

Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Communications, Dated 17 November 2021

The Portfolio Committee on Communications (the Committee), having considered the performance and submission to National Treasury for the medium term period of the Government Communication and Information System (herein referred to as the Department) and Media Development and Diversity Agency (herein referred to as the Agency), reports as follows:

1. Introduction

In terms of Chapter 4 of the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution), gives a mandate to Portfolio Committees to legislate, conduct oversight over the Executive Authority and also facilitate public participation.

1.1. Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act (Act 9 of 2009) sets out the process that allows Parliament to make recommendations to the Minister of Finance as well as the cabinet Minister responsible for the vote to ensure the effectiveness and efficiency of the use of resources to ensure optimal service delivery.

According to Section 5 of the Money Bills Amendment Procedure and Related Matters Act, the National Assembly, through its Committees, must annually assess the performance of each national Department. The Committee must submit an annual BRRR for the Department as it falls under its oversight responsibilities, for tabling in the National Assembly. This process happens every October of each year where the Committee assesses service delivery performance given available resources; evaluates the effective and efficient use and forward allocation of resources; and may make recommendations on the forward use of resources. Due to the 2021 local government elections, this year the BRRR process took place in November.

The BRRR also sources documents from the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. The Standing Committee on Appropriations (SCOA) should consider these when it is considering and reporting on the MTBPS to the National Assembly.

Lastly, this performance report is also in line with Section 195 of the Constitution and other legislative prescripts that guide performance management in the public sector to display and promote transparency and accountability to stakeholders and the general public concerning matters under their control.

2. Role and Mandate of the Committee:

- (i) Consider legislation referred to it;
- (ii) Exercise oversight over the Department and its entities;
- (iii) Consider International Agreements referred to it;
- (iv) Consider Budget Vote of the two Departments;
- (v) Facilitate public participation process; and
- (vi) Consider all matters referred to it in terms of legislation, the Rules of Parliament and resolutions of the House.

3. Strategic Overview of the Department

The 2020/21 financial year was a period during which government continued its efforts to grow the economy, build a capable and ethical state, improve the living conditions of South Africans and contribute to a better Africa and a better world. The country confronted by unprecedented challenges that mirrored the global public health and economic crisis, Covid-19. This situation created unprecedented demand and responsibility for official communications.

The Department coordinated all-of-government communications on all dimensions of the pandemic. It placed focus on the depth of successive waves of illness and death. The Department helped South Africans understand the serious threat posed by an unseen enemy in the form of a virus. It also created information resources that gave economically vulnerable people access to the broad range of economic and social relief measures that government had innovated. Communication was extended to the global community in the region, on the continent and around the world.

The Department built partnerships with communicators in civil society - including organised business and labour as well as faith-based communities and traditional leadership - to ensure messaging was

clear, consistent and relevant to all sectors of society. It further worked with epidemiologists and behavioural scientists to empower the nation with information on how best to protect themselves. The Department supported and profiled South Africa's role as Chair of the African Union and President Ramaphosa's rapidly developing role as a champion for the fight against Covid-19 and the fight for vaccine equity at the global level. While communications relied on evolving scientific insights, the Department dealt as vigorously with the dangerous and disruptive reality of misinformation and disinformation. It explored and exploited the facilities offered by technology that allowed it to work and communicate remotely. Furthermore, the Department adopted webinars and virtual engagements as fundamental tools of trade.

The vaccination rollout programme opened a new focus on informing about benefits of vaccination and the Department sought to inform and inspire South Africans to protect themselves and enable the march towards economic recovery and the transformation of society

The year 2020/21 has also ensured that information and advocacy on Gender Based Violence and Femicide (GBVF) and anti-corruption was also factored in, though not to the extent it focused on Covid-19. This is due to the fact that the Department was only given budget to do awareness and mobilisation on Covid-19 and not in any of the other campaigns.

One of the Department's flagship products is the Vuk'uzenzele newspaper. No distribution took place for the April 2020 B edition of Vuk'uzenzele due to national lockdown regulations. This affected both the target of the number of copies distributed over the financial year as well as the number of print products. Conversely, the number of requests for radio services has increased as a result of departments making great use of radio due to the restrictions in physical movement. The reported achievement for the 2020/21 financial is 771 services provided against a planned target of 400 for radio services.

The Department is also responsible for hosting post-Cabinet media briefings. A total of 22 briefings was convened against an annual target of 14. The increase was based on the increase of Cabinet meetings held to deliberate on the regulations across the risk-adjusted lockdown levels in response to Covid-19 as well as the development and approval of the Economic Reconstruction and Recovery Plan (ERRP).

4. Methodology

For the period under review, the Committee, in exercising its oversight role, considered the 2020/21 Annual Reports and Financial Statements of the Department and the Agency on Tuesday, 9 November 2021.

The Annual Reports presentations were preceded by the Auditor-General of South Africa (AGSA), which presented the audit outcomes of the Department and MDDA.

The Committee also considered the 2021 State-of-the-Nation Address (SoNA), National Development Plan (NDP), Committee meetings, oversight reports and the 2020/21 Estimates of National Expenditure (ENE). There was no report from the Standing Committee on Appropriations (SCOA) nor was there a report from the Standing Committee on Public Accounts (SCOPA).

4.1 Outcomes of the Report

This report is aligned to broader government policy framework, New Growth Path (NGP), NDP and the governing party's priorities (job creation, poverty alleviation, combating crime and corruption, rural development, education and health). It reviews the initiatives taken by the Department to ensure that the priorities of the plan are realised. Furthermore, this report will review and seek to address challenges emanating from 5th Parliament Legacy Report and ensure that those recommendations are responded to in a systematic manner.

The report also assesses the financial performance against service delivery performance to ascertain whether the budget allocated to the Department was spent as envisaged in annotated in the Annual Performance Plan (APP). Finally, it summarises the observations made by the Committee after considering quarterly reports, all other necessary documents, presentations generated using oversight instruments, before making service delivery recommendations.

5. The Department

Section 195 (g) of the Constitution (1996) - Public should be provided with timely, accurate and accessible information. Deepen democracy and sustain nation-building and patriotism by ensuring that the citizenry is informed about government programmes and that they are able to influence and participate in such programmes.

In 1998, the South African Communication Service was dissolved and the Department was established by Cabinet, largely on the basis of recommendations contained in the report of the Task Group on Government Communications (ComTask).

The priority of the Department and its entities is to ensure that the public is provided with timely, accurate and accessible information. The focus has been on information dissemination on Covid-19 as well as access to economic opportunities and social-relief packages. The Department enjoys a footprint in all nine provinces in line with its mandate.

5.1 Mandate and Legislative Framework

The Department was formally established in terms of Section 239 of the Constitution of the Republic of South Africa of 1996 and as a strategic unit in The Presidency in terms of Section 7 of the Public Service Act, 1994 (Act 103 of 1994). The Department is mandated to coordinate, guide and advise on government communications, including media liaison, development communication and marketing. Its goal is to achieve integrated, coordinated and clear communications between government and South African citizens to enable the public's involvement in the country's transformation.

The work of the GCIS is further informed by:

- The Constitution of the Republic of South Africa of 1996;
- The Public Finance Management Act (PFMA) of 1999, as amended;
- International bilateral and multilateral agreements;
- National Treasury's Framework for Strategic Plans and Annual Performance Plans; and
- The Medium Term Strategic Framework (MTSF) 2014-2019.

5.2 Organisational Environment

A skilled and capable workforce is essential to the attainment of the Department's objectives and delivery against its mandate. In support of the ambitions of an organisation that is suitably capacitated through suitably qualified personnel, as at 31 March 2021, the Department had a total staff establishment of 474 posts of which 434 were filled. This translates into a vacancy rate of 8.44 per cent, which is within the parameters defined by the Department of Public Service and Administration (DPSA).

Employment equity remains an imperative of the Department that aligns with the government programmes of the MTSF 2019-2024 in support of designated groups of women, youth and persons with disabilities. Towards implementation of its Departmental Employment Equity Plan, the Department achieved the targets of 50 per cent for women at Senior Management Service (SMS) level and 2 percent for persons with disabilities whilst being mindful of the need to strike a balance across all occupational classifications.

The nature of work continues to evolve and the skills set of the Department's employees must align with these changes and remain relevant to the implementation context and modalities. As part of upskilling its workforce through training initiatives aligned to the occupational demands associated with the Fourth Industrial Revolution (4IR), a range of Hard-to-Fill Skills (HFS) related to its core functions were identified. Examples of these include Drone-Operating Licence, Digital Marketing, Editing and Proofreading, Graphic Design, Stakeholder Management and Critical Thinking.

The onset of the Covid-19 pandemic accelerated the adoption and increased use of online learning. The Department embraced e-Learning platforms and encouraged employees to register for online courses. Employees took advantage of this mode of learning and registered for training areas such as Ethics in the Public Service; ERM; Writing for Government, Customer Orientation and Emotional Intelligence. The use of online meeting platforms has been a challenge since employees do not have the technical know-how of how such meetings are conducted. A number of employees were prioritised for training on the use of Zoom and Skype as meeting and webinar platforms.

Going forward the Department will continue to prioritise training that is aligned to the 4IR, HFS, promote e-Learning, and improve skills on the use of information and communications technology (ICT), and online meeting/webinar platforms. One of the successes of the 2020/21 financial year was the establishment of the Directorate: Legal Services in the Department. It is expected that the creation of this unit will allow for a more streamlined contracts management system in the organisation as well as contribute to enhanced combined assurance by management of the various compliance aspects. Priorities for the 2021/22 financial year will be the development of policies and processes on contracts management, litigation and legal compliance.

The Department has pursued rigorously the implementation of a holistically combined assurance modality – covering independent assurance providers such as Internal Audit, AGSA and other regulatory bodies of government. Internal Audit continues to provide the last line of internal defence by ensuring material misstatements affecting compliance, financial and performance reporting are

brought to the attention of management timeously so that correct actions are effected. The Department enjoys a footprint in all nine provinces in line with its mandate. In the 2020/21 financial year, the Western Cape and North West provincial offices were relocated to improve staff working conditions, access for the public as well as address security related issues. Security audits were initiated with the State Security Agency (SSA) focusing on both physical and information security to establish threats as well as a risk assessment before and after relocation of the offices owing to the nature of departmental operations. As a national essential service, as declared during Alert Level 5 of the national lockdown, the Department premises were available and accessible through the risk-adjusted Covid-19 national lockdown levels. Security and Facilities Management oversaw the compliance to all regulations related to the procurement and provision of personal protective equipment (PPE) as well as Occupational Health and Safety (OHS) measures of deep cleaning, availability of hand sanitisers and disinfection of the building. A hybrid working model has been implemented, guided by the various circulars that have been issued by the DPSA in that respect.

5.3 Performance Highlights

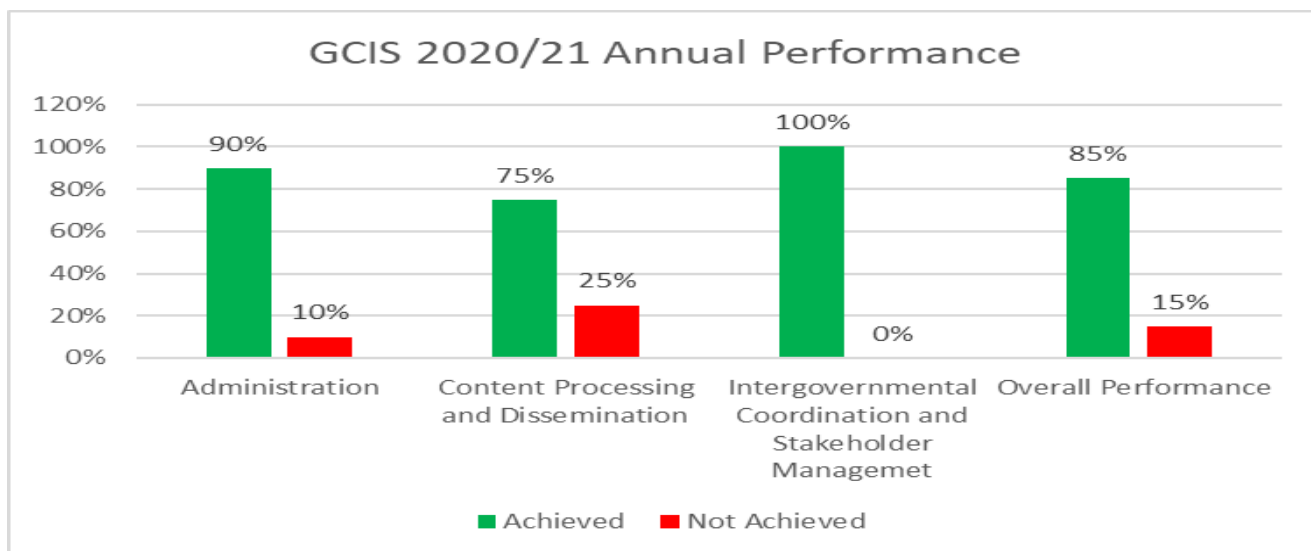
2020/21 financial year was the first year of implementation of the Department Strategic Plan approved in March 2020. The priority of the Department and its entities is to keep the public informed. The focus has been on information dissemination on Covid-19 as well as access to economic opportunities and social-relief packages. Towards the end of the 2020/21 financial year, the shift was towards communication to the public about the massive vaccination programme being rolled out across the country. Communication is central to this task and the Department will continue to raise awareness, change perceptions and encourage all adults living in South Africa to get vaccinated against Covid-19.

One of the nine outcomes of the Department is around communicating the priorities of the sixth administration. The priorities of government were communicated effectively and comprehensively. Greater emphasis was placed on communicating the ERRP in line with the Department's constitutional mandate to provide citizens with information that is accurate, timely and proactive to empower and improve their lives. The Department will also continue focusing on providing strategic communication and facilitating active citizen participation through internet and conventional forms of communication as well as new cutting edge products. In doing its work, government communicators will be guided by the now fully operational Government Communication Policy, which seeks to establish norms and standards to professionalise and strengthen the government communication system to ensure that it is well integrated, better coordinated and professional, and allows for citizens to interact with government.

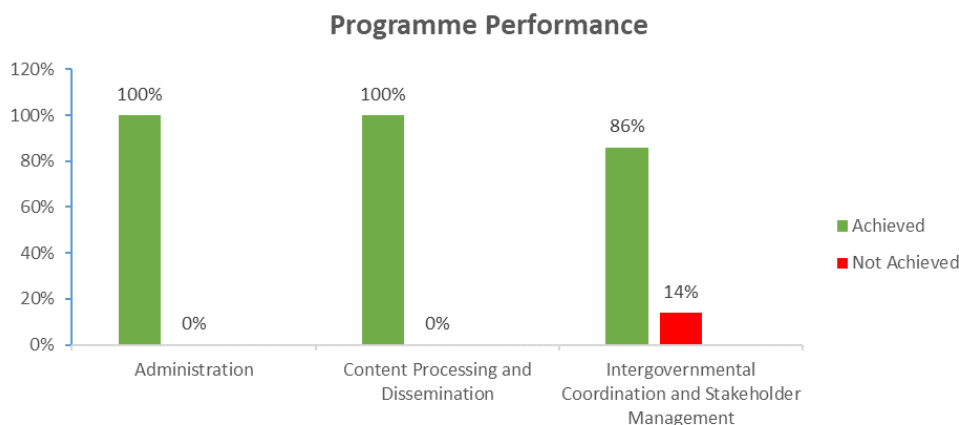
Sound corporate governance was given effect through the various governance structures of the organisation. These include internal structures such as the Executive and Management committees, the Budget Committee and Information Management and Technology Steering Committee (IM&T SC) and externally the Audit Committee as well as the ERMC. All structures were convened as planned to ensure the exercise of their responsibilities and continuous monitoring and improvement of compliance of corporate governance. A strong element of corporate governance has also been the improvement and expansion of the entity oversight function to the two entities in the Department – Brand South Africa (BSA) and the Agency from a financial and performance monitoring perspective. The Covid-19 pandemic has highlighted the immeasurable value of South Africa's community media sector and its fragile sustainability. The community media's reach into marginalised, often remote communities and its commitment to broadcasting/publishing in the vernacular of those communities, continued to be a vital platform for raising awareness about important issues, especially the potentially devastating risk of the virus. As part of the transformation imperative and the Department's outcome of transforming the media space, the establishment of the MAC Charter Council will enable greater diversity and representation, and facilitate the transformation of mainstream print and digital media, advertising and community media.

5.4 Performance per programme

The Department achieved 85 per cent performance (40 out of 47 set targets).



The Department spent 98 per cent of its final appropriation. The total underspending of R13.030 million comprises R9.425 million in CoE due to the attrition of staff and vacant posts, R3.464 million in Goods and Services due to lesser recovery of self-financing expenditure in respect of the advertising of vacant posts in the Vuk'uzenzele newspaper, lower cost on Government Garage transport, advertising costs being lower than anticipated as well as lesser procurement of stationery; a saving of R172 000 in Transfers and Subsidies due to lesser payments in respect of leave discounting and leave gratification as a result of resignations and retirement of former employees as well as lesser payments than projected in respect of SABC TV licences.



A detailed explanation of performance per programme is outlined herewith below.

Programme 1

The purpose of this Programme is to provide overall management and support for the Department. The Strategic Objective is to provide adequate and effective Corporate Services functions in pursuit of good governance.

Key achievements under this programme include: the reduction of the vacancy rate from 10.49 per cent in 2019/20 to 8.44 percent in 2020/21; the establishment of a Legal and Compliance Directorate to allow for a more streamlined contracts management system; and 641 training and development interventions were attended by employees.

In terms of Employment Equity, the target for women representation at SMS level was exceeded at 54 per cent versus the planned 50 per cent representation. The employment of persons living with disabilities was also overachieved by 3 per cent against government set target of 2 per cent.

Programme 2

The purpose of this Programme is to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication. The Strategic Objectives are (i) to produce government communication products and provide services to grow the share of voice of government messages in the public arena; (ii) to provide strategic leadership and support in government communication through public opinion research and analysis of media coverage to understand the communication environment and inform government messages; and (iii) to provide efficient and effective communication services.

Key achievements under this programme include: Government website, www.gov.za, emerged as the first port of call for many South Africans looking for information on Covid-19 and government support; social media platforms Twitter increased by 65 per cent and Facebook up by 85 per cent; extensive translation of content into all official languages to off-set the absence of Izimbizo and other public participation engagements; Negotiated zero-rating with mobile network operators for Covid-19 related content.

The Department further supported daily, the Coronavirus Command Council with key messaging based on daily scanning of the communication environment. It conducted national research on public reaction to official Covid-19 information and the research results indicated that the public trusted government information around the pandemic. The SAnews.gov.za was at the forefront of providing pertinent information to citizens daily, including on health protocols to prevent the spread of the pandemic. The Department Audio Visual crews supported The President and Deputy President in their adoption of virtual platforms to conduct public and closed meetings.

In addition, the Department conducted live broadcasting of most media briefings to community radio stations which reach the far-flung rural areas in the country. The number of requests for radio services increased as a result of Departments using radio due to the restrictions in physical movement. The Department achieved implementation of 76 per cent of approved media-buying campaigns (amounting to R285.9 million) versus the target of 40 per cent. This means that the Department processed R76.8 million more than 2019/20 financial year despite the Covid-19 challenges.

The Department produced and distributed 14.4 million copies of the biweekly government newspaper. Lastly, Vuk'uzenzele editorial focus was on government four priorities for the year: (i) Covid-19 safety, economic opportunities (both before and after the adoption of ERRP), GBVF and Fight against corruption.

Programme 3

The purpose of this programme is to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication.

Key achievements under this programme include: through direct and unmediated communication engagements in the reporting period, over 53 million people were reached with government messages. This was achieved through 843 development communication activities especially around Covid-19; over 1 600 community and stakeholder liaison visits in community lockdown regulations were considered – amongst others presented the Covid-19 lockdown regulations at communication structures in provinces; through Cluster Coordination the Department drove various campaigns with two being critical – Covid-19 and the ERRP.

Furthermore, the Department sustained improved and healthy working relationships with media and introduced hybrid models (virtual and physical) for media briefings during lockdown periods. Included shared media Webinars with the National Press Club on dominant issues in the communication environment. It hosted a series of continental media platforms recognizing the Chairmanship of the African Union by the President of South Africa.

5.5 Overview of Financial Performance Information

The Department was initially allocated R720.5 million for the 2020/21 financial year. The original appropriation increased by R30 million with additional funds from the fiscus as well as a further R30 million that was shifted within the vote from BSA to the Department's operational budget during the Special Adjusted Estimates of National Expenditure (AENE). The additional appropriation funded the advertising and communication campaign of the Covid-19 protocols and related matters.

During the AENE the appropriation was reduced with a net amount of R25.4 million to R725.1 million. Of the adjusted allocated budget, the Department spent R712.1 million (98 per cent) by 31 March 2021, resulting in an underspending of around R13 million (2 per cent), comprising R9.4 million in Compensation of Employees (CoE), R3.4 million in Goods and Services and R172 000 in Transfers and Subsidies.

The savings within CoE (which is an earmarked budget as per the Appropriation Act) at year-end are attributed to attrition of staff and vacant posts in the three programmes as well as secondment of staff to other departments who refunded the Department for salaries and related costs. The underspending in Goods and Services is mainly due to lesser recovery of self-financing expenditure in respect of the advertising of vacant posts in the Vuk'uzenzele newspaper, lower cost than projected on Government Garage transport, advertising costs being lower than anticipated as well as lesser procurement of stationery. The underspending in Transfers and Subsidies is due to lesser payments to former employees in respect of leave discounting and leave gratification as well as lesser payments than projected in respect of SABC television (TV) licences.

The Department continues to adhere to sound financial management principles as stipulated in the PFMA of 1999 and National Treasury Regulations. To ensure that the Department maintains sound financial governance that is client-focused and responsive to the overall operating environment, the financial policies are reviewed at least every second year to ensure that they comply with the PFMA of 1999 as well as National Treasury instructions and prescripts.

When required, updates are made from time to time within the two-year period. Financial policies and related amendments are made available to all Department's staff. In between, financial circulars are issued to staff from time to time as guided by National Treasury and DPSA.

PROGRAMME	FINAL BUDGET	FINAL EXPENDITURE	% VARIANCE (UNDERSPENDING)	VARIANCE (UNDERSPENDING)
	R'000	R'000	%	R'000
P1: ADMINISTRATION	179 454	177 791	99.1%	1 663
P2: CONTENT PROCESSING AND DISSEMINATION	422 262	416 339	98.6%	5 923
P3: INTERGOVERNMENTAL COORDINATION AND STAKEHOLDER MANAGEMENT	123 424	117 980	95.6%	5 444
TOTAL	725 140	712 110	98.2%	13 030

5.6 AGSA Report

According to AGSA, the financial statements present fairly, in all material respects, the financial position of the Department as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with MCS prescribed by the National Treasury and the requirements of the PFMA. The Department received a Clean-audit outcome for the 2020/21 financial year. Furthermore, the AGSA did not identify any material findings on the usefulness and reliability of the reported performance information for this programme. However, in terms of internal control deficiencies, AGSA reported that management did not ensure that there are adequate reconciliation procedures in place to update the registers supporting the actual performance reported achievement.

5.7 MDDA

The Agency was set up in terms of the MDDA Act of 2002, to enable historically disadvantaged communities and individuals to gain access to the media. The mandate of the agency is to create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans; redress the exclusion and marginalisation of disadvantaged communities and people from access to the media and the media industry; and promote media development and diversity by providing support primarily to community and small commercial media projects.

The enabling legislative environment and the positioning of the Agency in the Ministry in the Presidency has strengthened the relevance of its value proposition. The new democratic South Africa recognises the urgent and critical need for transformation of the media environment based on the key principle of freedom of expression, a right enshrined in our new Constitution.

In addition, media diversity and the invaluable role of the media to ensure access to information were from the start cornerstones of our democracy. The importance of community media cannot be underestimated. Though they usually reach a smaller audience/readership, their capacity to offer a targeted platform for under-represented groups means that they are a useful tool for participation in society. Despite all the challenges the community media sector faces, civil society, government, and stakeholder groups still see the need to build a thriving community and small commercial media sector.

With the move to Lockdown Level 1, the Agency staff returned to work in September 2020 using a staggered approach to ensure that the required social distancing can be maintained. The staggered approach, which is in line with the MDDA Pandemic Prevention and Response Plan, continued throughout Quarter 3. Management is however continually and closely monitoring the situation, to assess the need to return to total remote working if the pandemic worsened.

5.7.1 Performance Highlights

The Agency had set itself 18 annual targets for 2020/21 financial year. 16 of the annual targets were achieved and only 2 targets were not achieved. The 16 targets achieved constitute 89 per cent of the agency's annual achievement. The target that was not achieved relates to the appointment of a Service Provider for the Sustainability Research wherein, the tender had to be re-advertised owing to unsuccessful bids received in January 2021. The bid is currently at the adjudication stage. The other target that was not achieved within this financial year is Elections Training. This was due to the strict Level 3 Lockdown rules as per Disaster Management Act, and the limited number of people that can congregate together. This activity will be conducted during the 2021/22 financial year.

5.7.2 Service Delivery Environment

In line with the Agency Grant Funding Policy, the agency issued the 2020/2021 call for new grant applications from 15 October – 30 November 2020. This was supplemented by a countrywide outreach programme, covering all nine provinces, and an announcement on 95 community radio stations where the Agency explained the improved application process and the funding policy.

The Agency also introduced its first online application system, accessible via the website. As in previous years, the Agency received high volume applications from both broadcast and print/digital projects. As a first step in the assessment process, the projects team reviewed all applications thoroughly in terms of compliance regarding required documentation and meeting the Agency funding criteria.

On the 25th of February 2021, the Board of the Agency met and deliberated over and approved grant and seed funding for 22 community radio stations across provinces & on the 18th of March 2021, the Board further approved grant and seed funding for 9 community and small commercial print media projects. These approved projects were part of the total overall number of 158 applications that responded to the 2020/21 Call for Grant Funding Applications for a six-week period, which officially opened on 15 October 2020 and closed on 30 November 2020. Of these applications, 78 were community broadcast media projects, including radio and TV and 80 were community print and digital publications, which were a combination of community print, small commercial print, and digital media projects.

The Agency made good progress in its stakeholder and partnership initiative, meeting with sector stakeholders over a range of potential partnerships from the issue of music licence fees, through to training and mentoring with agencies such as National Electronic Media Institute of South Africa (NEMISA), Small Enterprise Development Agency (SEDA), the Film and Publications Board (FPB) and the South African Book Development Council (SABDC). The Agency finalised and entered into a Memorandum of Understanding (MoU) with MICT SETA on collaboration on bursaries and training through the Competition Commission Fund, as well as for the Agency capacity building initiatives for the community media sector.

In further initiatives, the Agency is engaging with the new media players such as Facebook and Google for their support of the community media sector. A meeting with Facebook in Quarter 3 generated a number of exciting areas to collaborate on and take further early in 2021. The lockdown due to the Covid-19 pandemic has hindered the holding of physical training initiatives. However, the Agency has remained committed to implementing training interventions aimed at capacitating the community media in key sustainability skills.

To this end, two online workshops were held in Quarter 3. A Community Media Masterclass on Effective Reporting on Gender -Based Violence was conducted as a build-up to the 16 Days of Activism for No Violence Against Women and Children Campaign. The Agency also held a community media masterclass on digital media in honour of Black Wednesday. The masterclass was themed "Decluttering the Noise: A Digital Age Media Practitioner" and covered fact checking, health journalism and data journalism.

In partnership with the Department of Communications and Digital Technologies, the Agency held a Sector Engagement Workshop on the Draft Whitepaper on Audio and Audio-Visual Content Services Policy Framework. The draft white paper seeks to create an enabling environment for the provision of inclusive audio and audio-visual content services (AAVCS) to all South Africans in a manner that promotes social- economic development and investment.

The initiative to develop a community media sustainability model also made good progress in Quarter 3, following the Quarter 2 industrywide engagement to draw up the Terms of Reference for the required research. The tender for the research was advertised in Quarter 3, with the closing date of 8 January 2021. A tender briefing was held in December, attended by 20 participants.

The Agency recognises the severe financial pressure that the community broadcast sector is faced with regarding transmission fees, which led to the Board approving a call for applications from community broadcast projects across South Africa for the payment of transmission and self-transmitting fees. The call was open from 23 March to 01 April 2021.

5.7.3 Covid-19 Emergency Response

Quarter 1 of 2020/2021 commenced with the Agency measures firmly in place to safeguard its staff against the Covid-19 pandemic and to provide emergency relief funding to the community media and small commercial media sector. Following the decision to direct staff to work from home from 24 March 2020, to protect both the staff and the organisation from the pandemic, the MDDA's business continuity plans proved effective. Staff continued to work in remote mode, online from home, throughout Quarter 1, with Information Communication Technology (ICT) supporting staff from a virtual environment, with no notable outages having occurred. After the end of the Covid-19 South African lockdown, the Agency Pandemic Prevention and Response Plan provided guidelines for the management of the Agency's employees return to work, albeit on a staggered basis.

The Agency launched two phases of Covid-19 Emergency Relief Funding, which was open to all community and small commercial (SCM) media projects across South Africa. The first phase ran in March and April of 2020, with some R10 million being disbursed to 116 community broadcasters and 115 communities and SCM publications in R45,000 relief packages, per station/publisher, and the second phase from 25 May 2020. Both phases of the Emergency Relief Fund were approved by the Board of the MDDA in recognition of the critical and essential service played by the community and SCM sector in information, news, and content dissemination, particularly during the National Lockdown and coronavirus pandemic.

This relief funding was very welcomed by the sector, since it was facing severe pressures as a result of the economic impact of the National Lockdown and subsequent loss of advertising, while there was also an urgent need to minimise the safety risks to media projects personnel during this period.

5.7.4 Financial Performance

The Agency reported against the APP of 2020/2021 as tabled in Parliament on 18 March 2020. The APP was developed to give effect to the Agency's 5 Year Strategic Plan for 2020/2021 - 2024/2025, which was also tabled on 18 March 2020. Both the Strategic Plan and APP have been developed in terms of the Revised Framework for Strategic Plans & Annual Performance Plans as per National Treasury Instruction No 5 of 2019/2020.

The table below describes the revenue versus expenditure patterns of the Agency during the financial year under review.

MDDA 2021/22 to 2024/25 Budget Summary						
Description	Audited 2019/20	Audited 2020/21	Original Budget 2021/22	Budgeted 2022/23	Projected 2023/24	Projected 2024/25
Revenue	107 132 142	104 769 045	93 335 948	94 144 154	94 306 892	95 794 614
Broadcast Funders	56 313 833	60 915 177	56 135 835	56 279 701	56 426 445	56 576 123
Grants income	44 149 793	39 801 706	32 968 412	33 844 337	34 061 337	35 590 337
Other Income: Interest	6 668 515	4 052 162	4 231 701	4 020 116	3 819 110	3 628 155
Expenditure	85 914 001	105 590 501	93 135 948	94 144 154	94 306 892	95 794 614
Grant Expenditure	52 660 827	65 154 976	47 201 371	45 990 530	44 103 033	43 631 861
Employee Costs	22 429 509	31 146 269	35 571 190	37 466 904	39 144 010	40 911 928
MDDA Board costs	981 431	1 337 431	1 147 425	1 453 478	1 522 909	1 595 697
Administration Costs	9 842 235	7 951 826	9 215 962	9 233 242	9 536 939	9 655 129
Capital Expenditure	-	809 036	200 000	300 492	200 000	200 000
Capital Assets	-	809 036	200 000	300 492	200 000	200 000
Surplus / (Defuicit)	21 218 141	- 1 630 492	-	-	-	-

Notes: Depreciation not budgeted from 2022/23. Assets replacement has been provided for

The 2020/21 funding was sourced as follows: (i) broadcasters funded 58 per cent of the budget; government grant was 38 per cent; and interest on investments of 4 per cent.

5.7.5 Auditor-General

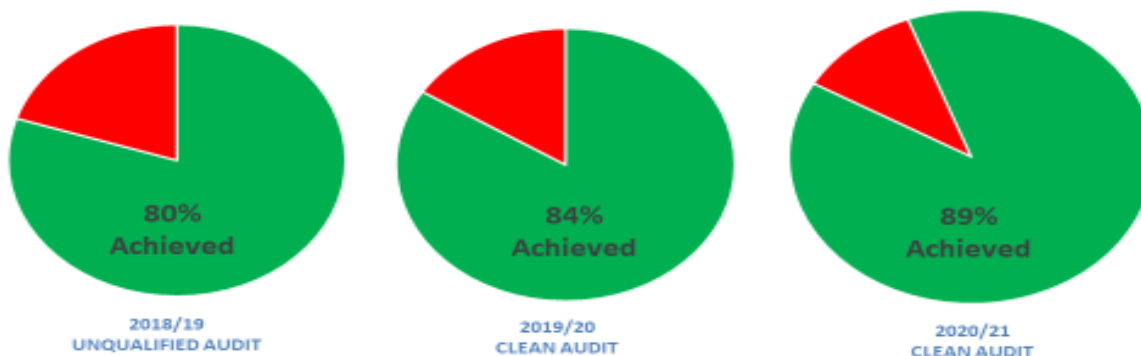
The AGSA performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. AG performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

As mentioned above, The Agency achieved 89 per cent (16) of the annual targets for its key performance indicators for 2020/21. This is an increase of 5 percent over the previous year and the best performance of the Agency over the past seven financial years. The Agency achieved a clean audit, see chart below:

ORGANISATIONAL PERFORMANCE

AUDITED THREE YEAR PERFORMANCE TREND

2018/19 – 2020/21



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The AGSA expressed that the financial statements present fairly, in all material respects, the financial position of the Media Development and Diversity Agency as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the PFMA.

6. Standing Committee on Appropriations (SCOA)

The Department did not appear before SCOA.

7. Standing Committee on Public Accounts (SCOPA)

The Department did not appear before SCOPA.

8. Committee observations

8.1 The Department

The Committee noted and commended the Department:

- (i) for the good work done in maintaining its clean audit status;
- (ii) for its stability which inherently filtered down to the Agency;
- (iii) for the appointment of women in leadership positions in the year of Charlotte Maxeke
- (iv) for the 2 per cent achievement in vacancy reduction and for exceeding on its targets on employment equity and appointment of persons with disabilities;
- (v) for ensuring that Government website, www.gov.za, emerged as the first port of call for many South Africans looking for information on Covid-19 and government support; and
- (vi) for negotiated zero-rating with mobile network operators for Covid-19 related content.

The Committee noted with concern that the Department:

- (i) only achieved 92 per cent on the payment of invoices within 30 days; and
- (ii) 850 000 copies of Vuk'uzenzele could not be produced.

8.2 MDDA

The Committee noted and commended the Agency for:

- (i) achieving a clean audit without incurring any irregular and fruitless expenditure;
- (ii) progress made over the past 2 years and that results are starting to show; and
- (iii) the appointment of the Service Provider to undertake extensive research on sustainability for purposes of developing a Sustainability Model for the sector.

9. Recommendations

9.1 The Department

The Committee recommends that the Minister:

- a) should ensure that the Department fills all outstanding vacancies;
- b) should ensure that Department achieves all outstanding targets;
- c) should keep up the positive momentum and continue to propagate the positive Covid-19 message despite the easing of lockdown;
- d) must ensure that issues raised by the AG during the year under review should have been concluded when the Department appears before the Committee for 3rd Quarter. Reporting; and
- e) should ensure that the Department achieve 100 per cent on the target of payment of Service providers as non-payment could impact on the sustainability of Small Medium and Micro Enterprises (SMMEs).

9.2 MDDA

The Committee recommends that the Minister

- a) should ensure that all vacancies at the Agency are filled including for junior positions; and
- b) should ensure that the Agency provides regular updates on the work of the Service Provider that will be conducting research on the sustainability model of the sector.

The Committee further noted that the Department and Agency remain the pride of the Committee with hope that it will inspire the other Department reporting to the Committee to improve its performance.

Report to be considered.