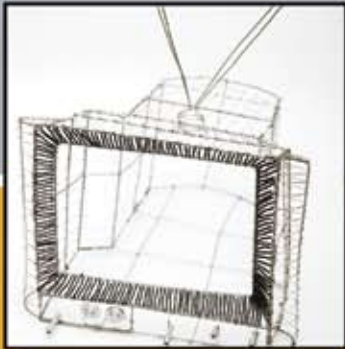


mddda

MEDIA DEVELOPMENT & DIVERSITY AGENCY



mddda

MEDIA DEVELOPMENT & DIVERSITY AGENCY

ANNUAL REPORT 2005/6

Nature of Business

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 developing community and small commercial media in South Africa, in terms of the MDDA Act No 14 of 2002.

Board of Directors

Kanyisiwe Mkonza (Chairperson)

Mashilo Boloka

Kerry Cullinan

Mazibuko K. Jara

Chris Moerdyk

Connie Molusi

Govin Reddy

Nunu Ntshingila

Felleng Sekha

Tony Trew

Committees

Executive

Kanyisiwe Mkonza (Chairperson)

Govin Reddy

Remuneration

Kanyisiwe Mkonza (Chairperson)

Mashilo Boloka

Govin Reddy

Chief Executive Officer

Libby Lloyd (Ms)

Bankers

ABSA

Auditors

Sizwe Ntsaluba VSP – internal

Office of the Auditor General - external

Media Development and Diversity Agency (MDDA)

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THE MDDA BOARD OF DIRECTORS



Kanyisiwe Mkonza
Chairperson



Kerry Cullinan



Connie Molusi



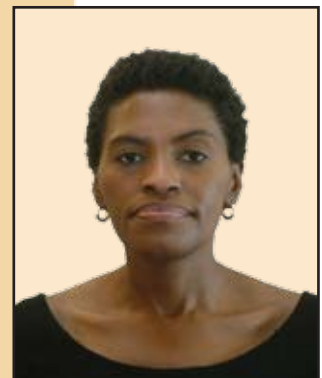
Felleng Sekha



Tony Trew



Govin Reddy



Nunu Ntshingila
(Outgoing Board Member)



Mazibuko Jara



Chris Moerdyk



Mashilo Boloka

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2005/6 Annual Report

For the period 1 April 2005 to 31 March 2006

Media Development and Diversity Agency

This annual report of the Media Development and Diversity Agency (MDDA) describes and details the activities of the Agency for the period 1 April 2005 to 31 March 2006.

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).

Vision

Each and every South African citizen should have access to a diverse range of media.

Mission

The MDDA is a development agency that aims to assist in building an environment where a diverse, vibrant and creative media flourishes and reflects the needs of all South Africans.

“Everyone has the right to freedom of expression, which includes:

- Freedom of the press and other media;**
- Freedom to receive or impart information or ideas..”**

South African Bill of Rights, Article 16

How

- Grant funding – provision of subsidies – to individual media projects and to projects aimed at creating an enabling environment for the development of a diverse media
- Leveraging resources and support through technical assistance
- Conducting and funding research
- Facilitating capacity building
- Advocating for media diversity and development

Who

- Historically disadvantaged groups
- Historically diminished language and cultural groups
- Inadequately served communities



Chairperson's Report

Ms Kanyisiwe Mkonza



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

The past year marked the end of the first three-year cycle for the MDDA. For the first time last year, we attained stability in the management of our funding cycles, that of government and those of our media funders. We were able to operate fully within the regulated percentages, and no longer do we have concerns of funding coming through at appropriate times. This sort of stability reflects the level of maturity we have since reached.

Governance issues

Yet again we had an unqualified audit from the Auditor-General. On this, the Minister in the Presidency, Minister Essop Pahad commended us immensely. As a young organisation, we feel that we have passed the confidence test, as we have demonstrated our integrity and ability in the appropriate use of the funds allocated to the MDDA.

Organisationally, we also reached several milestones as the term of office of several board members ended and new appointments were made by both Parliament and the industry. On this note we welcome Felleng Sekha and Mazibuko Jara. Felleng is an experienced leader in legislative and regulatory matters. She has previously served as Chairperson of the Independent Broadcasting Authority, predecessor to the Independent Communications Authority of South Africa (ICASA). Mazibuko Jara is a well-known and experienced political activist.

We are also happy to welcome back Chris Moerdyk for another three-year term. Regrettably, we lost one of the strongest women leaders on the Board in Nunu Ntshingila, who decided not to avail herself for another term in the MDDA. It was indeed an honour for all of us in the MDDA to work with Ntshingila, and share in her wisdom and knowledge of the industry. We wish her well in her future endeavours.

Funding partnerships

As funding arrangements with our funding partners stabilised, we made successful submissions for increases in our funding from government and these will hopefully allow us to make important organisational improvements over the coming years in the MDDA.

Grant making effort

The disbursements for projects continued to increase from R12m in March 2005, to R20m at the end of March 2006. Our grant-making systems were also subjected



Chairperson's Report

Continued...

to many tests that allowed us to review and improve them. We invested in the development of a Project Tracking System (PTS) that will allow us to access information on all projects we are funding at any stage.

Milestones

Our biggest challenge over the coming years will be to make inroads into underserved communities and create an enabling environment for language diversity and access to different forms of media. To address this, we increased funding to the provinces of the Northern Cape and North West. These may seem like minor interventions, but they do make an impact when considered against population statistics in those areas.

Since language diversity has been the most difficult goal to realise, the MDDA has commissioned Harambe Concepts to conduct research into the area of language diversity. A further grant has been provided to do a feasibility study into the revival of Imvo zabaNtsundu, an old Xhosa publication in the Eastern Cape. The Board will consider the outcomes of these studies in the next financial year.

Low interest loans

The MDDA has commissioned a feasibility study into the viability of low interest loans. This study is due to be completed by June 2006 and prepared for submission to the Board in August 2006. The National Treasury has provided funding for the implementation of whatever viable recommendations from the study.

Management training for the small media sector

Our capacity building programme also received a lot of focus over the last two years when we increased our funding for the training of managers and for emerging publications. An amount of R98 000 was granted to the Sol Plaatjie's Media Leadership Institute at Rhodes University and an amount of R162 000 to a programme run jointly by the Institute for the Advancement of Journalism (IAJ) and Wits University. Out of these two programmes twenty one leaders from different media organisations were trained.

We also set aside a substantial part of our budget to support entities that have applied for new community broadcasting licenses in areas identified by ICASA. We also jointly conducted road shows into all nine provinces with ICASA to the same effect. The workshops were held on May and June 2005 in the Eastern Cape, North West, Western Cape, KwaZulu Natal and Limpopo provinces.

The vision

Our vision, that of ensuring that all South Africans have access to a diverse range

Chairperson's Report

Continued...

of media, has not been easy to realise. Hampering our efforts is the lack of crucial information reflecting access to media. This is one of the main research areas we embarked upon in the last year. The study should be concluded in the next financial year. It is one of the collaborative efforts with the SABC, SENTECH and the Department of Communications.

Management and the future

As we start a new three-year cycle, we move forward with energy, emboldened also, by the appointment of new people on the Board and a new Chief Executive Officer. We will be appointing a new Project Director and at least one new person on the finance administration section in the new year.

At the same time, we say farewell to the previous Chief Executive Officer, Ms Libby Lloyd who was instrumental in setting up the MDDA, forming strategic partnerships as well as setting up all systems in the office. Ms Lloyd and her core team, made up of the Chief Finance Officer, Mr Annand Chaytoo, the three Programme Managers, Mr Harry Letsebe, Ms Farhana Goga and Mr Fana Bagananeng, have worked tirelessly in keeping the organisation alive, and interacting with all stakeholders. The whole team, including administrative staff, has ensured that the organisation maintains a clean record financially and in compliance with all statutory requirements. Ms Lloyd's term of office came to an end when her contract expired at the beginning of this year. The CFO, Mr Chaytoo, has developed a deep understanding and appreciation for balancing the complicated financial cycles and compliance issues in the MDDA.

The new team will be under the leadership of Mr Lumko Mtimde who takes over from 1 July 2006 as the new Chief Executive Officer of the MDDA. He brings a combination of rare skills combining extensive knowledge of the community media sector. Mr Mtimde is a founder member of Bush Radio (the first community radio initiative in South Africa). He has also occupied other key positions in this sector and was Chief Director in the Ministry of Communications. Mr Mtimde also has a strong regulatory background from ICASA and its predecessor, the Independent Broadcasting Authority (IBA).



Mr Lumko Mtimde
Incoming CEO

Ms Kanyisiwe Mkonza



Chief Executive Officer's Review

Ms Libby Lloyd

About 15 years ago a group of health workers in Khayelitsha went on air for the first time – broadcasting health messages on a pirate community radio station for one hour a week. Their first broadcast was pre-recorded so that they could listen together with their communities. The programme included messages and songs about TB and reminders to individual patients to take their medication.

Neighbours and community members were elated as they tuned in and heard the voices of people they knew. "Now you have to teach us how to get inside that box!" shouted one person to one of the health workers.

That station, Radio Zibonele, has now been legally on air for up to 24 hours a day, for close to 11 years. It no longer focuses just on health, but covers many issues. The sentiment expressed by that one listener however still remains relevant – and perhaps encapsulates the importance of an agency such as the MDDA. We have to make sure that all South Africans have a chance to get inside that box - or express themselves in other media.

How far have we progressed towards achieving this?

It is just over three years since the MDDA Board had its first meeting. Just over two years since the first grants were awarded in January 2004 - a fitting time to reflect not only on the past year, but on the work of the Agency since start up. This coincides with the end of my term as CEO – further reason to evaluate the past years.

Governance

The MDDA has again received a clear audit report – evidence that the policies, structures and systems are effective and being implemented. The Auditor General also assesses compliance by the Agency with relevant legislation, regulations and funding agreements. We have clearly observed these stipulations. This is something to be proud of – and provides security for the future.

Meeting the mandate

It is too soon to judge the broader impact of the MDDA on media development and diversity. It would be simplistic to measure this by the number of grants allocated or the fact that grant funds are all committed. The real measure will be whether media projects supported by the Agency continue to thrive years after support has been concluded - regardless of the LSM status, geographic location or home language of their listeners, viewers and readers.



Chief Executive Officer's Review *Continued...*

However, our achievements to date are:

- Just over R20m in grants has been approved by the Board since Jan 2004. R9.4m of this was committed in the year under review.
- We have allocated financial support to just under 100 different media projects since January 2004 and committed further support to assist up to ten newly licensed community radio stations in rural areas to get on air once their licenses have been issued, which should be in the next financial year.
- Thirty four of these projects were awarded financial and capacity building support in the 2005/2006 financial year. A further seven projects allocated mentoring support in previous years were given additional grants.
- Media projects supported are located in every province in South Africa – though there are still vast areas of the country where communities have no access to media. We are working together with the SABC and the Department of Communications to identify these communities and develop plans to ensure they have some access to media.
- Of the supported projects, 38 are new (did not exist prior to MDDA support). The MDDA provides initial support in such instances to assist in assessing viability (focusing on the demand and need for the proposed project).
- The range of communities and interests covered is diverse – including projects aimed at the youth, women, people with disabilities, workers, entrepreneurs and the gay and lesbian community.
- We commissioned a viability study into low interest loans for media to be considered in the next financial year.
- Consultants were appointed to conduct a study into barriers to entry for small print publications (including distribution challenges and high printing costs). Strategies to resolve challenges will be developed together with the grassroots print sector in the first quarter of the new year.
- We provided support to two initiatives focusing on the needs of community television in preparation for licensing of such stations.
- Workshops on resource mobilisation were held in all nine provinces.
- We provided bursaries to 35 different radio and print managers

– including a grant for the development of a learner support programme. In this financial year we further conducted an independent evaluation of the training provided in previous years to assess the value of such courses in building valuable skills.

- We participated in the Independent Communications Authority of South Africa (ICASA) review of community radio policy.

Which of our plans did we not accomplish?

- We had published a request for proposals from consultants as we intend to conduct an evaluation of media projects experiences with the MDDA – including the application process and other support.
- We are still in the process of developing tool kits on marketing and advertising – capturing the inputs given by advertisers in workshops held. Again however, although the format and content had been clarified, the tool kits were not completed by the end of the year.

Administering the mandate

"The MDDA has responded to my application so efficiently...it has been a pleasure to work with you..." Justice Malala, Sesa Media.

So reads one of the e mails sent to the Agency from a project seeking support. The response to their request was positive but that alone was not the reason that the writer gave such a glowing report. The MDDA had processed the application within a month.

Of course, not all letters were of praise. It would be dishonest to suggest that. Some projects naturally were angry over the refusal of their requests. Others felt they had waited too long either to hear from the MDDA or to receive funds. In such instances though we ensured we responded promptly and tried to resolve difficulties – making real our commitment to a people-centered development approach.

The efficiency of our monitoring processes also stood up to tests. Three grants were revoked following concerns that emerged through monitoring about whether or not projects were in compliance with contractual obligations.

In order to further streamline our processes and systems, we developed and installed a Project Tracking System – allowing for

Chief Executive Officer's Review *Continued...*

computerised monitoring of the grant cycle.

We also reviewed our structure and capacity – and have raised funds to employ two additional staff in the next financial year (a projects director and a finance and disbursement officer).

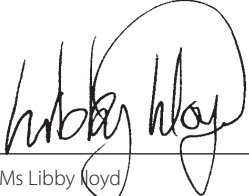
Money Matters

Finances – including income and expenditure – are dealt with extensively in the substance of this annual report. It is however important to highlight the following:

- The MDDA spent about 24% of its income on human resources and administration – within the regulatory cap of 25%. The Agency defines administration broadly, including research costs on media that we ourselves have commissioned, as well as studies such as those conducted into low interest loans and challenges facing publications.
- We furthermore adhered to all regulatory stipulations regarding division of grant funds between community media, small commercial media and research, and abided by funding agreements regarding allocation of funds from our print and broadcast partners.
- We successfully motivated to Government to increase their allocation of funds to us by about R2m in the next financial year – in addition to the annual inflation linked increases.
- We participated in Parliamentary processes on the Electronic Communications Bill which includes a clause enabling broadcast licensees to contribute a percentage of their turnover to the MDDA.

Conclusion

As this is my last report as CEO of the MDDA, I would like to recognise and thank the many people and organisations that have shared their wisdom and experience with the MDDA over


Ms Libby Lloyd

the past three years. It was a great privilege to work with all stakeholders. The list is long, but I would like to particularly thank the following:

- The Board for all their support and commitment – and for giving me the opportunity to work with them in establishing the MDDA.
- The staff for all they have done to develop the MDDA into a creative development agency.
- All the funders for their faith, support and advice
- GCIS staff for their ongoing administrative support
- The many different organisations and people who have given of their time and expertise to assist us and the sector we work within to develop sustainable grassroots media.
- The sector organisations, communities and projects that have helped us in crafting developmentally responsible approaches.
- All the members of the Parliamentary Portfolio Committee on Communications for their ongoing guidance and enthusiasm.

A Polish writer and poet, Stanislaw Lec, once wrote that *"the window to the world can be covered by a newspaper"*.

All those involved in leading the MDDA forward have the passion and commitment to disprove this dictum in South Africa – and to ensure that through diversity each and every South African has a chance to hear and be heard.



FORGING CLOSER RELATIONS WITH STAKEHOLDERS:

Incoming CEO Mr Lumko Mtimde met new GCIS CEO,
Mr Themba Maseko

For the period 1 April 2005 to 31 March 2006

Performance against objectives

For the year ended 31 March 2006

STRATEGIC OVERVIEW	TARGET	ACTUAL DELIVERABLES
FUNDING		
Ensure we meet terms of regulations and funding agreements	Ensure meet & exceed existing funders requirements (government and other partners)	<ul style="list-style-type: none"> • Met requirements on administration vs. project costs • Met requirements on division of grant funds between community, small commercial and research projects. • Complied with all requirements of funding agreements
Secure more funds for MDDA	Increased funds for MDDA and for media sector	<ul style="list-style-type: none"> • Government has allocated a further R2m to MDDA for next financial year – and in principle pledged further funds for implementing low interest loans if found to be feasible. • New legislation (the Electronic Communications Act) provides for potential increased funds from broadcasters.
LEGISLATION		
Review legislation in order to strengthen MDDA	Submit proposals for amendments to MDDA legislation to ensure consistency with other laws and regulations	<ul style="list-style-type: none"> • A review of the legislation has been completed
Ensure timeous appointment of new Board members	Timeous appointment of new Board	<ul style="list-style-type: none"> • The President appointed new board members who took office from January 2006
LEVERAGING SUPPORT		
Work with stakeholders to leverage increased support for community and small commercial media organisations	Increased support for the sector	<ul style="list-style-type: none"> • The MDDA worked together with the Dept of Communications in facilitating awards for community radio programming. • An agreement was reached with Mediashop to provide ongoing mentoring support to projects in Gauteng. • Continued relationships with a range of stakeholders including Dept of Communications, Universal Service Agency, National Film and Video Foundation, sector organisations, the Print Industries Cluster Council. • Continued to participate in roundtable discussions with other media grant makers in South Africa. • Participated in a range of forums organised by national and provincial government to promote the role of small media

STRATEGIC OVERVIEW

STRATEGIC OVERVIEW	TARGET	ACTUAL DELIVERABLES
OPERATIONAL ISSUES		
Appoint replacement CEO	Effective succession planning and hand over	<ul style="list-style-type: none"> A new CEO was appointed during the financial year. Due to the candidate's existing obligations however he is only able to commence employment on the 1 July 2006. Measures put in place for period between departure of outgoing CEO and commencement of new executive including increased Exco oversight and the appointment of an Acting CEO.
COMMUNICATION		
Continue to inform of MDDA activities	Ensure communities and potential beneficiaries are informed of MDDA	<ul style="list-style-type: none"> MDDA participated in a range of forums in all provinces Road shows and meetings were held in the North West and in government identified nodal point development areas. Resource mobilisation workshops were held in all nine provinces
ADVOCACY		
Respond to ICASA policies on community radio	New policy on community radio that will increase diversity	<ul style="list-style-type: none"> The MDDA worked with ICASA in developing a discussion paper. Submissions were made on the discussion paper and the MDDA participated in hearings thereon.
PROJECTS: GRANT MAKING CYCLE		
Overall assessment of project decision making cycle and associated resource needs	Efficient and effective grant making cycle and structure	<ul style="list-style-type: none"> Developed and raised budget for two additional staff members (project director and finance and grants officer). Reviewed grant making cycle Conducted a skills audit to identify gaps in skills
Develop Project Tracking System	Efficient and effective grant making cycle and structure	<ul style="list-style-type: none"> Service providers appointed to develop a Project Tracking System. Implementation commenced at the end of financial year
EXPLORING LOW COST LOANS		
Investigate the possibility of MDDA issuing low interest loans to small media	Undertake study to assess viability of this project	<ul style="list-style-type: none"> The MDDA appointed a service provider to conduct a study into the viability of low interest loans. The study was near finalisation at the end of the financial year and will be considered in the next financial year.
TRAINING		
The MDDA to hold workshops in each province on Resource Mobilisation	Workshops organised and training facilitated aimed at increasing capacity of sector to access range of resources and therefore facilitating sustainability	<ul style="list-style-type: none"> Workshops were held in all provinces
Facilitate training for MDDA beneficiaries	<ul style="list-style-type: none"> Ensure that capacity building for MDDA beneficiaries takes place Develop the skill base of practitioners and expose them to other environments 	<ul style="list-style-type: none"> Ongoing mentoring of projects Bursaries provided to 18 print and broadcast managers to participate in training at Wits University and Rhodes University.

STRATEGIC OVERVIEW

STRATEGIC OVERVIEW	TARGET	ACTUAL DELIVERABLES
COMMUNITY TV		
To formulate strategy with partners to ensure the viability of community TV	Joint strategy to ensure community TV is viable	<ul style="list-style-type: none"> The MDDA funded research done by HSRC into options for community TV. The MDDA funded a feasibility study for Soweto TV conducted by the Media Institute for Southern Africa. A strategy will be developed on finalisation of these reports and clarity from the regulator on licensing of community TV.
COMMUNITY RADIO		
Assistance in developing networks	<ul style="list-style-type: none"> More stations established and diversity achieved Improved policy environment 	<ul style="list-style-type: none"> Support was given to the Eastern Cape community radio hub for training and capacity building. Based on an evaluation of this support, the MDDA is working together with NCRF to develop strategies on providing support to strengthen other provincial networks.
EXPLORE PRINT SECTOR ISSUES		
Develop a plan to support print sector	MDDA to host roundtable on priorities and solutions	<ul style="list-style-type: none"> Research was commissioned and finalised into strategies to address environmental challenges to print projects. A roundtable with representatives of the sector to discuss research proposals was postponed and will be held in the first quarter of 2006/2007.
Conduct research into media needs of children and youth, women, people with disabilities and the elderly	Research into potential gaps conducted in order to inform strategies	<ul style="list-style-type: none"> The research was commissioned and near completion by the end of the financial year.
WORKSHOPS/TRAINING EVALUATION		
Ensure that the MDDA workshops are evaluated	Evaluation of effectiveness of workshops	<ul style="list-style-type: none"> The MDDA has completed the evaluations into all training conducted in the first three years and integrated findings into next year's operational plan.

Nature of Business

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 developing community and small commercial media in South Africa, in terms of the MDDA Act No 14 of 2002.

Legislative Environment

2005 saw the introduction of two Bills by Government, that were bound to change the media environment in our country forever and similarly ICASA published new Regulations in the 2005/6 financial year for Community Sound Broadcasting Licensees. These Bills, included the Electronic Communications Bill (now an Act), and the ICASA Bill.

Electronic Communications Act

The Electronic Communications Act should provide for a substantial increase in funding for the MDDA from broadcasting service licensees, as the Act provides that all broadcasting service licensees will have to contribute an amount not exceeding a percentage of their turnover (to be determined by Minister and ICASA) to the Universal Service and Access Fund. Contributions to the MDDA by broadcasting service licensees will be set off against their prescribed annual contribution to the Universal Service and Access Fund.

The MDDA needs to plan for substantial change. MDDA has mandated the new Chief Executive Officer to prioritise this task.

ICASA Amendment Bill

This Bill provides for the incorporation of postal services into the ICASA regulatory domain and for a new process of appointing ICASA Councillors. The MDDA made submissions to Parliament aimed at ensuring that the Bill does not deviate from the constitutional foundation of an independent regulator to regulate broadcasting in South Africa.

Community Radio Sound Broadcasting

MDDA made submissions to ICASA on the above regulations. Key to our submissions was that the new regulations should continue to create an enabling environment for community radio stations to operate in, as opposed to the prescriptive environment currently in place.

Media Environment

MDDA continues to be innovative and participatory in all its interventions, especially in small communities where media operators are either small or none existent. Addressing issues of diversity and development means addressing issues of ownership, capacity, and access. In 2005, we held resource mobilisation workshops in all provinces. The aim of the workshops was to empower projects to look innovatively at resources within their own provinces and be creative about how to access these. An assessment of the impact of these workshops will be conducted in 2006.



A roundtable discussion was also planned to look at challenges faced by the small print media sector. These include challenges around distribution, high printing costs and circulation measurements. The Audit Bureau of Circulation (ABC) has been approached to assist in developing strategies to address circulation problems.

A combination of factors has led to community radio becoming a visible and audible voice in the broadcasting landscape. Last year, the AMPS diaries gave the thumbs up to overall community radio, which, collectively has the second largest listenership. All of the capacity building workshops and training we offered to this sector, including the advertising and marketing workshops we conducted previously, are aimed at enhancing sustainability of media projects (both those directly funded by the MDDA and others).

In 2005 we supported research into the area of community television broadcasting. Discussions with the National Film and Video Foundation as well as the Department of Communications, on potential support for this sector have also commenced. The MDDA has decided not to support individual applications for community television until guidelines and policies are in place and it is clear that MDDA support will contribute towards a viable sector.

Mandatory Issues from the MDDA Act

The MDDA Act stipulates that we should focus on those sections of the public with limited or no access to media. As a result we commissioned research, conducted by Stellenbosch University, into media for children, the elderly, women and people with disabilities. The research should be completed by May 2006 for presentation to the Board so that the MDDA can develop strategies in this regard.

Addressing Language Diversity

Since language diversity has been the most difficult goal to realise, the MDDA has commissioned Harambe Concepts to conduct research into the area of language diversity. A further grant has been provided to do a feasibility study into the revival of Imvo zabaNtsundu, an old Xhosa publication in the Eastern Cape. The Board will consider the outcomes of these studies in the next financial year.

Previous research was conducted by Seipone newspaper (a Limpopo based media project). The Board has agreed to consider the findings of all of these studies in order to develop comprehensive strategies in this regard in the latter half of the 2006/2007 financial year.

Support for Small Commercial Media

The MDDA Act again differentiates between support to be provided to community media as well as small commercial media. The debate around the differences between small commercial and community media continues. The Act stipulates that support provided to small commercial media should be primarily in the form of low interest loans. As a result, we have commissioned a feasibility study into the viability of low interest loans. This study is due to be completed by June 2006 for submission to the Board in August 2006. Government provided funding for implementation of this study, should the outcome show that the scheme is viable. Treasury has further agreed to earmark equity for such a loan.



For financial year 01 April 2005 to 31 March 2006

Income

Government	R	7m
Print Partners	R	4.8m
Broadcast Partners	R	5.3m
Foreign Grants	R	38,000.00
VAT Refund	R	15,000.00
Interest	R	1.8m
TOTAL INCOME	R	18,942,000.00

The Minister in the Presidency, Dr Essop Pahad, had entered into memoranda of understanding with print and broadcasting stakeholders prior to the establishment of the MDDA. These MoU's committed individual print and broadcasting companies to provide support to the MDDA for five years. The MDDA Print and Broadcast partners are:

PRINT PARTNERS	BROADCAST PARTNERS
CTP Ltd	Midi TV Pty (e-TV)
Independent Newspapers (Pty) Ltd	Kagiso Broadcasting (Pty) Ltd
Johnnic Publishing Ltd	Electronic Media Network Ltd (M-Net)
Media 24 Ltd	Primedia Broadcasting (Pty) Ltd
	South African Broadcasting Corporation Ltd

Foreign Grants

The foreign grant was received from Nederland Instituut vir Zuid Afrika (NIZA), a Dutch funder, to assist in finalising a study on the possibility of the MDDA issuing low interest loans.

Rollover

For the period under review, there was no rollover of funds as funds received from Government were fully expended.

Balance

At the end of the financial year, the MDDA reflects an amount of R27,6m remaining in its bank account.

This includes:

- R12.3m grants accrued (to be disbursed in tranches over the period of the grant)
- R14.3m of funds remaining from broadcast and print partners to be expended between April and November 2006).

The balance (R1m) is made up of funds already allocated to specific budget items such as provisions, feasibility study for the low interest loans and administration costs.



Funding Cycles

The MDDA is funded by government through the Government Communications Information Systems (GCIS) and by the Print and Broadcast media companies as per the Memorandum of Understanding 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 Print funds is July to July and for Broadcast funds November to November. Due to the different cycles of funding, the MDDA will always, at the financial year end, reflect funds from Print and 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
- A maximum of 25% of funds received from government should be utilised for administration expenses.
- A maximum of 10% of funds received from Print and Broadcast media should be utilised for administration expenses.

Administration Costs 2005/6

	R 000
Total Administration costs (incl. depreciation)	R 4,813
Total Administration costs (excl. depreciation)	R 4,591
Personnel Expenses	R 1,621
Training Expenses	R 115
Administration cost as a % of total income (includes personnel costs)	24%
Personnel cost as a % of total income	9%
Training cost as a % of total income	1%

Note: The MDDA is required in terms of regulation to spend a maximum of 25% of its income on administration

For the period 1 April 2005 to 31 March 2006

SECTOR	AMOUNT APPROVED	%
Community Print	R 3,599,996.00	38%
Community Radio	R 2,719,724.00	29%
Small Commercial	R 2,438,506.00	26%
Research	R 681,000.00	7%

Summary of all Projects Supported

Please Note: The attached schedule of approvals provides a breakdown of projects supported in the financial year under review against the total projects supported by MDDA, since inception.

Community Radio

- **Seed funding support for new community radio initiatives in the nodal development points**

The MDDA pledged support for a maximum of 15 new community radio initiatives in the nodal development points to assist such projects to prepare themselves the licensing process in these areas. Support has been provided to:

Forte Community Radio (based in Nkonkobe Municipality (under Amatole District), Eastern Cape), Sekhukhune Community Radio (based in Sekhukhuneland in Limpopo Province), Kgalagadi Community Radio (based in the Kgalagadi district in Northern Cape), Ngungutshe Community Radio (based in the OR Tambo District, Eastern Cape), Vibe FM (based in KwaMashu in KwaZulu Natal), Senqu Community Radio based in Barkley East, Ukhahlamba District, Eastern Cape, Ubuhlebeshowe Community Radio (based in Eshowe in KZN). Funds for a further eight projects were written back to the grant fund as applications had closed.

- **Seed funding support for newly licensed community radio services**

The MDDA has earmarked support for up to 10 newly licensed community radio stations in nodal development points. The MDDA support would be for six months to assist new stations to go on air. ICASA held hearings into licence applications during the period under review.

- **Eastern Cape Community Radio Hub.** The National Community Radio Forum (NCRF) has established regional hubs – aimed at facilitating networking and thus increasing the capacity of individual stations within each province. The MDDA has provided initial support to the hub in the Eastern Cape. The support provided is focused on increasing capacity in the hub to provide ongoing support to individual stations. The impact of this support will determine a strategy for providing support to other hubs.
- **Barberton Community Radio.** The MDDA initially provided

support for the development of a business plan and marketing strategy and has subsequently provided support for implementation of the marketing plan. The station broadcasts in XiTsonga, SiSwati, isiNdebele and English.

- **Community Television** – The MDDA is providing support to community television groups in South Africa to conduct research into sustainable business models for community television.
- **Graaff-Reinet Community Radio** is based in the Eastern Cape Province. The MDDA is providing mentoring support to assist in developing a sound business plan and a marketing strategy.
- **Greater Middelburg FM** has been provided with mentoring support to assist them in developing sustainable business plans. They are based in Middelburg in Mpumalanga.
- **Ilitha Community Radio** is based in Maclear in the Eastern Cape. The MDDA first provided support for mentoring and has approved a second grant to assist in marketing of the station as per the mentor's recommendation. The station broadcasts in IsiXhosa, English, Afrikaans and SeSotho.
- **Indonsakusa Community Radio (ICORA)** is based in Eshowe in KwaZulu Natal and broadcasts to the surrounding community in IsiZulu and English. The MDDA support includes assistance for salary costs.
- **Institute for the Advancement of Journalism** – Kids Radio. The MDDA has provided support for development of a manual and hosting of a workshop on production of radio by children. The project has been supported by other funders and the MDDA is providing training materials.
- **Maputaland Community Radio.** Support for this rural based station (North Eastern KwaZulu Natal on the border between South Africa, Swaziland and Mozambique) includes the purchase of a generator to supply alternative power during electricity black outs and assistance with operational costs over a year. The station broadcasts in IsiZulu, English, XiTsonga and SiSwati.

SCHEDULE OF SUPPORTING GRANTS

- **Mohodi Community Radio** is based in Manthata village in Limpopo province and broadcasts in SiPedi, English and Afrikaans. MDDA has provided a mentor to assist the station in developing sustainability plans. Further support for a management development programme and purchase of basic office equipment has been provided.
- **Mokopane Community Radio** is based in Mokopane in Limpopo province. The MDDA has provided mentoring to assist in strategic planning.
- **Moletjie Community Radio** is a geographic community radio station in the Moletjie area outside Polokwane in Limpopo. The MDDA has entered into a contract to build a new studio on land provided by the Chief of the area.
- **Mosupatsela Community Radio** is based in Botshabelo in the Free State. The station broadcasts a range of programming in SeSotho, SeTswana, IsiXhosa and English. The MDDA has provided support for training in management and governance, journalism skills and marketing and advertising. Support to the station includes relocation to a more central area.
- **Moutse Community Radio** is based in the Greater Sekhukhune District municipality. The station was established in 1995 by the Rural Women's Movement. The MDDA is providing capacity building and mentoring to develop a strategic and operational plan. The station broadcasts in SiPedi, IsiZulu, English and XhiTsonga.
- **Newcastle Community Radio** is based in KwaZulu Natal. Support for community research training and mentoring has been provided.
- **Orange Farm Community Radio** is based in Orange Farm informal settlement outside of Johannesburg. This is a new station recently gone on air. The MDDA has provided coaching and mentoring support, as well as some support to cover start up costs.
- **Takalani Community Radio.** Mentoring support was provided at this station in the Ukhahlamba District in the Eastern Cape (Sterkspruit and surrounds). The mentoring was aimed at assisting the station to strengthen its organisational and governance structures. The MDDA is currently providing them with research and management support. The station broadcasts in isiXhosa.
- **Radio Teemaneng.** This station is based in Kimberly in the Northern Cape. The MDDA provided a lightning conductor for the transmitter to ensure that the station did not go off air during storms. The station broadcasts in Sesotho, Afrikaans and English.
- **Radio Unique** broadcasts in Burgersdorp and surrounding areas. The MDDA sent a mentor to the station to assist it in strengthening the station and developing sustainability plans. They broadcast in isiXhosa and English.
- **Unitra Community Radio** has been provided with mentoring support to assist them in streamlining plans. They are based at the University of Transkei and broadcast to Umthata and surrounding communities.
- **Vaaltar Community Radio** has been provided support for mentoring to assist them in developing sustainable three year plans. The station is based in the North West Province.
- **Vukani Community Radio.** The MDDA is supporting operational costs for this radio station based in the Cala district in the Eastern Cape. The station will then use any other income to build cash reserves and assist it in developing sustainability plans. They broadcast predominantly in isiXhosa.
- **Workers World Media Productions** produces radio programmes for community radio stations across South Africa on labour issues. The MDDA provided support towards a workshop for community radio stations and unions aimed at imparting radio production skills.
- In addition managers from six different community radio stations were awarded bursaries to attend a Wits University radio management course. The stations are: Letlhabile Community Radio (North West), Naledi Community Radio (Free State), Qwa Qwa Community Radio (Free State), Radio 786 (Western Cape), Radio KC (Western Cape), and Riverside (Northern Cape).

Community Print

- **Agenda Feminist Media Project.** The MDDA has provided support for Agenda Feminist Media Project to produce one edition of the journal a year for three years. Agenda is a Durban-based feminist media project which produces a range of media and provides training for women writers across the country. During the financial year under review the MDDA support covered the production costs of a journal focusing on gender and religious issues. The MDDA has further provided support for development of a web site based training programme as well as for the upgrading of equipment.
- **Amazwi Writers** is a new writing skills development project based in Hluhluwe in KwaZulu. The MDDA has provided seed funding to the project to develop the organisation and provide training to apprentices in the area in basic writing skills and lay out and design.
- **Asenze Youth Development Initiative** is a youth based community organisation in Inanda in KwaZulu Natal focusing on unemployment, poverty, HIV and substance abuse. The

organisation is planning to develop a newspaper focusing on development issues in Inanda and surrounding areas. The MDDA has provided supports for mentoring to assist the project develop plans.

- **Big Issue magazine** is a non profit making organisation based in Cape Town, Western Cape province. The magazine focuses on a range of issues and is sold by homeless people in cities around South Africa to assist in generating income. The MDDA is supporting a readership survey as well as training in journalism skills over a two year period.
- **Challenge Magazine** is an ecumenical magazine established to cover issues of moral reconstruction and provide a platform for debate on ecumenical and other issues. It was established 14 years ago. The MDDA has provided two year support for production, marketing and advertising and distribution, as well as for the purchase of equipment. The support is aimed at assisting the magazine to become self sustainable.
- **Excellor** was first published as a community newspaper for one village (New Eersterus outside Winterveld) in English and SeTswana. They expanded in 2003 to cover all communities in the Eastern part of the North West province (including Hammanskraal, Winterveld, Temba, Lebotlwane, Moretele and Makapanstad). MDDA is assisting the publication by providing them with a mentor to develop a viable three year business plan. The MDDA has further earmarked support for the purchase of equipment.
- **George Community Media Centre** is based in the Southern Cape. It was established by young people in George to develop a range of community media. The MDDA is providing support for development of a community newspaper – Uvutho Ndaba. The support includes strategic planning and organisational development assistance in order to develop a viable business plan.
- **HomelessTalk** is a Johannesburg based newspaper produced and sold by homeless people in the area – thus providing self employment opportunities. The MDDA support to the project relates to improving the general health of the project through amongst others, providing training to Homeless Talk writers, sales team and management.
- **Just Jy Magazine** (AMAC School Media Project). The MDDA provided ongoing support for training workshops for youth in media production. Just Jy is a community newsletter for youth and high school students produced by high school students. It is distributed to about 60 schools in disadvantaged communities in and around Cape Town.
- **Karabo Youth Development Organisation** is a multi media centre based in Sasolburg in the Free State. The project wants to establish a community newspaper, radio station and information and communication centre. The MDDA is assisting the project to conduct a feasibility study, and develop a strategic plan.
- **Khululeka Community Media Project** is a new multi media centre established in East London. The MDDA is providing mentoring/coaching support to assist the project in developing a newspaper.
- **Labour Bulletin.** The MDDA is assisting the journal to develop a database of subscribers (to improve efficiency), create a new web site, conduct market research and produce one edition of the journal. Labour Bulletin is based in Johannesburg and produces a journal focusing on labour issues.
- **Masegoed** is a fortnightly newspaper produced by a youth development organisation in Upington in the Northern Cape. The project was established during 2005 and is aimed at covering stories about change makers and “social entrepreneurs”. The MDDA has provided support with production and running costs for one year. The publication is published primarily in English and Afrikaans.
- **Mier News** is based in the rural community of Mier in the Northern Cape (about 270km from Upington). The MDDA is providing training and mentoring support to assist the publication to establish a newspaper that will be distributed around the Kgalagadi Frontier Park. There is limited access to media in the area.
- **Nababeep Advice and Development Centre** is an NGO in Nababeep in the Northern Cape focusing on addressing development challenges (including substance abuse) in Nababeep. They run a newsletter produced monthly. The MDDA has provided support for equipment, training and to cover operational costs for a year.
- **Newtown Express** is an initiative to establish a community newspaper in the Newtown and Fordsburg areas of Johannesburg. The MDDA is supporting a feasibility study into the concept.
- **Ngulu News** is a new community based newspaper based in Sefhaku Village in the Sekhukhune district of Limpopo. The MDDA provided support to Ngulu News to cover running costs, equipment costs, and training and production costs for one edition.
- **Positive Magazine** is an initiative to produce a publication for people who are infected and affected by Aids. The MDDA has provided support for a feasibility study. The project is based in Johannesburg but aims to produce a national publication.
- **Satyagraha** is a newspaper based in Durban aimed at reinforcing the principles of Ghandism. The paper is distributed in Durban and surrounds. The MDDA is providing support for market research.

- **Sosh Times** is a new newspaper initiative planned by the Zakheni Training and Development Centre in Soshanguve, outside Pretoria. The MDDA has provided mentoring support in newspaper management and production. A further grant has been provided to cover costs for six months.
- **The Voice of Nkomazi.** The MDDA provided support to the Voice of Nkomazi, a community newspaper produced by Thembaletu Home Based Care which is situated in Schoemansdal in the Nkomazi District of Mpumalanga province. The MDDA support included printing and production costs for 26 editions.
- **Two Missions Newspaper** – is a new initiative in Cala in the Eastern Cape. The MDDA is providing mentoring support to assist in establishing the project.
- **Umsinsi Press** is an NGO in KwaZulu Natal aimed at developing literacy and a love of reading amongst children. They produce newsletters/booklets of children's stories and run creative writing courses in a range of languages. They produce a magazine which is distributed to writing club mentors for use by children. The MDDA has provided support for further training of mentors, increasing the print run and introducing colour into the magazine.
- **WeAreCapable** is a new magazine produced in Johannesburg by people with disabilities covering issues about disability. The MDDA support to the magazine included providing support to cover operational costs for a limited period, covering the costs of printing as well as for the purchase of office and computer equipment. The magazine is distributed nationally.

ICT Community (Non Profit) Projects

- **Sangonet** is an internet service provider and IT support group for NGOs. The project wants to explore the development of a publication for NGOs and CBOs in South Africa similar to publications which have previously closed (such as Reconstruct). The MDDA has provided support for a feasibility study.
- **Womensnet** was established in 1998 to promote gender equality in South Africa in ICTs. It has been involved in a range of internet based projects including publishing information through a web site, training women's organisations to develop their own web sites, development of Girls Net and training young girls in media and ICT skills to produce their own web site and s(h)e – Bytes supporting gender focused programming for community radio stations. The MDDA has provided multi year support to Womensnet aimed at strengthening their institutional capacity.

Small Commercial Media Projects

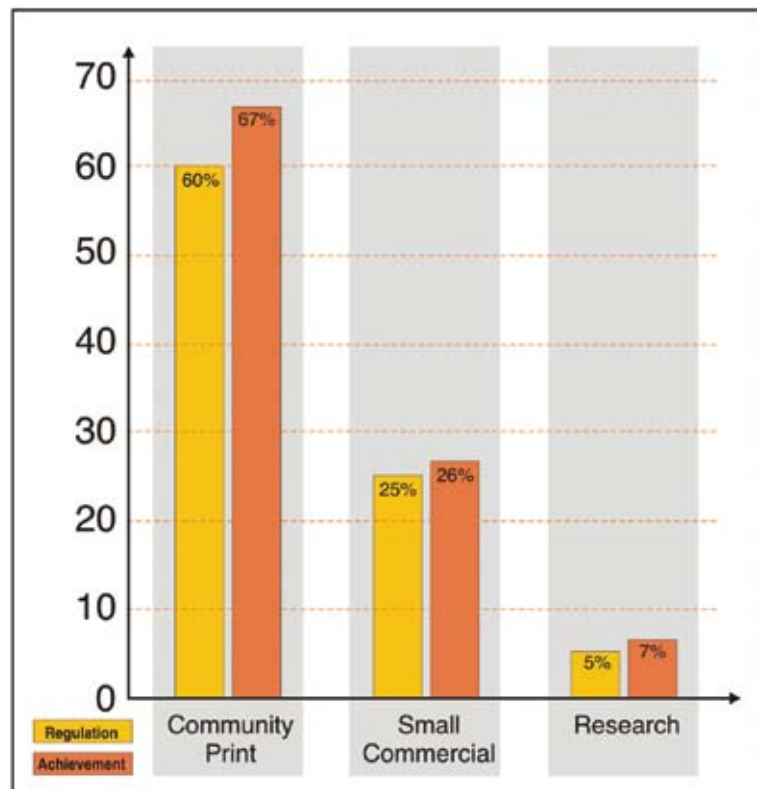
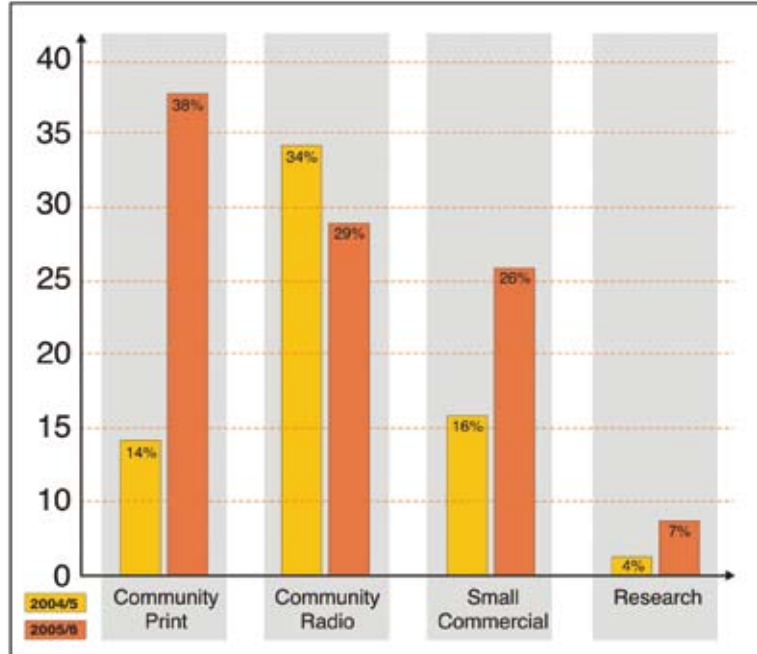
- **Big News** is a monthly publication targeting small business owners around South Africa. The MDDA provided support for research aimed at assisting the publication in meeting readers needs and increasing access to advertising. The MDDA has further agreed to provide support for marketing and training of staff.
- **Bravo/WestXpress** is a new knock and drop newspaper focusing on factory areas around Cape Town (Kensington, Maitland, Ysterplaat, Sanddrift, and Rugby Facticeon). The MDDA has provided support for printing – thus enabling the project to build up advertising and develop cash reserves.
- **Free State News** is a fortnightly small commercial newspaper based in Bloemfontein and distributed throughout the Free State. The MDDA has purchased equipment and software to assist the publication. Training of the newspaper is ongoing.
- **Genuine Magazine** is a family magazine based in Durban and targeted at families throughout KwaZulu Natal. The magazine started publishing regularly some years ago, but stopped printing due to financial problems. The MDDA has assisted the owner to develop business skills and provided mentoring in formulating a viable business plan.
- **Gavaza Communications** (a communications SMME) has been provided support to conduct market research into the viability of a political journal aimed at the youth.
- **Grassroots Media Hub Four** publications in the Western Cape (both profit and non profit) have grouped together to develop a grassroots media hub to share costs and increase impact of marketing and advertising. The MDDA has provided support to assist in establishment of the Hub. The Hub also applied for support of purchase of a printing press. A decision into this was deferred pending further information being submitted by the project.
- **Ihlokohloko** is a new newspaper in KwaMhlanga. The MDDA is providing support for development of a business plan through mentoring and coaching.
- **Imvo Zabatsundu/Dumile Mateza Associates.** The project wants to conduct a feasibility study into the relaunching of Imvo Zabatsundu – an isiXhosa newspaper that used to distribute in the Eastern Cape. The MDDA is supporting the feasibility study.
- **Isibani News** was established in 1999 as a community newspaper to help communities around KZN to access information. It is based in Durban. The MDDA has provided mentoring support and assisted the newspaper to purchase equipment and software.
- **Kasi2Kasi** is a new newspaper aimed at supporting and

SCHEDULE OF SUPPORTING GRANTS

- providing information to micro business entrepreneurs in the Northern Cape. The project is based in Upington. The MDDA has allocated a mentor to assist the publication in developing a business plan.
- **Kraft Media** produces a newspaper distributed to high schools around Durban. The MDDA is covering the costs of printing 10 editions of the newspaper to assist them in becoming sustainable.
 - **Kruger Park Times** was established in 2004 to inform visitors and local communities in-and-around the Kruger National Park about conservation and other issues related to the Park. The newspaper is produced bi weekly. The MDDA has provided support for printing for six months and for the purchase of equipment in order to assist them in increasing their print run and building cash reserves.
 - **Leseding News** was first published in 2003 in Rustenburg in the North West Province. It is a local newspaper in English and SeTswana distributed in Rustenburg, Mafikeng, Zeerust, and the district municipalities of Moretele, Moses Kotane and Dikgetheng. The MDDA has provided support for research.
 - **Maputaland Mirror** is based in Maputaland in KwaZulu Natal. The newspaper is distributed from St Lucia Sanctuary to Kosi Bay. A key aim of the publication is to publish in languages of the area – including reviving the culture of the Thongas. The MDDA is assisting the publication to develop a viable business plan through mentoring.
 - **Phumelela Express** is a new SMME publishing a newspaper in isiZulu, SeSotho and English for the Phelela Municipality in the Free State (including Vrede, Memel and surrounding farms). The MDDA has provided the newspaper with support for training in newspaper publishing. Subsequent to the training, the MDDA has provided further support to cover operational costs for six months and to purchase equipment.
 - **Seipone/Xivoni/Tshivhoni** is a tabloid size newspaper that publishes in SePedi, Xitsonga and Tshivenda and is distributed throughout Limpopo. The newspaper is based in Polokwane. The MDDA has provided the publication with support to conduct market and readership research.
 - **Sesa Media** is a new BEE magazine company. The MDDA is providing support for market research for an entrepreneur's magazine. The magazine has already received support from the National Empowerment Fund. The company is based in Johannesburg.
 - **Shine the Way** is an emerging magazine produced by a new company based in East London (Ideals Media Company). The company plans to produce a range of media, including a family magazine for the Eastern Cape. The MDDA has provided support for development of a feasibility study.
 - **Taxi Talk** is a newspaper based in Bizana (Eastern Cape) and distributed from Umtata to the Wild Coast and Port Shepstone. The publication has been in existence for seven years. The MDDA is providing support in developing sustainability plans to assist the newspaper to grow. The MDDA will also provide equipment and assist in covering of printing costs for a short period.
 - **Tembisa Mail** is a monthly newspaper distributed in Tembisa in Ekurhuleni near Kempton Park in Gauteng. The MDDA has provided the project with equipment and software enabling them to do their lay out and design internally - thus cutting costs.
 - **Umgidi/5FabG**. The MDDA is providing support to 5Fab.G Publishing cc to conduct market research into launching a magazine targeting African men aimed at reviving African manhood and respect for women.
 - **Umqekethi is** a new newspaper being published in Newcastle in KwaZulu Natal in isiZulu. The MDDA is providing mentoring and training in management and marketing.
 - **Uxhumano/Ziwaphi** is an SMME based in Nelspruit which was established to provide communication services (including digital publishing, web creation and graphic design). The company plans to develop a newspaper Ziwaphi – focused on providing developmental news. The MDDA is assisting them to develop a three year business plan.
 - **Winelands Echo** is a relatively new newspaper project in Paarl in the Western Cape which is published twice a month. It is circulated around the Boland District and is published in Afrikaans, English and isiXhosa. They state that they are focusing on covering community development issues. The MDDA is providing support for printing for six months as well as for training and marketing aimed at increasing the income of the publication.
- Note that the MDDA also sent 12 of the print managers on a one week course on management of newspapers at the Sol Plaatje Institute at Rhodes University.**
- Support for two projects, Dobsonviller and Siyaya, has been suspended pending clarity on the use of funds.
 - Support for one project, Shine the Way, was cancelled after receipt of the mentoring report.

SCHEDULE OF SUPPORTING GRANTS

Approvals by sector for the period April 2005 to March 2006



For the year ended 31 March 2006

The Board

All board members are appointed by the President of South Africa.

Six board members are appointed on the recommendation of Parliament, after a public nomination process.

- Ms Kanyisiwe Mkonza (Chairperson)
- Mr Mashilo Boloka
- Ms Kerry Cullinan
- Mr Mazibuko Jara – joined 1 January 2006
- Mr Chris Moerdyk – re-appointed as from 1 January 2006
- Ms Nunu Ntshingila – term ended 31 January 2006
- Mr Govin Reddy

Three board members are appointed directly by the President – one of whom must be from the commercial print media and another from the broadcast media.

- Mr Connie Molusi (Commercial Print media) - re-appointed as from 1 January 2006
- Ms Felleng Sekha (Broadcast media) – joined 1 January 2006
- Mr Tony Trew (GCIS)

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:

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

Meetings

Four Board meetings are held annually in accordance to Section 10 of the MDDA Act. During the period under review, the Board met quarterly as required. All meetings were duly constituted and quorate.



BOARD MEETING DATES

26 April 2005
 14 July 2005
 11 August 2005
 20 October 2005
 02 February 2006
 16 March 2006

EXCO MEETING DATES

26 May 2005
 25 August 2005
 24 November 2005
 26 February 2005 (continued on 27 February 2005)

Attendance of Meetings

BOARD MEMBER	BOARD MEETINGS ATTENDED	EXCO MEETINGS ATTENDED	REMCO MEETINGS ATTENDED	AUDIT COMMITTEE MEETINGS ATTENDED	TENDER COMMITTEE MEETINGS ATTENDED	OTHER MEETINGS (STAKE-HOLDERS, SITE VISITS, Parliament, INTERVIEWS etc.)
Kanyisiwe Mkonza	4	6	2	-	-	7
Mashilo Boloka	4	-	2	-	-	7
Kerry Cullinan	4	-	-	-	-	5
Mazibuko Jara	1	-	-	-	-	2
Chris Moerdyk	4	-	-	2	-	2
Connie Molusi	2	-	-	-	-	2
Nunu Ntshingila	1	-	-	-	2	-
Govin Reddy	4	6	2	-	-	7
Felleng Sekha	1	-	-	-	-	2
Tony Trew	4	-	-	1	-	3

Committees

• Executive Committee

Six Executive Committee meetings were held during the financial year ended 31 March 2006. This committee is tasked with the oversight of day to day management of the Agency and ensuring the MDDA meets performance targets. The Executive Committee comprises of the following members:

- Ms Kanyisiwe Mkonza (Chairperson)
- Mr Govin Reddy (Board Member)
- Ms Libby Lloyd Chief Executive Officer
- Mr Annand Chaytoo, Chief Financial Officer

All Executive Committee members attended all meetings and meetings were duly constituted and quorate.

• Remuneration Committee

Two Remuneration Committee meetings were held during the financial year ended 31 March 2006. This committee is responsible for overseeing the performance management policy of the MDDA and for deciding on remuneration issues (inflation linked increases and salary grading). The Remuneration Committee comprises of the following members:

- Ms Kanyisiwe Mkonza (Chairperson)
- Mr Govin Reddy
- Mr Mashilo Boloka

All Remuneration Committee members attended all meetings and meetings were duly constituted and quorate.

• Tender Committee

Two Tender Committee meetings were held during the financial year ended 31 March 2006.

This committee ensures that transparent and fair procedures are implemented when acquiring goods and/or services. It comprises of the following members:

- Ms Nunu Ntshingila - term ended 31 January 2006
- Mr Mazibuko Jara - joined 01 January 2006
- Mr Tony Trew (alternate)
- Ms Libby Lloyd, Chief Executive Officer
- Mr Annand Chaytoo, Chief Financial Officer

The two meetings reviewed tenders for the MDDA low interest loans feasibility study and the MDDA resource mobilisation workshops. All Tender Committee meetings and meetings were duly constituted and quorate.

• Audit Committee

In line with the Public Finance Management Act and Treasury Regulations and in keeping with the need to ensure transparency and good corporate governance, the Board has established an Audit Committee.

The Board resolved to share the Audit Committee with the Government Communication and Information Services (GCIS) and the Independent Media Commission (IMC) as allowed by the PFMA. The chairperson and majority of members are independent of the MDDA.

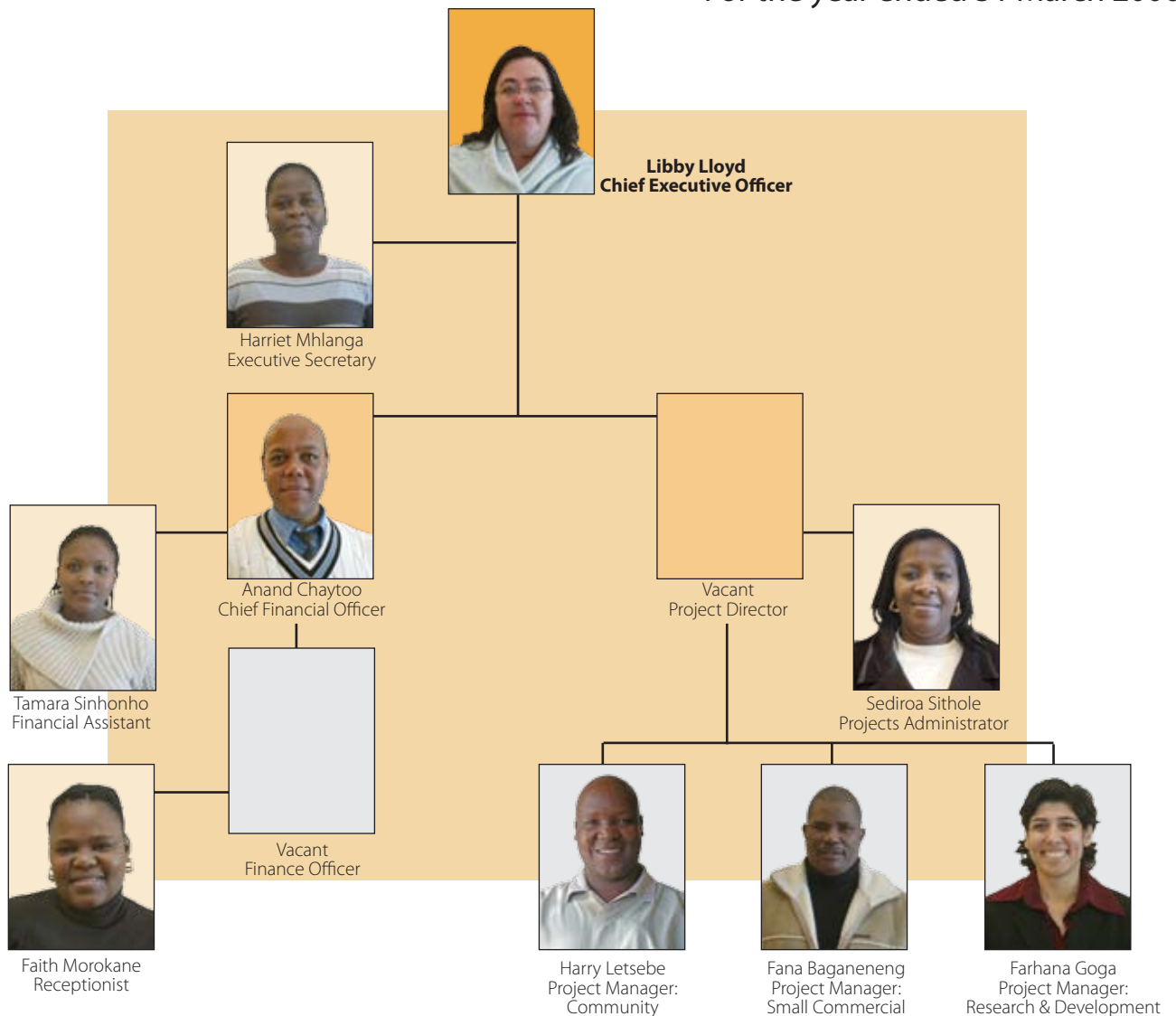
• Board payments

The following table reflects payments made to Board members for attendance of meetings and workshops during the year.

Chairperson - Ms Kanyisiwe Mkonza	R	33,787.00
Board Member – Mr Mashilo Boloka	R	14,501.50
Board Member – Ms Kerry Cullinan	R	10,088.00
Board Member – Mr Mazibuko Jara	R	4,413.50
Board Member – Mr Chris Moerdyk	R	9,457.00
Board Member – Mr Connie Molusi	R	5,044.00
Board Member – Ms Nunu Ntshingila	R	2,522.00
Board Member – Mr Govin Reddy	R	18,284.00
Board Member – Ms Felleng Sekha	R	2,521.50
Board Member – Mr Tony Trew	R	0*

**Note that in terms of Government policy, public service employees do not receive remuneration for participation in public entities.*

For the year ended 31 March 2006



Personnel costs 2005/6

	R 000
Total Exp	R 2,529
Personnel Exp	R 1,621**
Training Exp*	R 115
Personnel Costs as a % of total expenditure	34%

* See breakdown under "Training"

** Note that the Income Statement reflects R2, 029 as Salaries and Wages expense. This includes Provident Fund, Medical Aid and UIF contributions. The MDDA works on a total cost to company basis and therefore those are not included in this calculation.

Declaration of Earnings

CEO	R 604,777	(includes a bonus of R 23,261)
CFO	R 458,482	(includes a bonus of R 21,832)

These payments are based on total cost to company and include bonuses and any contributions to pension and/or medical aid.

Allowances

There were no overtime, housing or other allowances made.

Vacancies

Two new positions: 1) Project Director and 2) Finance & Disbursement Officer were identified during the period under review and advertisements have been placed to fill these positions.

The Receptionist post was vacant at the beginning of the year and Ms Faith Morokane has been appointed as from 1 August 2005. Prior to that date she had been a temporary receptionist.

The Executive Secretary to the CEO, Ms Penny Dlamini, resigned in May 2005 and has been replaced by Ms Harriet Mhlanga who joined the MDDA in August 2005.

Employment Equity

Management	1 White female (CEO)
	1 Indian Male (CFO)
Middle Management	2 African Male (Programme managers)
	1 Indian Female (Research & Development Manager)
Highly Skilled	1 African Female (Exec. Secretary to CEO)
	1 African Female (Project Admin. Assistant)
	1 African Female (Financial Admin. Assistant)
Lower Skilled Level	1 African Female (Receptionist)
	1 African Female - Part time (Cleaner)

HIV / AIDS & Health Promotion Programmes

Given the small size of the MDDA, no such programmes are deemed necessary.

Labour Relations

There were no disciplinary hearings during this period.

Training

	R 000
Management	R -
Middle Management	R 90,929
highly Skilled	R 18,800
Lower level skilled	R 5,100
	R 114,759

For the year ended 31 March 2006

Report of the Audit Committee to the Board of Directors

We are pleased to present our report for the financial year ended 31st March 2006.

Audit Committee Members and**Attendance**

As per its approved terms of reference, the Audit Committee meets twice annually.

During the period in review, 4 meetings were held on :

- 24 May 2005
- 30 June 2005
- 27 September 2005
- 07 March 2006

Members of the Audit Committee are:

NAME	MEETINGS
Ms Z.P. Manase	4
Ms M. Vuso	4
Mr G. Mampone	2
Ms T. Zungu	2
Ms P. Williams	3
Mr Chris Moerdyk - term ended in January 2006	2
Mr Tony Trew - term began in January 2006	1

Audit Committee Responsibility

The Audit Committee 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.

The Effectiveness of Internal Control

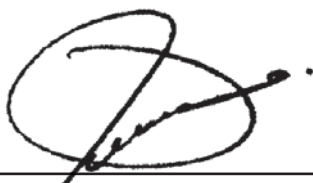
The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management 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. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was effective and efficient.

Evaluation of Annual Financial Statements

The Audit Committee has

- Reviewed and discussed the audited annual financial statements 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 and

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



Chairperson of the Audit Committee

Report of the Auditor General to Parliament on the Financial Statements of the Media Development and Diversity Agency for the Year Ended 31 March 2006

1. Audit Assignment

The financial statements as set out on pages 32 to 40, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 15(3) of the Media Development and Diversity Agency Act, 2002 (Act No. 14 of 2002). These financial statements, are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Scope

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette No. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette No. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An Audit Includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- assessing the accounting principles used and significant estimates made by management.
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. Basis of Accounting

The Entity's policy is to prepare financial statements on the basis of accounting determined by the national treasury, as described in note 1.1 to the financial statements.

4. Audit Opinion

In my opinion, the financial statements present fairly, in all material aspects, the financial position of the Media Development and Diversity Agency at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

5. Appreciation

The assistance rendered by the staff of the Media Development and Diversity Agency during the audit is sincerely appreciated.



H Chiloane for Auditor-General
Johannesburg - 28 July 2006



A U D I T O R - G E N E R A L

Statement of Financial Position

As at 31 March 2006

	NOTES	2006 R000	2005 R000
ASSETS			
Current assets			
Receivables and prepayments	3	36	4,053
Cash and cash equivalents	4	27,638	14,764
Stock on hand	5	7	-
Non - current assets			
Property, plant and equipment	2	486	602
Total assets		28,167	19,419
LIABILITIES			
Current liabilities			
Trade payables	6.1	79	13
Provisions	6.2	33	23
Grants accrued	6.3	12,364	8,230
Total liabilities		12,476	8,266
NET ASSETS			
Accumulated surplus		15,691	11,153
Total net assets		28,167	19,419

Statement of Financial Performance

For the year ended 31 March 2006

	NOTES	2006 R000	2005 R000
REVENUE			
Gross revenue	7	17,153	17,116
Investment income		1,789	901
Total revenue		18,942	18,017
Expenses			
Grant costs	8	9,591	7,888
Personnel	9	2,538	2,180
Administrative	9	2,053	1,061
Depreciation	9	222	144
Total expenses		14,404	11,273
Surplus for the year		4,538	6,744

Statement of Changes in Net Assets

	2006 R000	2005 R000
Balance at beginning of year	11,153	4,409
Net surplus/ deficit for the period	4,538	6,744
Balance at the end of the year	15,691	11,153

Cash Flow Statement

For the year ended 31 March 2006

	NOTES	2006 R000	2005 R000
Net cashflows from operating activities			
Receipts			
Taxation		15	216
Grants		17,100	12,870
Interest received		1,789	901
Other receipts		4,055	-
		22,959	13,987
Payments			
Employee costs		(2,538)	(2,180)
Other payments		(2,042)	(1,326)
Grant costs		(5,399)	(2,676)
		(9,979)	(6,182)
Cash flow from operating activities	6	12,980	7,805
Cash flow from investing activities			
Additions to property, plant and equipment		(106)	(382)
Net cashflows from investing activities		(106)	(382)
Net (decrease)/increase in cash and cash equivalents		12,874	7,423
Cash and cash equivalents at beginning of year		14,764	7,341
Cash and cash equivalents at end of year	4	27,638	14,764

Accounting policies - For the year ended 31 March 2006

1.1 Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practices (GRAP). Interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3 : Accounting policies, changes in accounting estimates and errors

Replacement Statement of GAAP

AC 101 : Presentation of financial statements

AC 118 : Cash flow statements

AC 103 : Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statement do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1,2, & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1.1 Terminology differences

Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus / deficit for the period

Accumulated surplus / deficit

Contributions from owners

Distribution to owners

Reporting date

Replacement Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit / loss for the period

Retained earnings

Share capital

Dividends

Balance sheet date

1.1.2 The cash flow statement was prepared in accordance with the direct method.

1.1.3 Specific information such as :

(a) receivables for none exchange transactions, including taxes and transfers;

(b) taxes and transfers payable;

(c) trade and other payables from none exchange transactions must be presented separately on the statement of financial position.

1.1.4 The amount and the nature of any restrictions on cash balances is required to be disclosed.

Paragraph 11 - 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

1.2 Plant and equipment

All plant and equipment is initially recorded at cost. Items of plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the 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. Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The major categories of assets are depreciated at the following rates

- Office furniture & fixtures	-	20% per annum
- Office equipment	-	20% per annum
- Licenses and software	-	33.33% per annum
- Computer equipment	-	33.33% per annum

The photo artwork in the offices and is not depreciated at all.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement. Inventory on hand is the stationery stock on hand as at 31 March 2006.

1.3 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity becomes a party to the provisions of the instrument. All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The entity's principal financial assets are cash, cash equivalents and receivables. Receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

- Trade and other receivables

Trade and other receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

- Cash & cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

The entity's principle financial liabilities include trade and other payables and are stated at their nominal value.

1.4 Revenue recognition

The Agency is financed from money appropriated by Parliament. Government grants to cover operating expenditure are accounted for in the income statement in the year to which they relate.

Revenue includes grants from Government Communications Information Systems as well as from the Print Media and the Broadcast Media which is recognised at fair value when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received. Interest income is recognised as it accrues on a time apportionment basis taking into account its effective yield.

Grants relating to long-term projects are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

Grants relating to the purchase of plant and equipment are included in current liabilities as deferred income and are recognised as income over the periods and in proportions in which depreciation on the plant and equipment is charged. Grants relating to projects approved for funding but not yet transferred are accrued in the balance sheet.

1.5 Accounting for leases

Leases for assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.6 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts, all of which are available for use unless otherwise stated.

1.7 Comparatives

Comparative information has been supplied in the financials.

1.8 Taxation

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

1.9 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, ie, PFMA.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.10 Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

1.11 Retirement benefit cost

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.

Notes to the Financial Statements

As at 31 March 2006

	Computer equipment at cost	Licences & software at cost	Furniture at cost	Office equipment at cost	Inventory on hand at cost	Total
	R000	R000	R000	R000	R000	R000
2. Property, plant and equipment						
2006						
Net carrying value at beginning of year	136	58	185	174	49	602
Costs	178	71	243	224	49	765
Less accumulated depreciation	(42)	(13)	(58)	(50)	-	(163)
Additions	19	78	6	3	-	106
Disposals	-	-	-	-	-	-
Depreciation charge	(67)	(37)	(65)	(53)	-	(222)
Net carrying value at end of period	88	99	126	124	49	486
Costs	197	149	249	227	49	871
Less accumulated depreciation	(109)	(50)	(123)	(103)	-	(385)
2005						
Net carrying value at beginning of year	-	-	194	180	-	374
Costs	-	-	205	188	-	393
Less accumulated depreciation	-	-	(11)	(8)	-	(19)
Additions	188	71	38	36	49	382
Disposals	(10)	-	-	-	-	(10)
Depreciation charge	(42)	(13)	(47)	(42)	-	(144)
Net carrying value at end of period	136	58	185	174	49	602
Costs	178	71	243	224	49	765
Less accumulated depreciation	(42)	(13)	(58)	(50)	-	(163)
				2006	2005	
				R000	R000	
3. Receivables and prepayments						
Deposits paid (water, lights etc.)				24	24	
Staff Debtors				12	5	
Debtors - Print & Broadcast contributions				-	3 600	
Vat control a/c - for the year ending 2004				-	216	
Vat control a/c - for the year ending 2005				-	208	
				36	4 053	
<p>The MDDA has been notified by SARS that its activities no longer comply with the definition of "enterprise" in section 1 of the Act, and the requirements for VAT registration in terms of section 23 of the VAT Act. The MDDA has been deregistered for VAT as from 1 April 2005.</p>						
4. Cash and cash equivalents						
Cash at bank and on hand						
Cheque a/c				70	160	
Call a/c				27,568	14,604	
				27,638	14,764	
5. Stock on hand						
Stock on hand				7	-	
				7	-	

FINANCIAL STATEMENTS

	2006 R000	2005 R000
Current Liabilities		
6.1 Trade and other payables		
Accrual for transport costs	-	4
Accrual for Board fees	-	2
Accrual - creditors	79	-
Accrual for provident fund	-	7
	79	13
6.2 Provision for future expenses		
Provision for leave pay	33	23
	33	23
6.3 Grants accrued		
Opening balance	8,230	3,018
New grants issued	9,865	8,632
Grants approved in previous financial year - now written back	(393)	(860)
Workshop & Travelling costs	61	116
Payments for the year	(5,399)	(2,676)
Closing balance	12,364	8,230
The Agency issues grants in the following categories:		
- Community media		
- Small commercial		
- Research		
<i>Grants to Radio Mams (R335,000) & Radio Khatorus (R525,000) were expensed in 2004 and now reversed by the Board decision as the applicants have not received their licences from ICASA as there is a legal dispute between ICASA and those who opposed granting the licences to these two stations.</i>		
6.4 Reconciliation of net cash flows from operating activities		
Surplus	4,538	6,744
Non-cash movements		
Depreciation	222	144
(Increase)/decrease in receivables	4,017	(4020)
Increase/(decrease) in payables	4,203	4937
	12,980	7,805
7. Revenue		
Grants received - Print & Broadcast	10,100	9,900
Grants received - GCIS	7,000	7,000
Other Income - Niza Grant	38	-
Other Income - VAT refund	15	216
	17,153	17,116
8. Grant costs		
Grants approved	9,864	8,632
- Funding GCIS Funds	3,056	5,956
- Funding Print & B/cast funds	6,300	2,244
- Research Costs - workshops	508	432
- Grants approved in previous years - now cancelled	(393)	(860)
Low interest loans study	59	-
Workshop & Travelling Costs	61	116
	9,591	7,888

9. Costs

Administration costs	1,154	574
Audit fees	404	66
- External Audit Fees	148	9
- Internal Audit Fees	256	57
Board costs	192	132
- Fees	98	86
- Travel and subsistence	81	35
- Training	9	7
- Administration	4	4
Lease costs	163	146
- Building	163	106
- Computers	-	40
Professional services	115	135
- consulting costs	-	38
- legal costs	47	21
- management services	68	76
Salaries and wages	2,029	1,694
SARS	509	486
- PAYE	472	451
- UIF	18	18
- SDL	19	17
Contingency costs	25	8
Depreciation	222	144
	4,813	3,385

10. Acquisition of fixed assets

Computer equipment	19	188
Licences & software	78	71
Office equipment	6	36
Furniture & Fittings	3	38
Photo - artwork	-	49
	106	382

11. Operating lease commitments

The entity as lessee

At the reporting date the entity has outstanding commitments under non-cancellable operating leases, which is due as follows:

Buildings

Not later than 1 year	162,724	148,049
Later than 1 year and not later than 3 years	290,795	341,606
Later than 3 years	-	127,916
	453,519	617,571

The MDDA's lease with JHI Limited commenced on 6 December 2003 and will terminate on 30 November 2008. However, MDDA has given notice to JHI to cancel the lease by end of July 2006, prior to the termination date.

