**Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Communications and Digital Technologies, dated 24 October 2023**

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the financial and non-financial performance of the Government Communication and Information System (herein referred to as the Department), and the Media Development and Diversity Agency (herein referred to as the Agency); for the 2022/23 financial year, reports as follows:

## 1. Introduction

Chapter 4 of the Constitution of the Republic of South Africa, (1996) (the Constitution) mandates portfolio Committees to legislate, conduct oversight over the Executive Authority and facilitate public participation. In particular, Section 55 of the Constitution outlines the powers of the National Assembly in that it must provide for mechanisms to ensure that all executive organs of state in the national sphere of government are accountable to it; and to maintain oversight of the exercise of national executive authority, including the implementation of legislation; and any organ of state.

### 1.1. Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act (No. 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 Budgetary Review and Recommendations Report (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 when 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.

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 and performance to date form part of this process. The Standing Committee on Appropriations (SCOA) should consider these when considering and reporting on the MTBPS to the National Assembly.

Lastly, this performance report also aligns 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 public concerning matters under their control.

## 2. Role and Mandate of the Committee

The Role and mandate of the Committee is to:

- (i) Consider legislation referred to it;
- (ii) Exercise oversight over the Department and its entities;
- (iii) Consider International Agreements referred to it;
- (iv) Consider the 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 Department is committed to communicating government programmes through all products and platforms to mobilise the nation towards collective implementation of economic renewal and efforts to stimulate inclusive growth.

However, it has not been plain sailing as this period had experienced challenges such as electricity shortages or load-shedding, crime and corruption, grey-listing and unemployment. This has resulted in a rising trust deficit, which makes communication more challenging. The programme to restore and rebuild confidence required a coordinated approach by various government departments. The Department plays a key role in ensuring the cohesion and coherence of government messages.

The updated National Communication Strategy Framework (NCSF), which Cabinet approved in October 2022, took its cue from the 2023 State of the Nation Address (SoNA), where President Cyril Ramaphosa rallied citizens under the theme of “Leave no one behind”. This is a foundation for government communicators to adapt their communication strategies for the remainder of the Medium-Term Strategic Framework (MTSF) period.

The Department remains committed to its key responsibility of providing strategic leadership and coordinating the government communication system to ensure that citizens are informed and have access to government policies, plans and programmes. It plays a pivotal role in creating a well-informed citizenry that is engaged in government work and can fully exercise its democratic rights, which aligns with our goals of promoting participatory governance.

The Department continues to manage the bulk buying of media space and airtime on behalf of government departments to ensure that campaigns are implemented coherently and cost-effectively through negotiated costings. Through this initiative, 35 clients approved 297 media-buying campaigns for various programmes and services in the 2022/23 financial year. The cost of advertising was R226 411 145,05, of which clients paid R186 550 161,37 and benefitted from the R39 860 983,68 savings, achieving an average saving of 18 per cent. Out of the 297 approved campaigns, 256 were implemented (86 per cent), 19 were ongoing (6 per cent), eight (8) were approved (3 per cent), and 14 were cancelled (5 per cent).

During the period under review, 23 editions of *Vuk’uzenzele* newspaper were published online. Moreover, 13 editions were printed and distributed, totalling 11.2 million copies, including 1,000,000 extra copies and 150,000 copies in February 2023 to cover the SoNA, while 850,000 copies for April 2023 Edition 1 were printed earlier than planned. A total of 23 Braille editions were also printed and distributed.

The Department continued to provide the information needs of managers in government, state-owned entities (SOEs) and Chapter 9 institutions through the *Public Sector Manager* (PSM) publication. In the 2022/23 financial year, 11 online editions of the *PSM* magazine were published, featuring articles on pressing public sector topics and interviews with political principals and executives.

In June 2022, the Pan South African Language Board (PanSALB) awarded the Multilingualism Award in the Government/Public Sector category to the GCIS “for an effective service delivery campaign, project or programme in the public sector that seeks to promote multilingualism or any of the 11 official languages, including Khoi, Nama, San as well as South African Sign Language (SASL).

The Department also achieved a 100 per cent response rate to all language service requests received, demonstrating the accessibility of messaging by ensuring translation into all 11 official South African languages. The annual *South Africa Yearbook* (SAYB) and *Official Guide to South Africa* were produced and published on *www. gcis.gov.za*. The content of these publications provides information about the country and an account of government achievements for the past year.

The Department provided strategic leadership by coordinating cluster meetings to ensure the government communication system was functioning well. Through these meetings, cluster communication strategies and programmes were developed. Furthermore, two engagements with Heads of Communication (HoCs) were held during the reporting period through the Government Communicators’ Forum (GCF). The first GCF was convened soon after the SoNA –its purpose was to assess the communication environment and unpack the implications for government communications from the SoNA.

The second GCF focused on the implementation of the revised NCSF and the review of government communication during the past few months of the 2022/23 financial year. It also provided a platform to address communicators on key issues of concern. Moreover, 48 communication training opportunities were availed to service principals and communicators across the communication system.

The government has reintroduced the Presidential Imbizo Programme, and the Department has been playing a key support and coordination role in all spheres of government to ensure the programme’s success in unlocking service-delivery bottlenecks faced by various communities in the country. The Presidential Imbizo Programme is an outreach programme championed by the President, the hosting Premier, and the Executive Mayor to directly measure all the government spheres’ level of response to expectations and challenges of the communities in provincial and district spaces. It allows the government to listen to people's concerns and needs, account for government programmes and jointly derive solutions with communities.

During the reporting period, the Presidential Imbizo Programme was rolled out in various provinces such as Mpumalanga, Gauteng, Northern Cape and Free State. The resuscitation of Izimbizo is part of the government's strategy to widen communication directly with the people within the District Development Model (DDM) sphere.

During the 2022/23 financial year, the Department continued to achieve most of the targets set in the Annual Performance Plan (APP) due to innovative ways of approaching the work of government communications.

## 4. Methodology

For the period under review, the Committee, in exercising its oversight role, considered the 2022/23 Annual Reports and Financial Statements of the Department and MDDA on Tuesday, 10 October 2023.

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 2022 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 with the 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 plan's priorities are realised. Furthermore, this report will review and seek to address challenges emanating from the 5$^{th}$ Parliament Legacy Report and ensure that those recommendations are responded to systematically.

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 the annotated in the APP. Finally, it summarises the observations made by the Committee after considering quarterly reports, all other necessary documents, and presentations generated using oversight instruments before making service delivery recommendations.

## 5. The Department

In terms of Section 195 (g) of the Constitution (1996) - The public should be provided with timely, accurate and accessible information. Deepening democracy and sustaining nation-building and patriotism by ensuring that the citizenry is informed about government programmes and that they can influence and participate in such programmes.

In 1998, the South African Communication Service was dissolved, and the Cabinet established the Department, largely based on recommendations 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 and access to economic opportunities and social relief packages. The Department enjoys a footprint in all nine provinces in terms of 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 (No. 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 Department 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

The Department revised its Strategic Plan that set out a new vision to empower South Africans through communication excellence. The revision of the vision of the Department necessitated a full review of the Strategic Plan, which also resulted in changes in the outcomes and outcome statements thereof. The revision of the Strategic Plan is in line with the Revised Framework for Strategic and APPs.

Through the implementation of the Recruitment Plan, the department continued to recruit and retain a suitably qualified and skilled workforce and maintained the vacancy rate below 10 per cent. The Employment Equity (EE) target representation of females at the Senior Management Service (SMS) level was met at 56 per cent, which is an increase of 1 per cent compared to the previous financial year. The percentage of persons with disabilities has been maintained at 3 per cent, exceeding the national target by 1 per cent.

The training and development of employees were prioritised and aligned to core functions and the Fourth Industrial Revolution (4IR) to address Hard-to-Fill Skills (HFS) related to the Department, such as communication, extensive data analysis, innovation and creativity, media monitoring, graphic design, and cybersecurity. Employees were also capacitated in critical skills such as change management, risk management, ethics, people management, and project and programme management. In addressing employees' career development, the department recorded 37 active bursaries, with nine (9) awarded for the 2023 academic year. The department continued to provide opportunities for young graduates to gain work experience by recruiting 65 graduate interns and ten workplace-integrated Learning (WIL) learners during the 2022/23 financial year. Representation of youth in the department was achieved at 24.77 per cent.
The Department conducted the Business Impact Analysis and compiled the Business Continuity Management (BCM) plan for the first time. Through the COVID-19 and Occupational Health and Safety (OHS) subcommittee of the BCM Steering Committee (BCMSC), the department exercised oversight of the employees' and workplace's health and safety. The Business and Disaster Recovery Subcommittee of the BCMSC was on hand to manage and respond to IT-related business interruptions and ensure compliance with the Disaster Recovery Plan. BCM progress reports and incidents were presented quarterly to the BCMSC and the Enterprise Risk Management Committee (ERMC).

The Department has a vibrant Internal Communication function, which continued to serve as an information desk for employees and disseminated information that empowered employees to participate in government programmes through communication platforms such as the *Let's Talk* newsletter, weekly *Hot News* bulletin, YouTube inserts and the creative use of infographics through computer screen slides and posters. Intensive efforts were directed towards the communication of government priorities and supported communication campaigns on Gender-Based Violence and Femicide (GBVF), fighting corruption, ERRP, professionalisation of the Public Service and job creation. In the 2022/23 financial year, the department finalised and implemented the Ethics Risk Mitigation Plan, as informed by the outcomes of the Ethics Survey baseline assessment that was concluded in 2021/22. In the future, the department will continuously monitor the ethics mitigation plans to ensure a good and strong ethical culture in the organisation.

The Department submitted all Quarterly Performance and Expenditure Reports (QP&Rs) and the midterm progress report within the prescribed set timelines by the Department of Planning, Monitoring and Evaluation (DPME). Performance against predetermined objectives was at 97 per cent overall. The Department had 35 performance indicators, of which 34 were achieved.

### 5.3 Performance Highlights

The mandate of the Department is enshrined in Section 195(g) of the Constitution of the Republic of South Africa of 1996. The department exists to ensure that citizens are informed about the government's policies, programmes and projects in a manner that enables informed decision-making to improve the quality of their lives. This mandate is given effect through the Department's outcome of an informed and empowered citizenry. Adhering to this mandate, the department is pivotal in securing a democratic society, building social cohesion and enabling economic transformation through information on access to opportunities.

Despite the unprecedented experience of COVID-19 and its resultant impact on our economy and society, the Department remained resilient and ensured that it led and coordinated government communication through the media, using its platforms. Stakeholder Management, Cluster Coordination and Project Management remained key in ensuring government programmes' intergovernmental, integrated, and coordinated implementation. The address by the President on key matters has become a prominent feature of the South African communication landscape.

The management of urgent and often inaccurate or misleading issues in the communication environment has been strengthened internally in the Department and through the ability to mobilise all communicators in the government communication system daily. This has allowed better responses with one message event if delivered through many voices. This has not only set the record straight in misleading stories but enriched how the Department responded to the needs of journalists and the media audiences in general.

A confluence of factors – including the COVID-19 pandemic, economic downturn, devastation of state capture, load-shedding and rising fuel prices – have compounded the structural challenges inherited from our past. This has made life especially hard for the poor and marginalised.

The 2022/23 financial year saw the lifting of the National State of Disaster, which was accompanied by the outbreak of conflict between Ukraine and Russia and which, due to geopolitical factors, resulted in global insecurity and economic uncertainty. The distant conflict severely impacted fuel prices in South Africa, with attendant aggravation of the cost of living in South Africa. This was compounded by ongoing load-shedding, which further compromised our recovery. The 2022/23 financial year also saw all parts of the State Capture Inquiry report being made public, paving the way for prosecutions. Notably, President Cyril Ramaphosa established the National Anti-Corruption Advisory Council to advise the government on critical preventative measures, institutional capabilities and resources required to proactively curb a recurrence of state capture and prevent fraud and corruption in South Africa.

These issues have had a depressive impact on the national mood and public trust in leadership and institutions. During the period under review, the government's communication efforts aptly focused on developing and disseminating content that would keep South Africans safe, keep international stakeholders informed of developments in the country, and direct South Africans to the social relief and economic support the government had devised.

In refreshing government communication to the new reality that the country faces from the impact of the COVID-19 pandemic and in shifting communication to address issues that are of concern to citizens in the current environment, the Cabinet approved the updated NCSF, which incorporates the update of the MTSF necessitated by the COVID-19 pandemic. The updated NCSF is more prescriptive in providing factors to gauge the successful implementation of government communications across all spheres of government.
In heeding the persistent call by President Ramaphosa to see beyond the challenges and adversity and to find opportunity, the Department continued to build on the National Communication Partnership. Partnerships remain the key to unlocking opportunity. The 2022/23 financial year was marked by further collaboration between the government and its social partners, which developed a social and behavioural change communication approach.

This established an understanding of our South African realities on the ground. In search of bespoke communication approaches, the Department continued to commission and use research to measure the impact of government communication.  Communications research continues to provide guidance and insight to navigate our key campaigns, with the Government Segmentation Mode (GSM) categorising the entire population according to their information needs and preferred communication platforms to guide a more targeted communications approach.

The 2022/23 financial year also saw the culmination of the successful piloting of the G-CET from focussing on the COVID-19 communication interventions to broadly tracking the implementation of the Government Communication Policy and the NCSF through key communication functions. This serves as a mirror to government communicators as the Department consistently aim to professionalise the system.

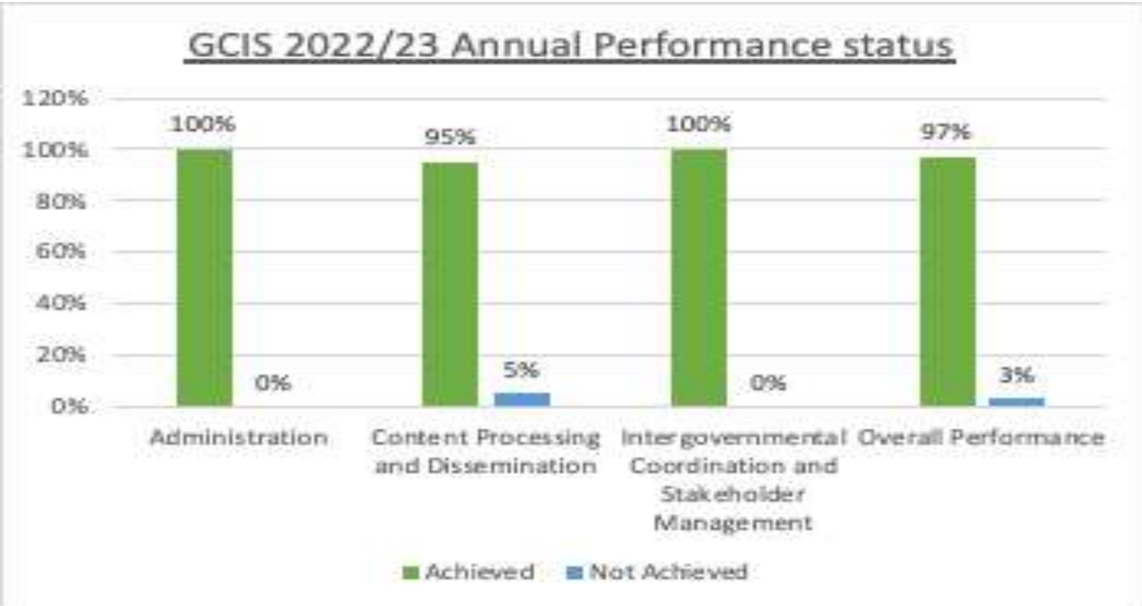
*Vuk'uzenzele* is the Department's flagship publication. According to the GSM, it primarily targets Rooted Realists, with information focusing on communicating the government's policies and programmes and how to access their socio-economic opportunities. The newspaper is published twice a month except in December/January when a combined edition is produced.
Two editions are published online, while there is one printed version of 850,000 copies per month. It remains the country's largest newspaper by circulation, which is audited by the Audit Bureau of Circulation (ABC). During the period under review, 11.2 million print copies were produced and distributed nationally, and 23 editions were published online and in Braille for visually impaired

readers. In pursuance of their strategy to increase *Vuk'uzenzele*'s reach and readership, a particular focus is improving digital platform access. To this end, the current number of followers on Twitter is 5,824 and on Facebook, it is 14,000 for those readers with access to the internet.

On 10 March 2016, the Marketing, Advertising and Communications Sector Code (MAC) Sector Code (MAC Code) (as amended) was issued in terms of Section 9 (1) of the B-BBEE Act of 2003. The provisions of the MAC Code apply to MAC and Public Relations companies that derive more than 50 per cent of their turnover from this sector. The Sector Code needs to be reviewed on a four-year internal and or when there are changes in the Codes of Good Practice issued by the dtic. In May 2019, the dtic issued a Government Gazette which amended the Codes of Good of Practices, which needed to be considered for adherence by all charter councils, and the 2016 MAC Sector Code was due for revision. These important activities could not be performed since the Department had not appointed the Sector Council yet. To this end, on 25 March 2022, the former Minister in The Presidency, Mondli Gungubele, launched the MAC SA Charter Sector Council.

### 5.4 Performance per programme

The Department had 35 annual targets due for the 2022/23 financial year. A total of 34 targets were achieved, and one (1) target was not achieved. Programme 1 and Programme 3 achieved 100 per cent of their annual targets, whereas Programme 2 achieved 95 per cent of their annual targets. Collectively, the outcome of predetermined objectives is 97 per cent achievement (before the audit). In comparison, the Department's achievements improved by 8 per cent from the 2021/22 financial year reported performance.
The graphical depiction of the departmental performance over the past two years is illustrated below.




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

**Programme 1: Administration**

The purpose of this Programme was 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.
The revised Strategic Plan resulted in the enhancement of outcome statements that expanded on what the Department intended to do in executing the outcomes versus the previous one that had more activities than anticipated impact. Internal controls were enhanced to recruit and retain a suitably qualified, capable, and skilled workforce and to maintain the vacancy rate below 10 per cent, as prescribed by the Department of Public Service and Administration (DPSA).
The national target of 2 per cent for employment of persons with disabilities was achieved at 3 per cent, exceeding the national target by 1 per cent. Women's representation at the SMS level was achieved at 56 per cent. ICT governance was maintained, and the Information Management and Technology Steering Committee reported quarterly to the Management Committee (MANCO) and the Audit Committee. By the end of the financial year, 6,618 invoices amounting to R308,678 million had

been processed. Of these processed invoices, 6 561 of them, with a value of R300,585 million, were paid within 30 days, resulting in a payment rate of 99.1 per cent against the target of 100 per cent.

**Programme 2: Content Processing and Dissemination**
This Programme aims to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication. Through research that includes public perception analysis and media monitoring, the department was able to assess how the government fulfils the information needs of the public.

The Radio Services unit remained a vital link between government and communities. It produced 892 radio products and hosted 351 local community radio activations, reaching over 37 million listeners. The Language Services unit translated government messages into all 11 official South African languages to ensure that all South Africans have access to pertinent information, a key thrust to effective communication. SAnews advanced efforts to keep citizens informed daily by publishing 3,052 stories online on key programmes and activities. In addition, managers in the public sector were kept abreast of pressing public sector topics through the Public Sector Manager (PSM) magazine, which published 11 online editions. During the period under review, there were over 50,9 million page views on www.gov.za, and 111.8 million screens were reached through social media platforms.

The flagship government newspaper, Vuk'uzenzele, continued to reach communities in far-flung areas of our country. The department distributed 11.2 million copies of the newspaper and published 23 online editions and 23 Braille editions. Over the past financial year, there was R39 860 983,68 in savings, which was realised for the 35 clients from the 297 media-buying campaigns. The department has been providing support to the executive authority in exercising oversight of Brand South Africa (Brand SA) and MDDA. The Department continued its media monitoring role, which included an early morning media headlines session to allow principals and communicators to view the media environment. The institutionalisation of an empirical approach to government communication through the Government Communication Excellence Tool (G-CET) and scientific communication methods ensured that government messages resonate with South Africans.

**Programme 3: Intergovernmental Coordination and Stakeholder Management**
This programme aims to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication.
The Department was at the forefront of preparations for *izimbizo* in Mpumalanga, Gauteng, Northern Cape and Free State. The efforts reinvigorated communities towards cooperation, collaboration and building of partnerships to improve people's lives. The department spearheaded drafting the updated NCSF 2022-2023 to drive departmental and cluster communications to influence service delivery and the implementation of government priorities.
The provincial offices undertook 1,938 development communication projects aligned with the NCSF. Services of the Thusong Service Centres were promoted during various community outreach campaigns, which focused on national, provincial and local priorities.

### 5.5 Overview of Financial Performance Information
The Department was initially allocated R719,911 million for the 2022/23 financial year. During the 2022 Adjusted Estimates of National Expenditure (AENE), the appropriation increased with R9 753 million to R729,664 million. The additional allocation comprises the following:

| **Programme** | **Original Budget** | **Virement** | **Additional appropriation** | | **AENE** |
|---|---|---|---|---|---|
| | | | **Compensation of Employees (CoE) Cost of Living Adjustment (COLA)** | **Goods and Services Self-financing Expenditure** | |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| **Administration** | 177 251 | 9 597 | 2 467 | - | 189 315 |
| **Content Processing** | 411 706 | (5 937) | 2 978 | 1 000 | 409 747 |
| **Intergovernmental Coordination and Stakeholder Management** | 130 954 | (3 660) | 3 308 | - | 130 602 |

| TOTAL | 719 911 | - | 8 753 | 1000 | 729 664 |
|---|---|---|---|---|---|

R1 million was appropriated as self-financing expenditure in respect of projected revenue that the Department estimated to recover in respect of the sale of advertising space of vacant posts of other departments in the Vuk'uzenzele newspaper. CoE increased with R8,753 million in respect of COLA. Of the adjusted allocated budget, the Department spent R723,905 million (99.2 per cent) on 31 March 2023. An underspending of around R5,759 million (0.8 per cent) was realised, as reflected in the table below:

| Programme | 2022/23 | | | 2021/22 | | |
|---|---|---|---|---|---|---|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Administration** | 190 769 | 188 485 | 2 284 | 190 122 | 189 482 | 640 |
| **Content Processing and Dissemination** | 408 471 | 405 525 | 2 946 | 441 387 | 440 069 | 1 318 |
| **Intergovernmental Coordination and Stakeholder Management** | 130 424 | 129 895 | 529 | 125 921 | 125 453 | 468 |
| **TOTAL** | **729 664** | **723 905** | **5 759** | **757 430** | **755 004** | **2 426** |

There was a net decrease in the annual appropriation from 2021/22 to 2022/23, mainly due to the net effect of a once-off allocation of R50 million in 2021/22 for the COVID-19 communication campaign. The department spent 99.2 per cent of its final appropriation in 2022/23. The variance of R5,759 million was due to several reasons. R4,655 million in CoE, which was due to savings of R2,509 million reserved for wage increases as the salary negotiations were not finalised and organised labour was still making demands for further salary increments; and R2,146 million from the attrition of staff, especially senior managers and vacant posts. R967,000 in Goods and Services due to the lesser recovery of self-financing expenditure in advertising in the Vuk'uzenzele newspaper. R138,000 in Transfers and Subsidies due to lesser payments than projected in respect of leave gratification and leave discounting to former employees who resigned, retired or deceased; and lesser invoices received for SABC TV licences. R82,000 in Capital Assets, which was due to the non-delivery of equipment by suppliers. Finally, the Theft and losses of R83 000 were funded from Goods and Services.

The Department continues to adhere to sound financial management principles 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 they comply with the PFMA of 1999 and National Treasury instructions and prescripts.

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

### 5.6 AGSA Report on the Department

The Department obtained a clean audit (unqualified without findings) outcome, an improvement from the prior year. The internal controls should be consistently reviewed and monitored to ensure the clean admin is sustained. The Department achieved/overachieved 97 per cent of its targets. The programme's scope was Programme 2: Content Processing and Dissemination, of which 95 per cent and Programme 3: Intergovernmental Coordination, of which 100 per cent of the planned targets were achieved or over-achieved. No material findings were identified.

### 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 have strengthened the relevance of its value proposition. The new democratic South Africa recognises the urgent and critical need to transform 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 in ensuring 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 is useful for social participation. 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.

### 5.7.1 Performance Highlights

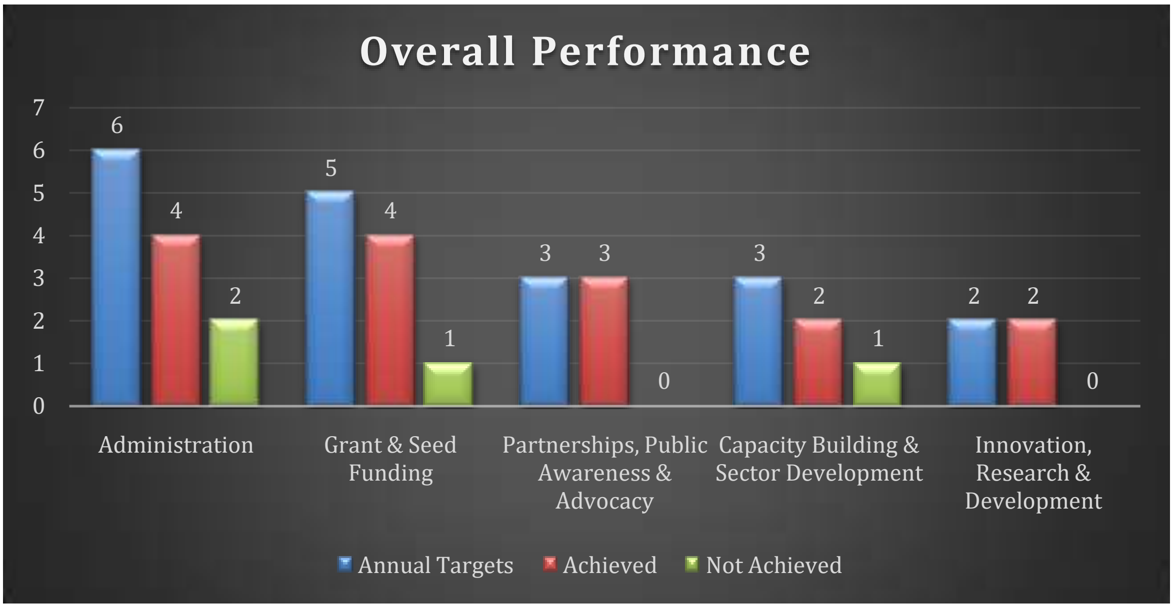
From May to July 2022, the MDDA opened the annual Call for Grant Funding Applications window for the 2022/23 grant funding cycle. The agency received two hundred and sixty-six (266) applications in total – with eighty-four (84) coming from community broadcast projects and one hundred and eighty-two (182) coming from community print and online/ digital media projects. The Agency participated in reviewing its founding legislation, including the MDDA Amendment Bill discussions in August 2022, led by the Shareholder ("the Department"). The MDDA Board approved the final report of the Community and Small-Commercial Media Sustainability Model research, aiming to develop a South African model for the CSCM sector.

It is important also to note that women in managerial positions increased by 10 per cent compared to the previous fiscal year. In the past financial year, the Presidency, in partnership with the MDDA, traversed this country, unveiling more than 25 state-of-the-art studios in community radio stations.

The MDDA was reporting against the 2022/2023 APP. Annual targets for 2022/23 are nineteen (19). Fifteen (15) of these were achieved, meaning the Agency achieved 79 per cent of its annual targets. A summary of the organisational performance is indicated in the table below:

| Programme | Annual Targets | Achieved | Not Achieved |
|---|---|---|---|
| Administration | 6 | 4 | 2 |
| Grant & Seed Funding | 5 | 4 | 1 |
| Partnerships, Public Awareness & Advocacy | 3 | 3 | 0 |
| Capacity Building & Sector Development | 3 | 2 | 1 |
| Innovation, Research & Development | 2 | 2 | 0 |

Annual Overall Performance




**5.7.2 Organisational environment**

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

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

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

**5.7.3 Service Delivery Environment**

MDDA was established to facilitate ownership, control, and access to information and content production of the community media by historically disadvantaged communities. Despite being in existence for over 20 years, Community and Small Commercial Media ("CSCM") organisations have struggled to position the CSCM sector as an authority on local content or as a platform to reach often-inaccessible audiences. This means that community media platforms have not yet been able to convince advertisers of their value for advertising – which is the lifeline for the community media's sustainability in the long term.
The media landscape has been undergoing rapid, significant global and local challenges. With the fourth year of the worst global pandemic in a century and misinformation on the rise, the role of a professional, trusted CSCM sector has become more important than ever. Through the financial support from the commercial broadcasting sector, the Board's able guidance and the leadership team's astuteness, the CSCM has navigated these difficult times.

The following briefly outlines the context within which the MDDA had to operate during the year under review: Whilst some of the CSCM sectors continued to demonstrate strong financial sustainability, supported by a diverse range of funding sources, including local businesses and donor organisations, the sector continues to face financial challenges due to over-reliance on advertising revenue which leads to defaulting on Sentech fees. During the period under review, the community broadcasting sector owed Sentech close to R100 million in outstanding signal distribution fees. This has resulted in several community radio stations being switched off by Sentech. The rising debt by the community broadcasters threatened Sentech and sector sustainability. Furthermore, it risked compromising the

MDDA's mandate, facilitating ownership, control, and access to information and content production of the community media by historically disadvantaged communities.

This year under review saw an unprecedented increase in load-shedding stages for many South Africans; the CSCM sector is not immune to this. This profoundly impacts the MDDA's Universal Service Obligations (USO) and Quality of Service (QoS). Universal Service Obligations are defined as principles that ensure everyone has access to communication services at affordable prices and as basic telecommunication services. They are exclusively a prerogative of public authorities and service providers, as they are obligations, meaning that the network operators and public authorities alone bear the costs of developments and infrastructure.

**5.7.4 Financial Performance**

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

| Programme | 2022/2023 | | | 2021/2022 | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| **Governance and Administration** | 39 284 935 | 39 859 568 | (574 633) | 34 130 499 | 33 018 403 | 1 112 096 |
| **Grant and Seed Funding** | 94 024 261 | 104 758 256 | (10 733 995) | 97 722 490 | 79 283 533 | (18 483 957) |
| **Partnership, public awareness and advocacy** | 1 349 906 | 1 386 974 | (37 068) | - | 2 215 455 | 2 215 455 |
| **Capacity building and sector development** | 2 815 000 | 2 512 415 | 302 585 | 2 500 000 | 3 155 178 | 655 178 |
| **Innovation** | 2 103 288 | 3 329 970 | (1 226 682) | 4 386 318 | 1 176 175 | 3 210 143 |
| **TOTAL** | **139 577 390** | **151 847 183** | **(12 269 793)** | **138 788307** | **118 848 734** | **(19 939 573)** |

The Agency's total expenditure amounted to R151 million rand against a budget of R139 million, resulting in an overspending of R12 million. Grant and seed funding programmes significantly contributed to the overspending of R10 million. This programme had four targets, with one of those not achieved. Regretfully, during the period under review, the organisation has regressed in its performance against predetermined objectives (79%) and audit outcomes (Qualified Audit Opinion).

**5.7.5 AGSA Report on MDDA**

The AGSA indicated that there had been a significant regression in the audit outcome relating to the financial statements and compliance with laws and regulations. This is mainly attributed to the loss of key senior personnel during the 2022-23 financial year and the lack of implementation of controls around the daily and monthly processing of transactions in the general ledger and suppliers' ledger. Procurement processes are not followed as required by the National Treasury and Supply Chain Management (SCM) policy. Management should implement strict measures to improve controls and monitor that controls operate effectively.

## 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 following Observations were noted by the Committee:

(i) With concern the continued absence of a Director General of the Department;

(ii) With concern the decrease by R8 million of the budget for the new financial year;
(iii) That the discussion with the National Treasury for an additional allocation of R16 million had been halted due to the competing priorities within government;
(iv) That the MAC Charter was before the Minister for approval and is an important transformation tool and should not be postponed as it can assist to level the playing field;
(v) That the excellent performance by the department to achieve 34 of its 35 targets for the year under review, was commendable;
(vi) That Department received a clean audit for the year under review, and that it was encouraged to maintain such an audit outcome;
(vii) That clarity was required on the role of community media in the promotion of the various political parties to ensure that multi-party democracy was protected;
(viii) The need for clarity as to the support for community media and the role of *Vuk'uzenzele*. The Department indicated overachievement in printing *Vuk"uzenzele* and a move towards an online version. To date, 850 copies were still printed a month and distributed to areas that have challenges with connectivity; and
(ix) That the Department indicated a lack of enough funding to support community media but will continue to provide community media with content.

**8.2 MDDA**

The Committee noted:

(i) With concern the delay in the appointment of a CEO despite having conducted interviews;
(ii) With concern the exodus of staff at the MDDA, especially in the Finance division;
(iii) That the current process to appoint a new CFO will help resolve AGSA recommendations before the next reporting cycle;
(iv) With concern that the instability at MDDA will have a direct impact on community media;
(v) That the new Audit Committee was due to be appointed;
(vi) With concern that MDDA will not be able to sustain community media on the current budget, which ultimately disadvantages the poor communities who need to access services;
(vii) With relief that MDDA had addressed most of AGSA findings for the year under review;
(viii) With concern that MDDA does not have enough funds to resolve signal distribution costs for community radio;
(ix) With greater concern that while MDDA opens new stations, old ones are closed, which undermines the mandate of the entity;
(x) That MDDA must conclude the sustainability model as a matter of urgency; and
(xi) That the two ministries must report to the Committee on resolving the signal distribution matter between Sentech and community radio stations before the coming elections.

**9. Committee Recommendations**

**9.1 The Department**

The Committee recommends that the Minister:

(i) Ensure that the Department fills all funded vacant positions;
(ii) Ensure that MDDA fill all funded vacant positions, including that of the Chief Executive Officer; and
(iii) Ensure that there is a collaboration between the Minister of Communications and Digital Technologies and the Minister in the Presidency regarding the Sentech course, which includes funding proposals for new radio stations.

**9.2 MDDA**

The Committee recommends that the Minister:

(i) Ensure that the MDDA meet the requirements as laid out by the AGSA to address the audit findings;
(ii) Ensure that MDDA fill all vacancies, including the vacancy of Chief Executive Officer;
(iii) Ensure that the Audit Committee appointments was finalised;
(iv) Ensure a continuous engagement with the National Treasury for additional budget allocation for the entity to meet its mandate;
(v) Ensure that there was an ongoing engagement between the Minister of Communications and Digital Technologies and the Minister in the Presidency relating to the matter of the Sentech debt from the community radio stations; and
(vi) Ensure that the sustainability model for MDDA was concluded as a matter of urgency.

**Report to be considered.**