposal is determined by the difference between the sales and carrying value and is recognised in the statement of financial performance.

1.4 Change in accounting estimates

At the end of each accounting period there are a number of estimates made in order to prepare the financial statements. These estimates are based on the facts and circumstances that exist at the times.

A change in accounting estimate will be accounted for in the current period and in

the future periods if it affects the future periods or accounted for retrospectively. The effect of the change in estimate would be accounted for in surplus or deficit or against the asset or liability, where applicable, in the specific period in which the change occurs. The other side of the accounting entry will be the applicable asset or liability in the period of change.

Following the assessment of the useful life of the assets, changes were made to the useful life of the following classes of assets:

- Furniture and Fitting 8 years
- Computer Equipment 6 years

This has resulted in retrospective adjustment to the carrying values of the assets affected.

1.5 Impairment of assets

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortization).

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- a the period of time over which an asset is expected to be used by the entity; or
- b the number of production or similar units expected to be obtained from the asset by the entity.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

1.6 Inventories

Inventories are assets in the form of materials or supplies to be consumed in the production process or distributed in the rendering of services or held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution.

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value as at the date of acquisition. All inventory items at year-end are reflected using the FIFO cost formula.

Inventories are valued or measured at the lower of cost or current replacement value if distributed at no charge. Current replacement is the cost the entity would incur to acquire the asset on the reporting date. Carrying amount of inventories distributed or exchanged during the period is recognised as expenses.

1.7 Financial instruments

Recognition

The MDDA classifies financial instruments, or their component parts, on initial

recognition as a financial asset, financial liability or a residual interest in accordance with substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Agency's statement of financial position when the Agency becomes a party to the provisions of the instrument.

Measurement

When all financial instruments are recognised initially, the Agency measures them at their fair value, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents are initially and subsequently measured at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and short-term fixed deposits held with banks, net of bank overdrafts, all of which are available for use unless otherwise stated.

Financial liabilities

The entity's principal financial liabilities include trade and other payables that are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.8 Offsetting

Transactions are offset when such offsetting reflects the substance of the transaction or event. Where a legally enforceable right of offset exists for recognised financial assets and liabilities, and there is an intention to settle the assets/liability and realise the asset/liability simultaneously, or settle on a net basis, all related financial effects are offset. However, there was no offsetting during the year.

1.9 Revenue recognition

The Agency is financed from money appropriated by Parliament.

Revenue includes transfer from the Government Communication and Information System as well as the grants from the Print Media and the Broadcast Media. Transfer received from Government as well as the grants from Print and Broadcast media are recognised as income on an accrual basis as-and-when invoiced.

Grants received from Print and Broadcast media are classified as Revenue from Non-Exchange transactions as well as the transfer from the Government Communications Information Systems.

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal

value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Broadcast media revenue is based on 0.2% of the broadcasters' annual turnover derived from the licence activities per annum. Other non-exchanged revenue derived by the Agency includes the refund from SETA.

Interest income is recognised as it accrues on a time apportionment basis taking into account its effective yield and this is recognized as revenue from exchange activity.

1.10 Accounting for operating leases commitments

1.10.1 Operating lease

Leases for assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Under an operating lease, the lessee merely makes periodic payments to the lessor in return for the use of an asset. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.10.2 Finance lease

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

lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.11 Taxation

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

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

1.12 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Finance Management Act 1999 (Act No. 1 of 1999) as amended, or
- Any legislation providing for procurement procedures in Government.

All irregular, fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.13 Leave pay accrual

Employee entitlements to annual leave are recognised when it accrues to employees. An accrual, based on total employment cost, is raised for the estimated liabilities as a result of services rendered by employees up to the date of the statement of financial position.

1.14 Employee benefits

Employee benefits are the benefits that employees accumulate as a result of rendering their services to an employer up to the reporting date.

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and bonus), are recognised in the period in which the service is rendered and are not discounted.

The Agency does not have any retirement benefit costs for its employees as all annual salary packages are calculated inclusive of all benefits, including medical aid, provident fund and annual bonus.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15 Accruals and contingencies

Accruals are recognised when:

- The Agency has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of accruals is the present value of the expenditure required to settle the obligation.

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

Contingent liability is disclosed in the financial statements when:

- The Agency has a possible obligation as a result of past events;
- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

1.16 Projects in progress

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

1.17 Grant costs

Grants costs represent funds allocated to specific projects and operational costs directly related to projects.

1.18 Related parties

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Related party – parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

entities that directly, or indirectly through one or more intermediaries, control or are controlled by the reporting entity; associates and joint ventures; individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close member of the family of any such individual; key management personnel, and close members of the family of key management

personnel; and entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

By virtue of the fact that the Agency is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arms length and on normal commercial terms, except where employees of national departments or national public entities participate in our processes and do not receive any remuneration.

1.19 Events after the reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

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

The reporting date is the last day of the reporting period to which the financial statements relate. The date of authorisation for issue is the date on which the financial statements have received approval from management to be issued to the executive authority (the final and signed audit report has been provided).

The Agency shall recognise and adjust amounts relating to adjusting events after the reporting period in its financial statements.

1.20 Estimates and judgements made by management in applying the accounting policies

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses, and related disclosures. Historical experience and various other factors believed to be reasonable under the circumstances are used in these instances. Actual results in the future could differ from these estimates. Significant judgment has been exercised in determining the following:

Fair value estimation

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

1.21 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised as liabilities when the MDDA has a present legal or constructive obligation as a result of a past event, for which 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 amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate is determined by management judgement, supplemented by experience of similar transactions and in some instances reports from independent experts.

1.22 Budget Information

The budget of the Agency was prepared on an accrual basis which is consistent with the Agency's basis for preparation of the financial statements. Comparison of budget and actual amounts are presented in a separate statement including additional note disclosure on page 82. Differences (variances) between the actual amounts and budget amounts are presented. Budget information is in accordance with GRAP 1 and GRAP 24. The budget was prepared and approved in accordance with the section 53(1) of the PFMA.

1.23 Disclosures Relating to Prior Period Errors

The nature of the prior period error; for each prior period is presented, to the extent practicable to the amount of the correction: for each financial statement line item affected; and the amount of the correction at the beginning of the earliest prior period presented; and if retrospective restatement is impracticable, an explanation and description of how the error has been corrected is given. These accounting policies are consistent with the previous financial year.

2 Property, plant and equipment

	2015 R000	2014 R000
Cost		
Computer equipment	835	748
Furniture	1 102	1 102
Leased office equipment	383	0
Office equipment	487	487
	2 807	2 337
Accumulated depreciation		
Computer equipment	586	519
Furniture	788	661
Office equipment	412	382
Finance Lease - Office equipment	77	
	1 863	1 562
Carrying value	944	775

Reconciliation of carrying amounts

	Leased office equipment R000	Computer equipment R000	Furniture R000	Office equipment R000	Total R000
Carrying value – 2015					
Carrying value at beginning of year	-	229	440	106	775
Additions	383	87			470
Disposals	-	-	-	-	-
Depreciation	(77)	(67)	(127)	(30)	(301)
Carrying value at 31 March 2015	306	249	313	76	944

	Computer equipment R000	Furniture R000	Office equipment R000	Total R000
Carrying value – 2014				
Carrying value at beginning of year	290	382	62	734
Additions	43	116	75	234
Disposals	-	-	-	-
Depreciation	(104)	(58)	(31)	(193)
Carrying value at 31 March 2014	229	440	106	775

3 Intangible assets

	2015 R000	2014 R000
Cost		
Licences and software	373	312
	373	312
Accumulated Amortisation		
Licences and software	327	299
	327	299
Carrying value	46	13

Reconciliation of carrying amounts 2015

Carrying value at beginning of year	13	-
Additions	61	-
Disposals	-	-
Amortisation	(28)	-
Carrying value at 31 March 2015	46	-

Reconciliation of carrying amounts 2014

Carrying value at beginning of year	-	31
Additions	-	-
Disposals	-	-
Amortisation	-	(18)
Carrying value at 31 March 2014	-	13

4 Trade and other receivables

	2015 R000	2014 R000
Deposits paid (water, lights, etc.)	456	456
Debtors – Broadcast contribution	8 104	8 092
Debtors – Interest income	148	645
Debtors – Others	2	1
	8 710	9 194

5 Inventories

	2015 R000	2014 R000
Opening balance	19	23
Inventory purchased	0	41
Inventory consumed	0	(45)
Inventory written down	(19)	
	0	19

6 Cash and cash equivalents

	2015 R000	2014 R000
Current account	7 275	11 302
Call account	71 065	65 196
	78 340	76 498

7 Trade and other payables

	2015 R000	2014 R000
Accrual for salaries and bonuses	520	268
Accrual for creditors	454	445
Accrual for provident fund	65	-
Accrual for leave pay	383	671

Other accruals

	2015 R000	2014 R000
Other accruals	24	118
	1 446	1 502

8 Deferred lease costs

Opening balance
Operating lease cost amortised

Closing balance

	2015 R000	2014 R000
Opening balance	477	340
Operating lease cost amortised	(356)	137
Closing balance	121	477

9 Project in progress

DoC - Opening balance
Programme production cost
Closing balance

	2015 R000	2014 R000
DoC - Opening balance	6 882	9 003
Programme production cost	(388)	(2 121)
Closing balance	6 494	6 882

	2015 R000	2014 R000
MICT-Seta - Opening balance		900
Additional grant received	600	
Programme production cost	(523)	(900)
Closing balance	77	0
Total Project In-Progress	6 571	6 882

During the year 2008/09, MDDA entered into an MOU with the Department of Communications for Programme production projects for an amount of R20 million. The management and administration fee levied by MDDA is 10% of the grant fund. The Agency recognised the 10% (R2 000 000.00) as revenue in 2008/09 financial year.

During 2013/14, the MDDA entered into a MOU with MICT-Seta for training for R3 million. This would be disbursed to the MDDA in tranches.

10 Provisions

	2015 R000	2014 R000
Provisions for compensation of previously dismissed employee	0	584

The employee was previously dismissed. On the 15th April 2014 the CCMA ruled that R584 133.27 equivalent to annual salary be paid to the employee.

11 Accumulated surplus

	2015 R000	2014 R000
Accumulated surplus	79 635	77 054

Not all GCIS funds were spent as at 31 March 2015. However, the Accumulated Surplus represents funds still to be disbursed to the beneficiaries (Refer to Commitments Note 19) and component of funds that are to be allocated to beneficiaries and other related projects. The difference between the commitments for the year and accumulated surplus represents the funds for which retention has been submitted for National Treasury approval.

12 Revenue from Non-exchange transaction – GCIS transfer

	2015 R000	2014 R000
Transfer - Government Communication and Information System	21 815	20 790
	21 815	20 790

13 Revenue from Non-exchange transaction - Other Funders

	2015 R000	2014 R000
Grants received – Print and Broadcast media	32 213	35 800
Refund – SETA	0	4
	32 213	35 804

14 Revenue from exchange transaction - Interest income

	2015 R000	2014 R000
Interest received	4 624	4 103

15 Grant costs

	2015 R000	2014 R000
Project Beneficiary Disbursements	35 580	34 943
Grant Payments	35 580	34 943
Project tracking expenses	48	76
Workshops and travelling costs	788	1 890
	36 416	36 909

16 Administrative costs

	2015 R000	2014 R000
Administration costs	3 276	3 761
Audit fees		
• Internal audit	603	666
• External audit	563	699
Board costs		
• Board fees	233	132
• Board administration cost	628	464
Lease costs		
• Rental	2 164	1 970
• Contingent rent	(356)	137
Professional services costs	632	644
	7 769	8 474

17 Employee costs

	2015 R000	2014 R000
Salaries and wages	9 941	10 177
Performance Bonus	256	399
Provident Fund	1 187	1 318

	2015	2014
	R000	R000
UIF contribution	38	38
SDL contribution	101	97
	11 523	12 029

18 Net cash inflows from operating activities

	2015	2014
	R000	R000
Surplus/(deficit) for the year	2 581	3 074
Non-cash movements		
Depreciation and impairment	301	193
Amortisation	28	18
Working capital		
Decrease in trade payables	(55)	(411)
Increase/(Decrease) in lease liability	(356)	137
Increase/(Decrease) in current provisions	(584)	584
(Increase)/Decrease in trade and other receivables	484	(422)
Decrease (Increase) in inventories	0	4
Decrease in projects in progress	(311)	(2 121)
	1 990	1 057

19 Commitments

19.1 Operating lease

At reporting date, the Agency has outstanding commitments under a non-cancellable operating lease, in respect of land and buildings which is due as follows:

	2015	2014
	R000	R000
Not later than 1 year	715	2 476
Later than 1 year and not later than 5 years	0	650
	715	3 126

The MDDA entered into a three year lease agreement, which commenced on 1 July 2012 and terminates on 30 June 2015, and provides for an escalation of rental of 11% per annum. However, the lessor further charges the Agency less amounts than anticipated. The lessor confirmed that as at 31 March 2015, the Agency does not owe any amount, except for the remainder of the lease period.

19.2 Finance lease obligation

The MDDA leased three printers from Safika for a period of 36 months years, ending in 2017. The applicable interest is a prime interest rate of 9.25% at the inception of the lease.

	Total Re-payments	Finance cost	Capital portion
Present value of minimum lease payments due is R264 972.06 At reporting date, the Agency has outstanding commitments under a non-cancellable operating lease, in respect of land and buildings which is due as follows:			
Not later than 1 year	147	20	127
Later than 1 year and not later than 5 years	147	7	140
	294	27	267

19.3 Grant commitments

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

R43 million, which is yet to be disbursed to beneficiaries once the conditions of the funding agreements have been met.

	2015 R000	2014 R000
Opening balance	70 321	79 652
New grants approved	9 286	37 097
Grants approved in previous financial year – now written back	0	(721)
Expired grant agreement for previous financial year	0	(7 755)
Payments for the year	(35 873)	(37 952)
Closing balance	43 734	70 321

19.4 Other commitments

Other commitments relate to all approved orders and agreements where the service has been rendered and/or goods have been received by the Agency, but without an invoice. The payment will accordingly be processed once the invoices have been received. At year end the Agency has committed R1 008 000 for its operating expenditure, which is comprised of accommodation and travelling cost and communication and branding.

	2015 R000	2014 R000
Opening balance	310	0
Capex: Approved	0	0

	2015 R000	2014 R000
Operating expenditure	834	310
Payments for the year	(136)	0
Closing balance	1 008	310

20 Emoluments/Remuneration

	2015 R000	2014 R000
Executive Management Remuneration		
Total	2 092	3 995

Mr Lumko Mtimde – CEO (Contract Expired 30/06/2014)		
Salary	581	1 635
Subsistence and Travelling	9	18
Bonus and performance payment	0	134
	590	1 787

	2015 R000	2014 R000
Mr Mshiyeni Gungqisa CFO (Contract Expired 31/12/2014)		
Salary	767	894
Acting Allowance (Acting CEO: July – Dec 2014)	79	0
Subsistence and Travelling	8	4
Bonus and performance payment	0	42
	853	940

Mr Nkopane Maphiri – COO (Contract Expired 31/07/2014)		
Salary	286	711
Subsistence and Travelling	5	20
Bonus and performance payment	0	33
	291	764

Ms Duduzile Phungwayo – Human Resource Manager (Resigned: 31/10/2014)		
Salary	355	472
Subsistence and Travelling	3	11
Bonus and performance payment	0	21
	358	504

	2015	2014
	R000	R000
Mr– Talifhani Khubana - Acting CFO (July 2014 to Date)		
Salary	561	-
Acting Allowance	113	-
Subsistence and Travelling	5	-
Bonus and performance payment	26	-
	705	-

Mr Lindinkosi Ndibongo – Acting Project Director (Sep 2014 to Date)		
Salary	607	-
Acting Allowance	60	-
Subsistence and Travelling	10	-
Bonus and performance payment	27	-
	704	-

Ms Duduzile Nchoba – Acting Chief Executive Officer (Jan 2015 to Date)		
Acting Allowance	21	-
Subsistence and Travelling	3	-
	23	-

	2015	2014
	R000	R000
Ms Manana Stone- Acting COO (Aug - Oct 2014)		
Salary	580	-
Acting Allowance	69	-
Subsistence and Travelling	11	-
Bonus and performance payment	25	-
	685	-

Non-Executive Management Emoluments

Ms P Nkomo – New Chairperson		
Board meeting fees	28	15
Other meetings fees	52	19
	80	34

Ms I Louw		
Board meeting fees	13	7
Other meetings fees	16	11
	29	18

	2015	2014
	R000	R000
Mr R Williams		
Board meeting fees	11	4
Other meetings fees	14	2
Appointed on the 01st January 2014	25	6

Mr RD Nkuna		
Board meeting fees	15	7
Other meetings fees	5	3
Appointed on the 23rd January 2013	20	10

Mr J Manyi		
Board meeting fees	5	9
Other meetings fees	15	14
	20	23

Mr T Khumalo		
Board meeting fees	4	0
Other meetings fees	1	0
	5	0

	2015	2014
	R000	R000
Ms L Vale		
Board meeting fees	0	0
Other meetings fees	1	0
Term of office expired on 31st December 2013, Reappointed in 05 February 2015	1	0

Mr T Mahapa		
Board meeting fees	10	9
Other meetings fees	6	7
	16	16

Mr P Nonqane		
Board meeting fees	15	11
Other meetings fees	3	4
	18	15

Dr RA Smith		
Board meeting fees	9	7
Other meetings fees	10	3
	19	10

21 Post-reporting date events

There are no adjusting post-reporting date events noted.

22 Contingent liabilities

There was no contingent liability at the end of the financial year.

23 Related parties

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

	2015 R000	2014 R000
Transfer Received		
Government Communication and Information System (GCIS)	21 815	20 790

Remuneration to Key Management

Mr L Mtimde
Mr M Gungqisa
Mr N Maphiri
Ms D Phungwayo
Ms D Nchoba
Ms M Stone
Mr N Ndibongo
Mr T Khubana

	2015 R000	2014 R000
	4 209	3 995
Mr L Mtimde	590	1 787
Mr M Gungqisa	853	940
Mr N Maphiri	291	764
Ms D Phungwayo	358	504
Ms D Nchoba	23	-
Ms M Stone	685	-
Mr N Ndibongo	704	-
Mr T Khubana	705	-

24 Risk management

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

Liquidity risk

Liquidity risk management involves the maintenance of sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from call to 30 days facilities.

The ageing of trade receivables and payables at reporting date was as follows:

Trade payables

	2015	2014
	R000	R000
Not past due		
Past due 0-30 days	1 130	1 332
Past due 31- 120	316	169
Total	1 446	1 501

Credit risk

Credit risk consists mainly of cash deposits, cash and cash equivalents, derivative financial instruments and trade debtors. The MDDA deposits cash only with major banks with high quality credit standing and limits exposure to any other counter party.

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

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

Items	2015	2014
	R000	R000
Cash and cash equivalents	78 340	76 499
Trade and other receivables	8 710	9 194
Total	86 050	85 693

Receivables

The receivables are exposed to a low risk, although the age analysis indicates amounts outstanding for more than 31 days, as the amounts are recoverable as the debtor is bound by the Electronic Communication Act to repay the debt.

Trade Receivables

	2015	2014
	R000	R000
Not past due		
Past due 0-30 days	8 254	8 738
Past due 31- 120	456	456
Total	8 710	9 194

Cash and cash equivalents

Cash and deposits are regarded as having insignificant credit risk.

Interest rate risk

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

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

Receivables

The receivables are exposed to an insignificant amount of interest rate risk.

Cash and cash equivalents

Cash in the bank account is kept at a minimum in order to maximise interest earned on any cash.

Market risk

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

25 Net surplus

Net surplus for the year after taking into account items detailed below:

	2015 R000	2014 R000
Disclosable income (included in revenue and other income)		
Interest income	4 624	4 101
Disclosable expenses (included in administrative expenses)		
Auditor's remuneration:		
Audit fees: External	653	699
Audit fees: Internal	603	666

26 Irregular expenditure

	2015 R000	2014 R000
Opening balance	-	-
Irregular expenditure	-	141
Irregular expenditure condoned (by the Accounting Authority)	-	(141)
Closing balance	-	-

The Agency appointed a service provider who did not have a valid tax clearance certificate at the time of appointment. The service was rendered, however the Agency has not yet made the payment to the service provider. The Accounting Authority condoned this deviation from normal procurement procedure, in particular the PPPFA and MDDA Supply Chain Management policy.

27 Fruitless and wasteful expenditure

	2015 R000	2014 R000
Interest on CCMA Award	21	-
Written Off (by the Accounting Officer)	(21)	-
Closing balance	-	-

The fruitless and wasteful expenditure above is deemed irrecoverable and therefore, the cost is written off.

28 Change in Estimates

Property, Plant and Equipment

Useful life for furniture and fittings moved from 5 years to 8 years, while the useful life for computer equipment moved from 3 years to 6 years.

	Depreciation Before	Depreciation after	Effects
<i>Computer Equipment</i>	96 684.44	66 777.99	(29 906.45)
<i>Furniture and Fittings</i>	50 072.54	127 132.58	77 060.04
	204 751.09	251 904.68	47 153.59

The depreciation for computer equipment which was initially recorded as R96 684.44 has reduced to R66 777.99 as a result of the change in estimates. Further, the depreciation for furniture and fittings increased from R50 072.54 to R127 132.58. The pattern will continue into the ensuing financial year.

29 Prior Period Errors

31 March 2014

Property plant and equipment with zero remaining useful lives were corrected as a result of change in estimates.

Deferred lease cost were also adjusted for overstatement and miscalculation of the movement in prior years.

Administration and grant costs were further broken down for enhanced classification and disclosure.

Statement of Financial Position

	2014	2013
	R000	R000
Accumulated depreciation	(350)	0
Deferred Lease	83	0
Trade payables	(219)	0
Accumulated Surplus	486	0

Statement of Financial Performance

Grant cost	(5 180)	(4 658)
Employee cost	5 180	4 658



NOTES
