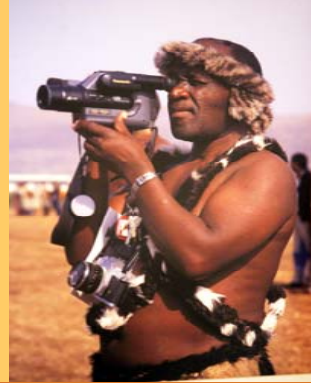




# mdeda

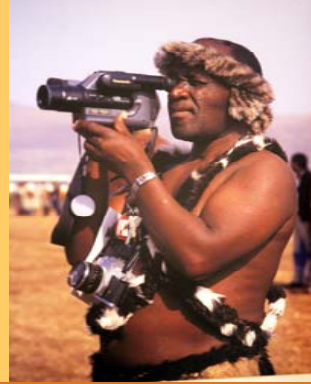
MEDIA DEVELOPMENT & DIVERSITY AGENCY



## Annual Report Presentation 2006/7 Parliament Committee on Communications 23 October 2007

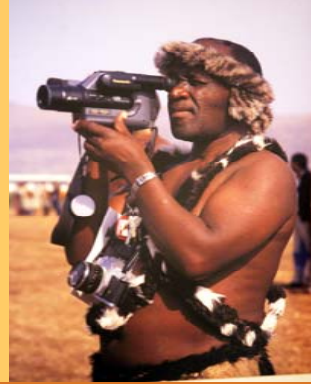


# The MDDA Team



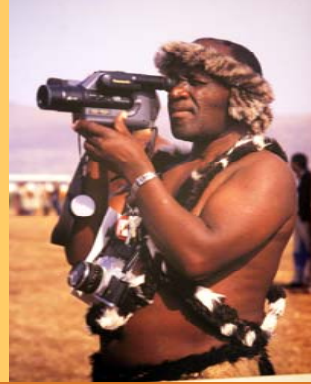
- Ms Kanyi Mkonza (Chairperson)
- Mr Mazibuko Jara (Board Member)
- Mr Chris Moerdyk (Board Member)
- Mr Tony Trew (Board Member)
- Dr Mashilo Boloka (Board Member)
- Ms Kerry Cullinan (Board Member)
- Mr Lumko Mtimde (CEO)
- Ms Jayshree Pather (Projects Director)
- Mr Mbuyiseni Jafta (CFO)

# Background, Context and Legislative basis



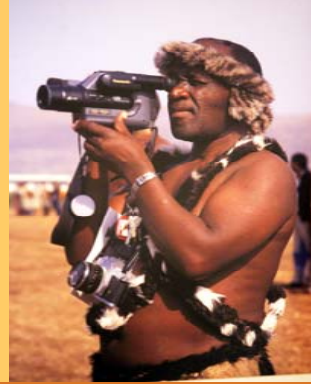
- Section 16 and 32 of the Constitution Act No. 108 of 1996 provides for the freedom of expression and access to information.
- MDDA Act No. 14 of 2002 establishes a statutory body called the MDDA.

# Background, Context and Legislative basis



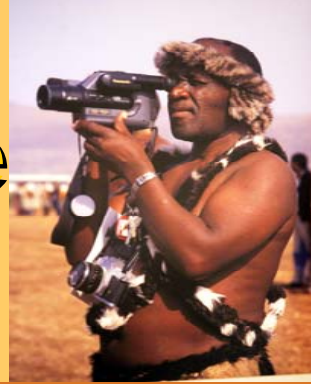
- The MDDA is entrusted with the responsibility of promoting media development and diversity in S.A. by providing financial and other support to community (non-profit) and small commercial media projects.

# Background, Context and Legislative basis



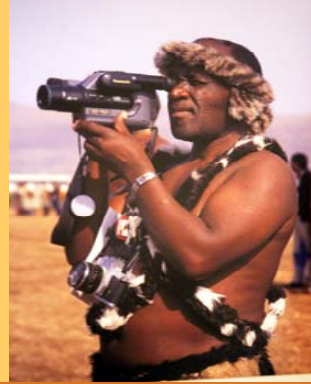
- The MDDA Act defines media as all forms of mass communication, including printed publications, radio, television and new electronic platforms for delivering content.
- It also defines media development as the development of the media environment and infrastructure, so that historically disadvantaged communities and persons have access to the media as owners, managers, producers and consumers of media.

# MDDA Act in its Preamble



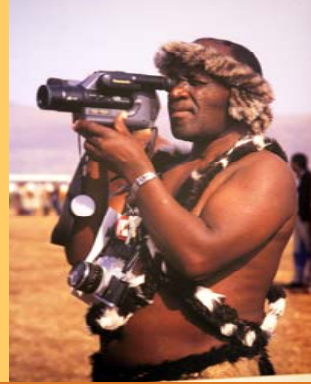
- "...Create an enabling environment for media development and diversity that is conducive to public discourse and which reflects the needs and aspirations of all South Africans;

# MDDA Act in its Preamble



- " Redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry;

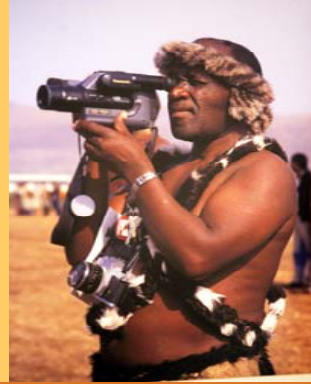
# MDDA Act in its Preamble



- “Promote media development and diversity by providing support primarily to community and small commercial media projects...”.

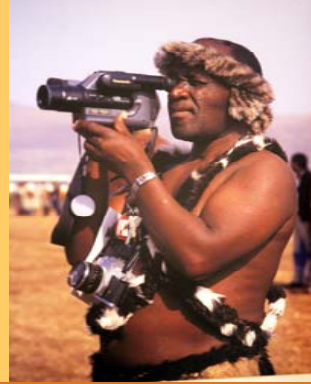


# Mandate “in the nutshell”



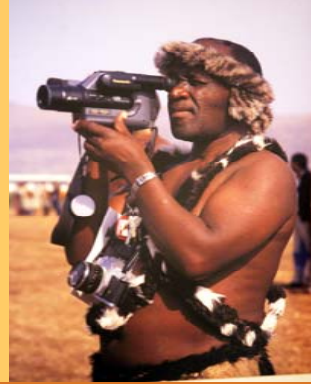
- Help create an enabling environment for media development and diversity that is conducive to public discourse and which reflects the needs and aspirations of South Africans.

# Vision



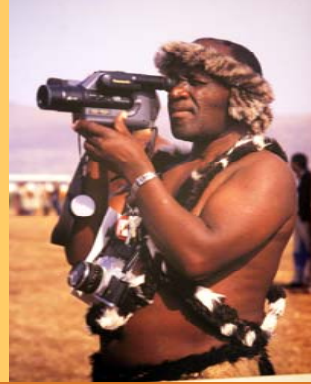
Each and every South African citizen should have access to a choice of a diverse range of media

# Mission



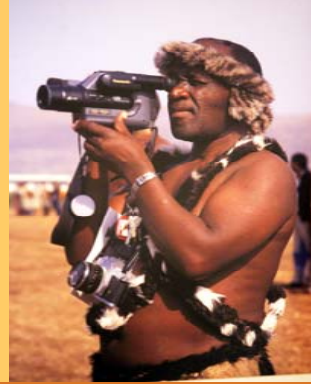
The MDDA is a development agency that will assist in building an environment where a diverse, vibrant and creative media flourishes and reflects the needs of all South Africans

# Growth opportunities



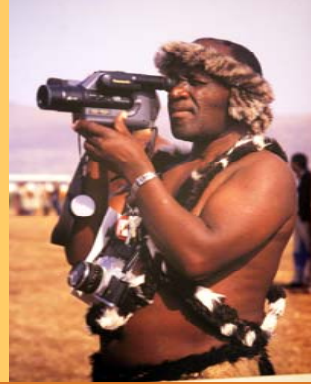
- ECA provides more opportunities for electronic platforms for delivery of content by community and small commercial groups.
- Growth arising from increased funding as a result of Section 89 of the ECA.
- Growth arising from the newly licensed broadcasters.
- According to the ICASA Regulation on Community Sound Broadcasting, there are two windows for applying for new Community Radio licenses. These are in May and October each year. As a result, a number of new applications are received by the Agency for support.

# Growth opportunities



- ICASA may soon publish a Call for Applications for Community TV, after reviewing and aligning the Regulation for CTV. Already, Soweto Community Television is on air, on a temporary One Year license. Cape Town Community Television is getting ready to apply for a license and other provinces are organising themselves.

# Growth opportunities

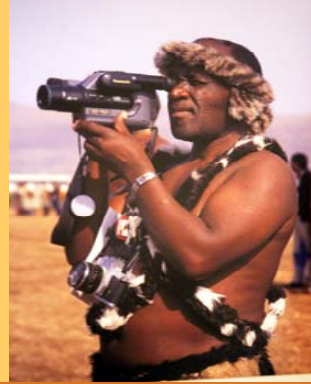


- There is close to 400 grassroots publications across South Africa.

*(according to the Association of Independent Publishers, AIP, presentation made by Justin Arenstein at MDDA Roundtable, 17 May 2006)*

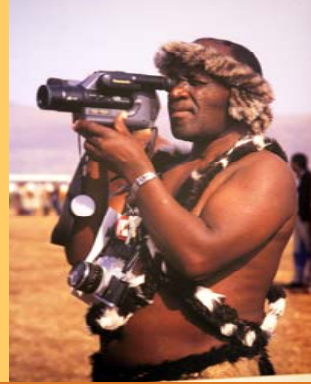
- A number of new applications are received by the Agency.
- In this financial year under review, the Agency received application worth about R84m and could only provide support of R24m.

# Objects of the MDDA Act – Section 3



- Encourage ownership and control of, and access to, media by HDC as well as by historically diminished indigenous language and cultural groups;
- Encourage the development of human resources and training, and capacity building, within the media industry, especially amongst HDG's;
- Encourage the channelling of resources to the community media and small commercial media sector;

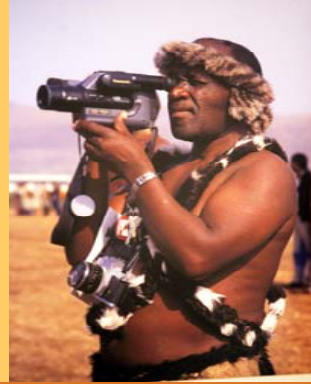
# Objects of the MDDA Act – Section 3



- Raise public awareness with regard to media development and diversity issues;
- Support initiatives which promote literacy and a culture of reading;
- Encourage research regarding media development and diversity; and
- Liaise with other statutory bodies such as ICASA and USA (now USAASA).

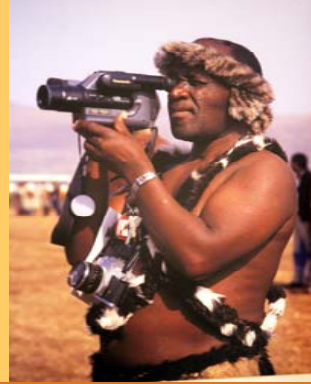


# Corporate Governance



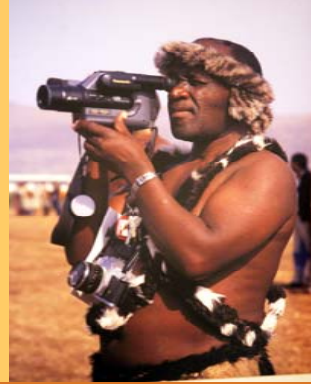
- The MDDA is governed by a Board of Directors, appointed in terms of the MDDA Act. It operates as an independent body, expected through the MDDA Act to be impartial and to exercise its powers, perform its duties without fear, favor or prejudice, and without any political or commercial interference. *(Section 4, MDDA Act).*

# Funding of the Agency



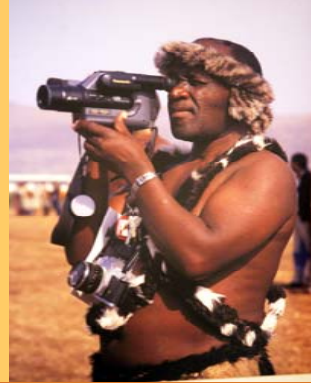
- Money appropriated by Parliament
- Money received in terms of agreements with any organization for furtherance of the objectives of the MDDA Act
- Domestic and foreign grants
- Interest derived from any of its investments,

# Funding of the Agency



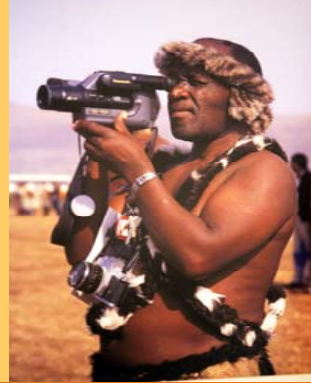
- Contributions from Broadcasting Service Licensees not exceeding 1% of their annual turnover in terms of the Electronics Communications Act of 2005 (Section 89), (ICASA draft Regulation proposes 0.2%)
- Money lawfully accruing from any source.

# Analysis of applications 2006/7



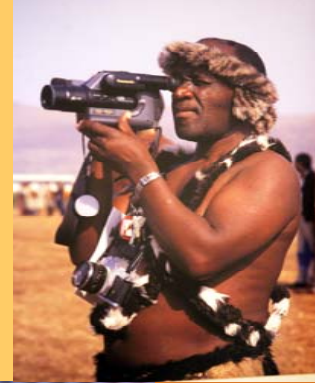
- Applicants applied for about R190m in grants since Jan 2004
- MDDA income since inception is about R53.1m
- Some refused because not licensed or incomplete applications (i.e. no business plan)
- Those without proper business plans are given mentoring support to assist them with proper planning and therefore feasibility study support.
- Those refused are given opportunity to correct applications and apply again.

# Milestones to date including the year under review



- 5 year partnership agreements reached with Broadcast Media (SABC, Kagiso Broadcasting (Pty) Ltd, MNET Ltd, Primedia Broadcasting (Pty) Ltd) and Print Media (Johnnic Publishing Ltd, Independent Newspapers (Pty) Ltd, Media 24 Ltd, CTP Ltd) continue to exist,
- 2006 marked the end of the first three-year funding cycle
- Four years of clean, unqualified Audited Financial Statements
- 135 different projects supported, with approximately R45m in grants approved for disbursement, since January 2004. In the year under review (2006/7), 44 projects were supported with just more than R24 m in grants approved for disbursement.
- Media projects supported are located in every province in S.A.

# Projects Funded by the MDDA



Barberton Community Radio  
Mpumalanga



We Are Capable  
Gauteng

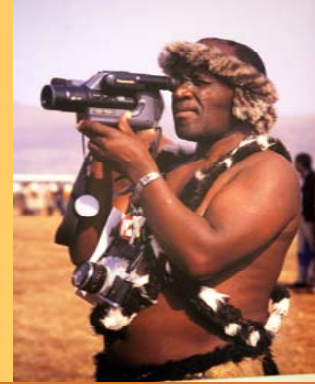


Radio Teemaneng  
Northern Cape



Kraft Media Publications  
KwaZulu Natal

# Projects Funded by the MDDA

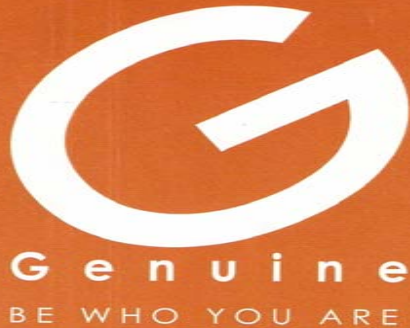
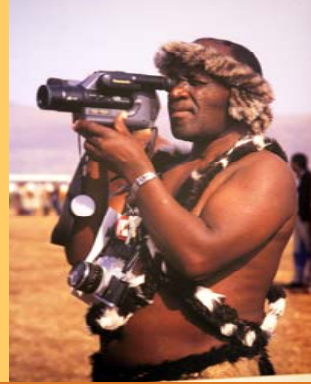


**Kraft Media Publications  
KwaZulu Natal**

“The provision of these funds has assisted KraftMedia Publications.

This funding has been beneficial to our company in that it allowed us the foundation on which to build, and this is of immense value to any organisation.”

# Projects Funded by the MDDA

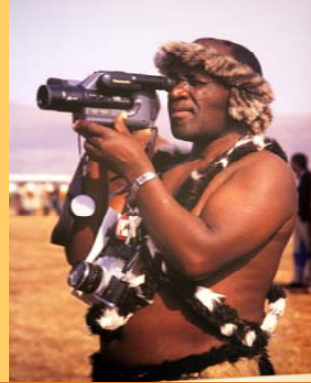


Genuine Magazine  
KwaZulu Natal

"I-Media Development and  
Diversity Agency iyona athi  
uMs Mbali Dhlomo, Managing member,  
imsizile ngokumqeqesha kabusha  
yena nabasebenzi, yamxhasa ngemali."  
Isolezwe, 18 January 2007  
Kwana, 19 January 2007.

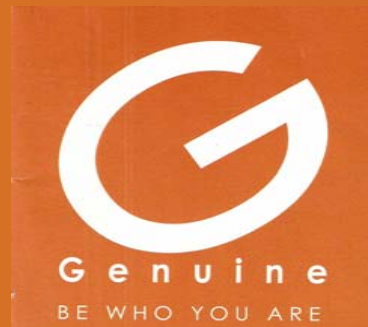
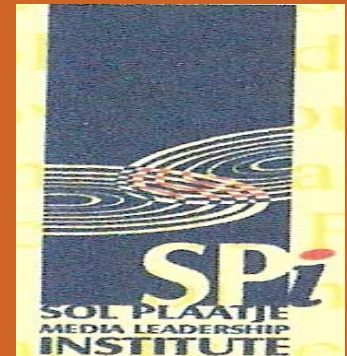
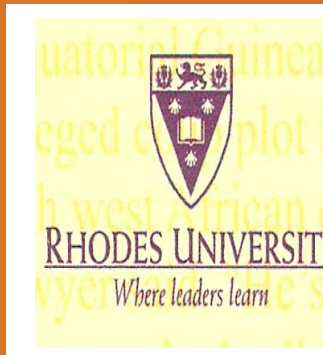
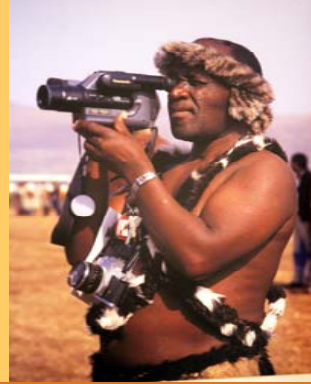


# Milestones to date including the year under review – cont.

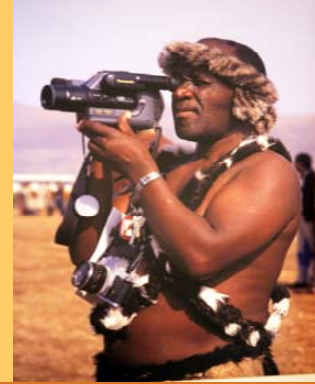


- Of the supported projects, more than 23 are new and did not exist prior to MDDA intervention
- Community radio listener ship has increased significantly. Community Radio accounts for just over 20% of the total radio audience. (Motswako Media, April 2007 and [www.saarf.org.za](http://www.saarf.org.za) )
- Provided more than 41 different media managers with bursaries, since January 2004. In the year under review, 2006/7, 6 bursaries were provided to 6 projects.
- Provided mentoring support to a number of projects

# Projects Funded by the MDDA



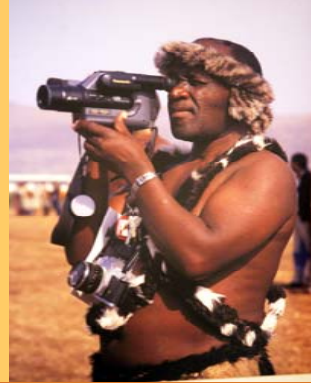
# Projects Funded by the MDDA



Francis Mdlongwa, Director  
Eastern Cape

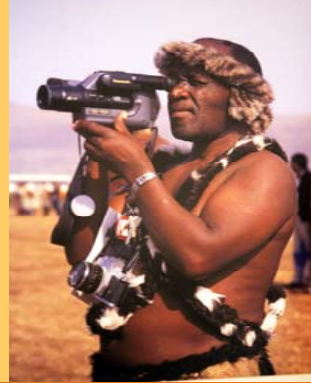
"I write to express my Institution's deep gratitude for the financial support that the MDDA gave to community media editors and managers who participated at the recent Essentials of Newspaper Management course. All these participants also urge the MDDA to continue to fund media workers from the community media to attend professional courses to upgrade their skills and knowledge, especially in Essentials of Newspaper Management."

# Milestones to date including the year under review – cont.



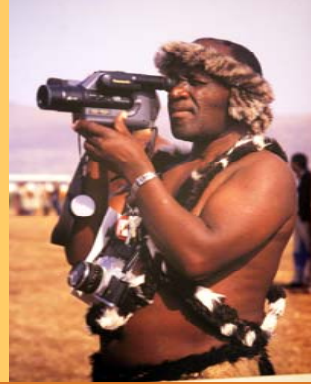
- Development of a database of grassroots publications in partnership with AIPSA
- Funded media presenting women, children, people with disabilities, the elderly in media, gay and lesbian issues in the media

# Milestones to date including the year under review – cont.



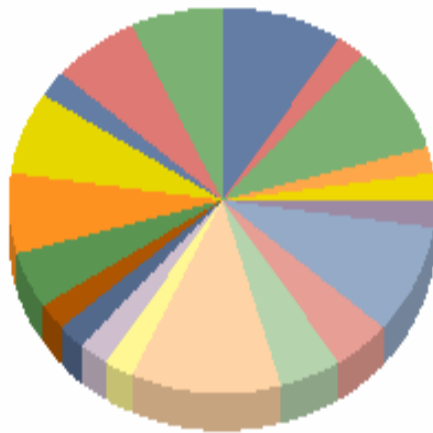
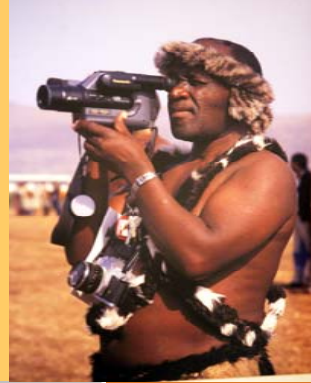
- Completed research work done into challenges facing the community and small commercial media sector. Board deliberated over these reports and some have been discussed with stakeholders. Some of the findings have informed the strategic focus for 2007 – 2010. The following reports are available on the website, [www.mdda.org.za](http://www.mdda.org.za):
  - Printing, Distribution, Circulation and Marketing of the Grassroots Press in South Africa ,
  - Equal in the eyes of the media: Research into visibility and access to the media by underserved groups,
  - Envisioning TV: Research in the Policy, Strategy and Models for the Sustainable Development of Community Television in South Africa

# Milestones to date including the year under review – cont.



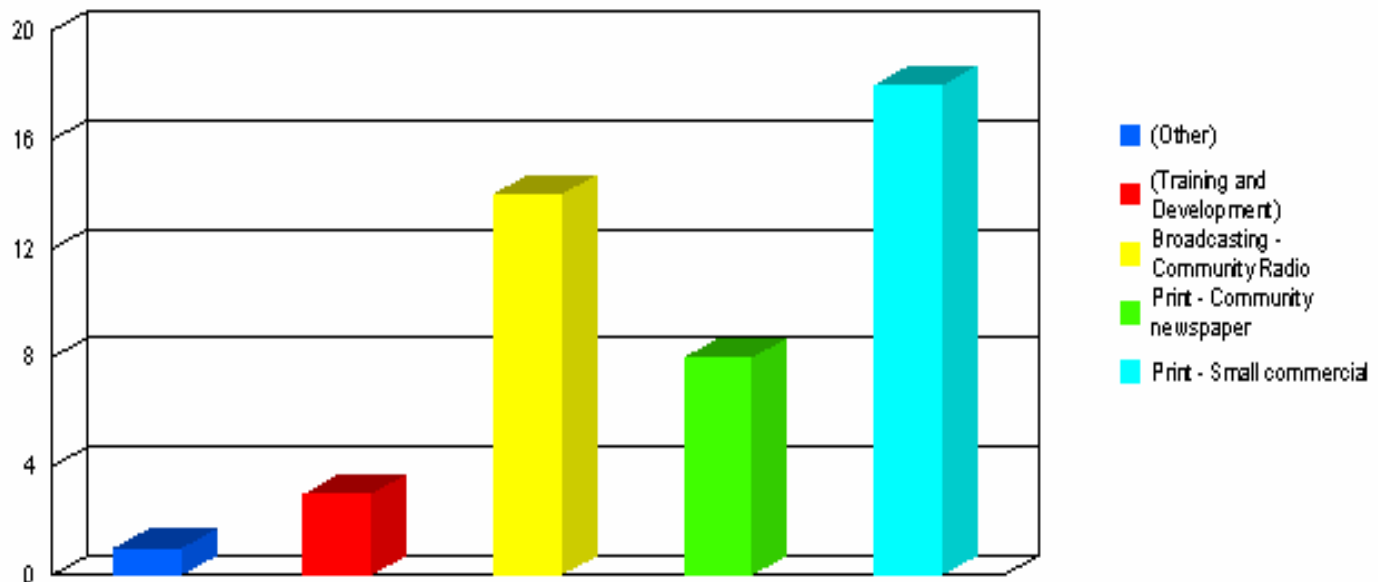
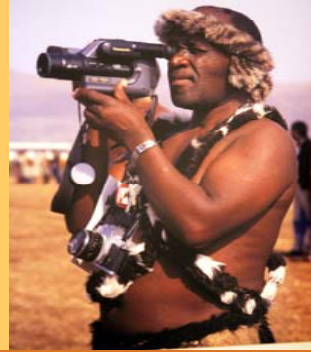
- In the year under review, the quality of documents for submission to the Board was significantly improved. This has had a huge difference in respect of increasing the amounts and number of projects approved by the Board.
- For example, in August Board meeting, 14 applications amounting to R5.9 m were submitted to the Board and R5.6m was approved. Similarly, in November Board meeting, 22 applications amounting to R35m were submitted and 16 projects amounting to R11.3m were approved. In March 2007 Board meeting, 8 applications amounting to R9m were submitted and 7 projects amounting to R6m were approved.

# Breakdown of Approved Projects by District Municipality



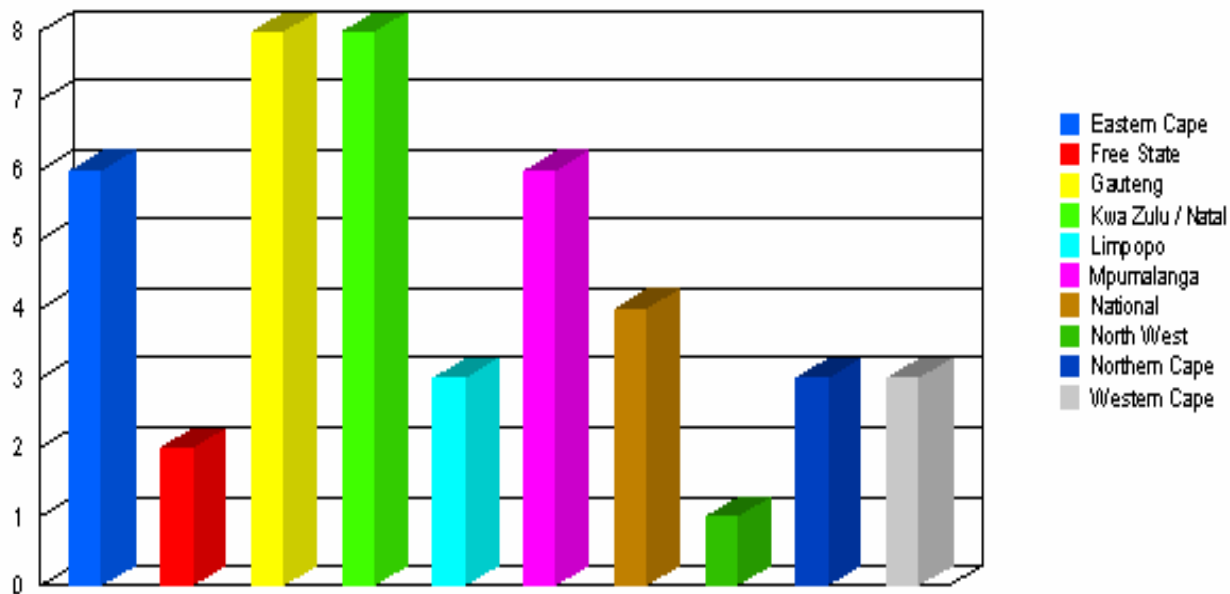
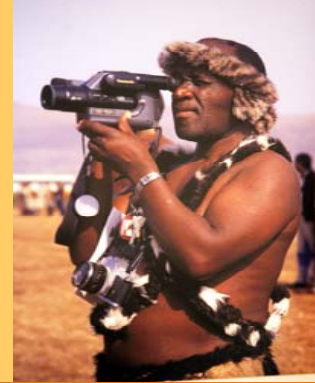
(National)	9.1%
Eastern Cape - Alfred Nzo	2.3%
Eastern Cape - Amathole	9.1%
Eastern Cape - Chris Hani	2.3%
Free State - Fezile Dabi	2.3%
Free State - Xhariep	2.3%
Gauteng - City of Johannesburg Metropolitan Municipality	9.1%
Gauteng - City of Tshwane Metropolitan Municipality	4.5%
Gauteng - Ekurhuleni Metropolitan Municipality	4.5%
Kwa Zulu / Natal - Ethekewini Metropolitan Municipality	11.4%
Kwa Zulu / Natal - UGU	2.3%
Kwa Zulu / Natal - Umkhanyakude	2.3%
Kwa Zulu / Natal - Umzinyathi	2.3%
Limpopo - Capricon	2.3%
Limpopo - Greater Sekhukhune	4.5%
Mpumalanga - Ehlanzeni	6.8%
Mpumalanga - Nkangala	6.8%
North West - Central	2.3%
Northern Cape - Siyanda	6.8%
Western Cape - City of Cape Town Metropolitan Municipality	6.8%
Total:	100.0%

# Breakdown of approvals by sector

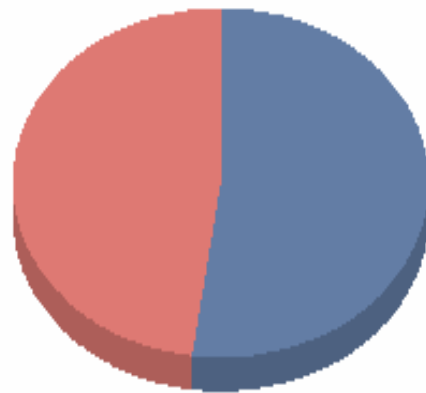
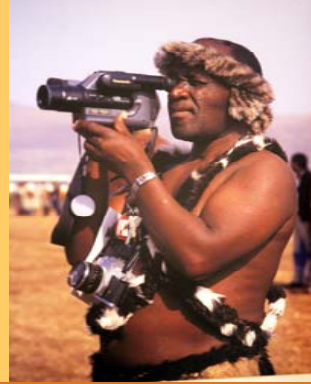




# Breakdown of approved projects per province

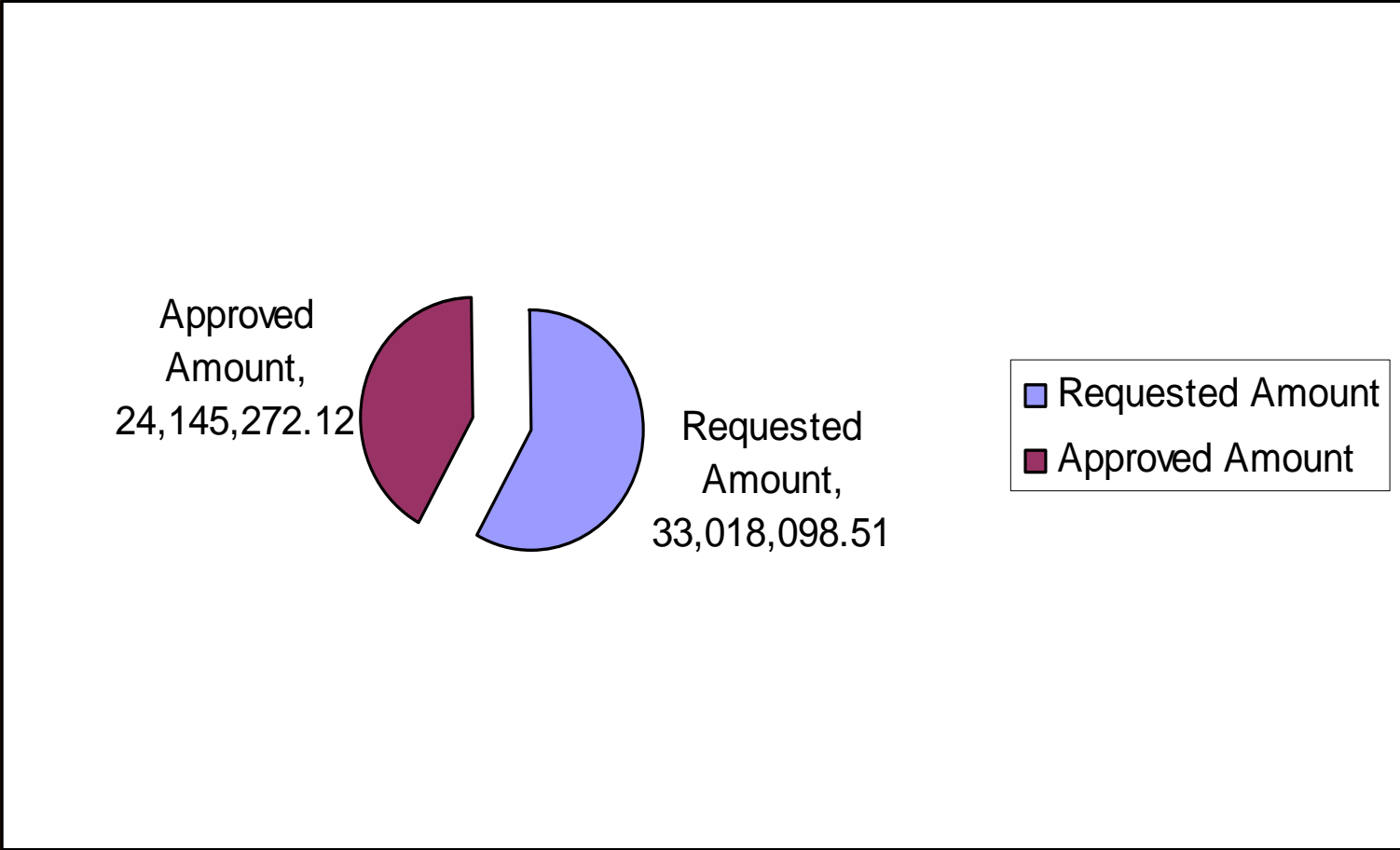
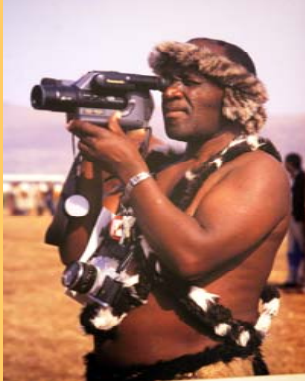


# Existing versus Emerging

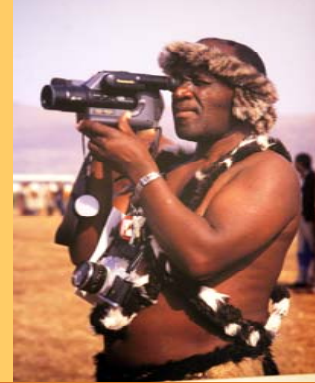


Emerging	52.3%
Existing	47.7%
Total:	100.0%

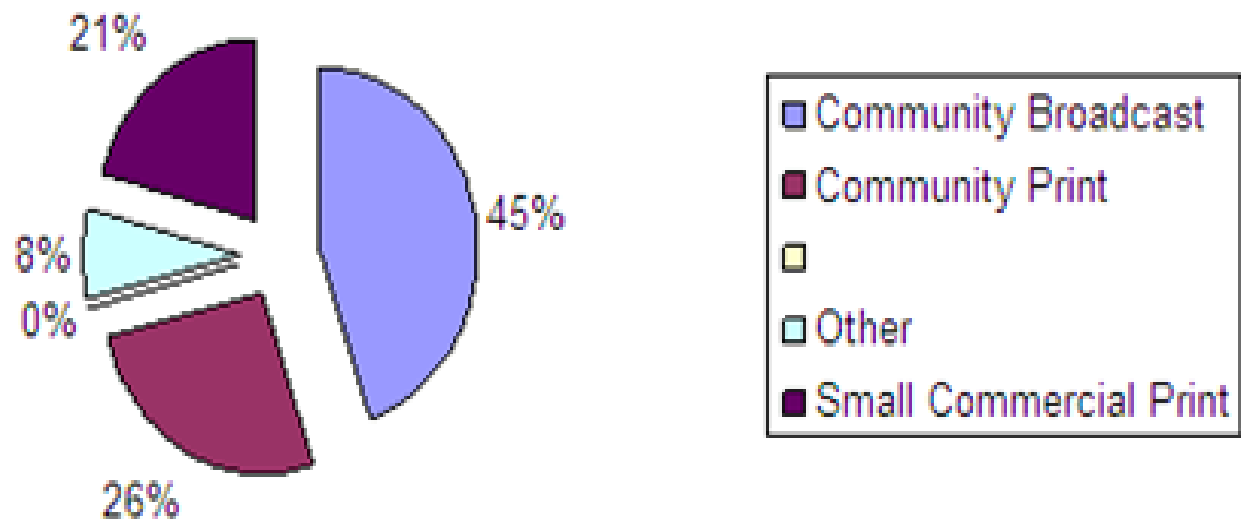
# Requested Amounts versus Approved Amounts



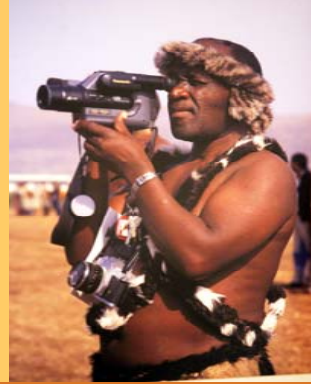
# Approved Amounts per Sector



**Breakdown of Approved Amounts per Sector**

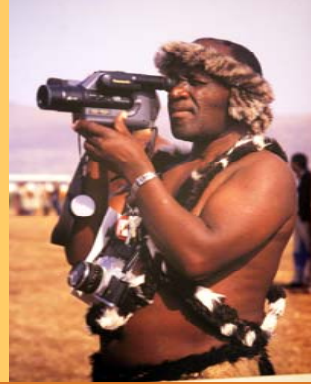


# MDDA operations 2006/7



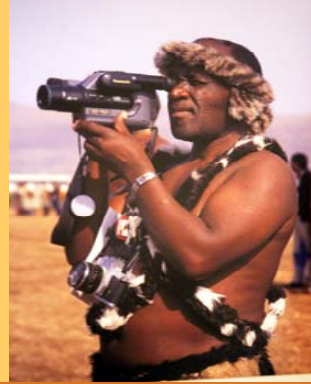
- 13 staff employed
- The CEO, Mr. Lumko Mtimde was appointed in April 2006, commencing his employ in July 2006; the new CFO, Mr. Mbuyiseni Jafta commenced in November 2006 and the Projects Director, Ms Jayshree Pather commenced in June 2006.

# MDDA operations 2006/7

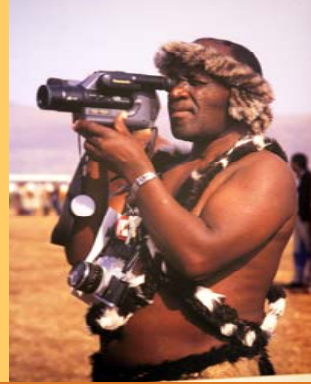


- Procedures and systems in place. Organizational and Management Policies are being reviewed, to align them with the legislative framework and to accommodate the growth.
- A correct template for performance indicators, in line with Treasury Regulations have been developed, in response to the audit finding.

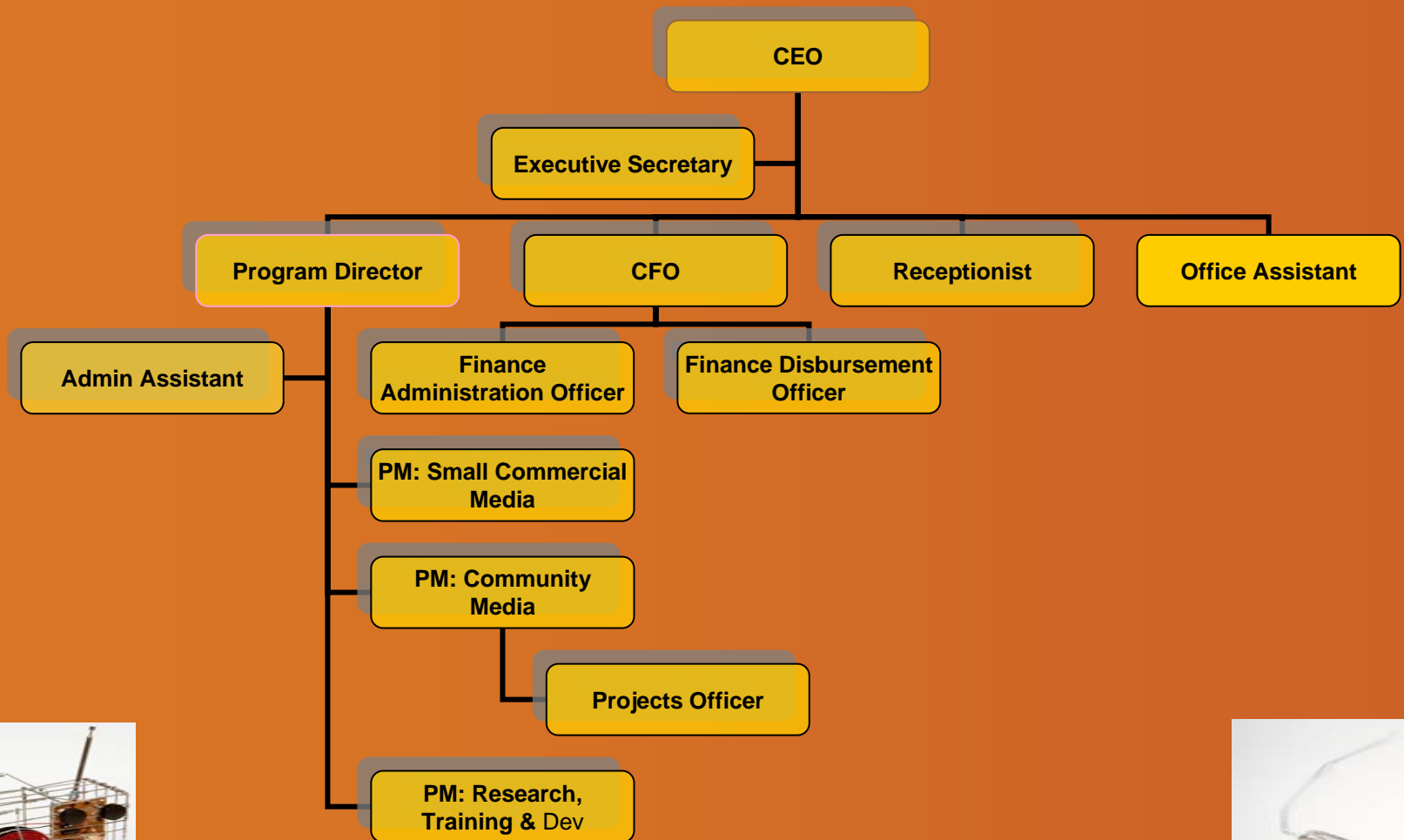
# MDDA operations 2006/7



- Accordingly, the Strategic Plan objectives, programme outputs and measurable objectives are aligned with the allocated budget.



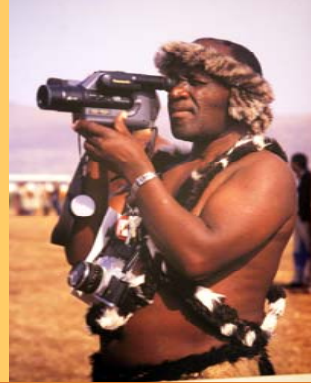
# Organogram 2006/7





# Finances 2006/7

(For financial year 01 April 2006 to 31 March 2007 )

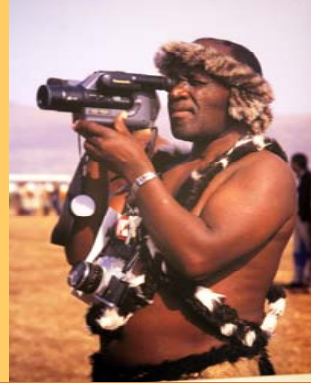


## ■ Income

■ Government	R 9.620m
■ Print Partners	R4.8m
■ Broadcast Partners	R5.3m
■ Other Income	R 67 000.00
■ Interest	R2.683m
■ <b>Total Income</b>	<b>R22,470,000.00</b>

# Finances 2006/7

(For financial year 01 April 2006 to 31 March 2007 )



## ■ Print Partners

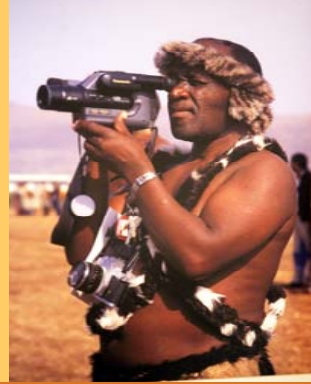
- Independent Newspapers (Pty) Ltd
- Johnnic Publishing Ltd
- Media 24 Ltd
- CTP/CAXTON

## ■ Broadcast Partners

- Midi TV Pty Ltd (e-tv)
- Kagiso Broadcasting (Pty) Ltd
- Electronic Media Network Ltd (M-Net)
- Primedia Broadcasting (Pty) Ltd
- South African Broadcasting Corporation Ltd (SABC)

# Finances 2006/7

(For financial year 01 April 2006 to 31 March 2007 )



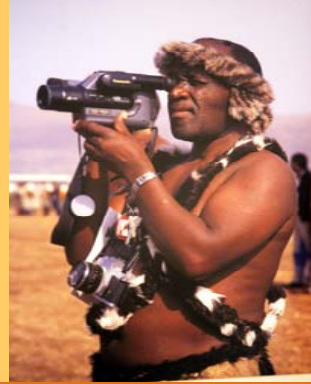
## ■ Expenditure

– Grant costs	R24 431 000
– Personnel	R 3 091 000
– Administrative	R 3 104 000
– Depreciation	R 221 000

■ **Total Expenditure**                      **R30 847 000**

# Finances 2006/7

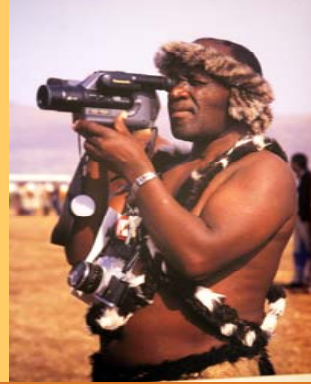
(For financial year 01 April 2006 to 31 March 2007 )



- Total Administration costs (incl. depreciation) R 3,325
- Total Administration costs (excl. depreciation) R 3,104
- Personnel Exp R 3,091 (excluding the other expenses, in terms of total costs to company approach)
- Training Exp R 57,273
  
- Administration cost as a % of total income ( includes personnel costs) 25%
- Personnel cost as a % of total income 13.7%
- Training cost as a % of total income 0.25%

# Finances 2006/7

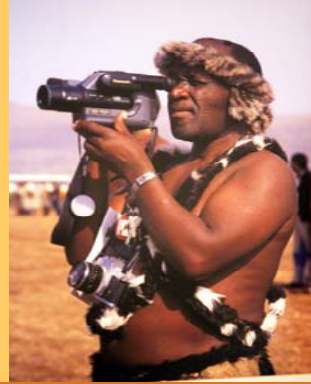
(For financial year 01 April 2006 to 31 March 2007 )



- Community Print R 6,326,727.00 (26%)
- Community Radio R10,818,472.50 (45%)
- Small Commercial R 5,000,071.12 (21%)
- Research R 0 (please note that there were no Research projects approved for the 2006/07 Financial Year)
- Other R2,000,000,00 (8%)

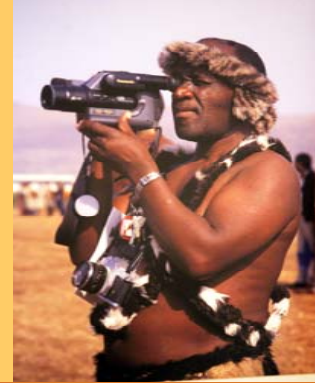
# Finances 2006/7

(For financial year 01 April 2006 to 31 March 2007 )



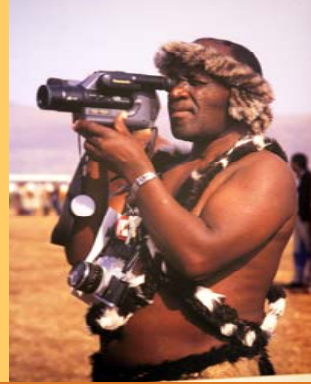
■ Total Revenue	R22. 470m
■ Total Expenses	R30. 874m
■ Deficit for the year	R 8. 337m

# 2007 and beyond (a few highlights)



- Analysis of the ECA implications to the Agency operations :
  - USAASA and MDDA held a joint workshop in August 2007
  - A Broadcasting Service Licensees Roundtable was held (yesterday) 22<sup>nd</sup> October 2007, in preparation for renewing the funding agreements and making submissions to ICASA, in terms of the Notice 1149 of 2007.
  
- Review of Regulations, Policies, Procedures, Systems and processes is ongoing in order to adequately respond to the ECA envisaged to the

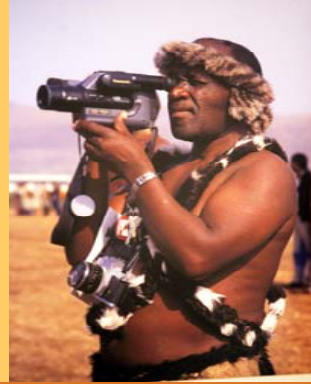
# 2007 and beyond (a few highlights)



- Evaluations are planned on range of projects previously supported and impact assessments thereof.
- Continue conducting research, in particular on the historically diminished indigenous languages and cultural groups, and challenges thereof
- Develop sustainable solutions, in pursuit of media development and diversity.
- Continue to providing grants in response to applications for media development and diversity.
- Develop strategies with sector, to build stronger provincial media networks and/or hubs.

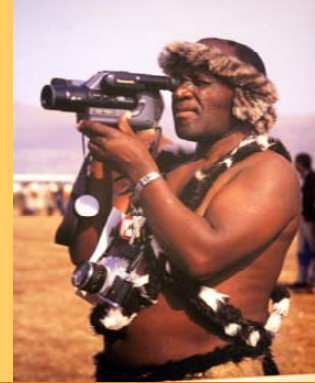


# 2006 and beyond (a few highlights)



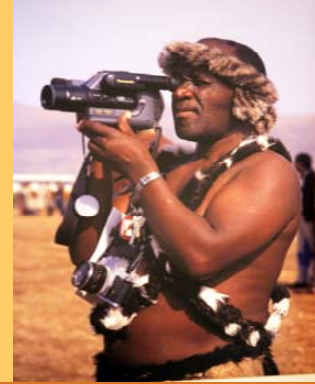
- Continue to build credibility of grassroots media
- Together with the sector, will plan to resolve challenges regarding access to advertising revenue for community and small commercial media
  - Accordingly an Advertising and Marketing Workshop was held on the 17<sup>th</sup> April.

# 2006 and beyond (a few highlights)



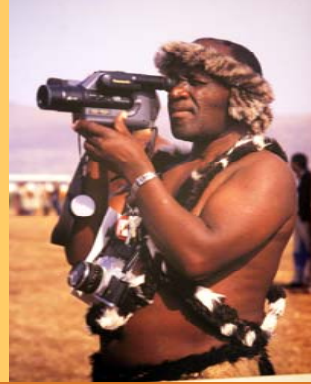
- Together with the sector, will develop strategies to resolve printing and distribution challenges facing the community and small commercial print media:
  - A meeting was held on the 18<sup>th</sup> September 2007 here in the Western Cape
  - Similarly, a number of sessions have been held with the Eastern Cape Community Media Hub
  
- Will develop approaches for supporting community television.
  - A Summit was held on the 03<sup>rd</sup> and 04<sup>th</sup> April 2007

# 2006 and beyond (a few highlights)



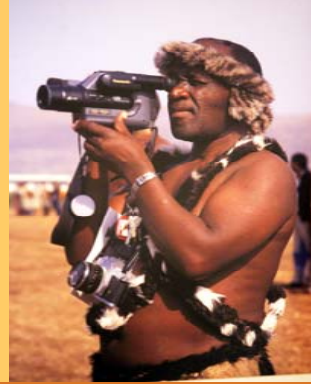
- ***To promote and strengthen the small commercial print and community***
  - At least 1 community radio per district municipality funded
  - At least 1 community newspaper per district municipality funded
  - At least 1 community television per province funded
  - 1 media co-operative per district funded guided by the feasibility study on the viability of co-operatives
  - At least 1 hub per province (print & radio) funded
  - Number & range of student media funded

# 2006 and beyond (a few highlights)



- *To promote and strengthen the small commercial print and community*
  - Number & range of atypical media funded
  - Number & range of new media funded
  - 13 CRs in the nodal areas funded
  - Number & range of content development initiatives
  - Number and spread of small commercial newspapers, online newspapers and/or magazines funded

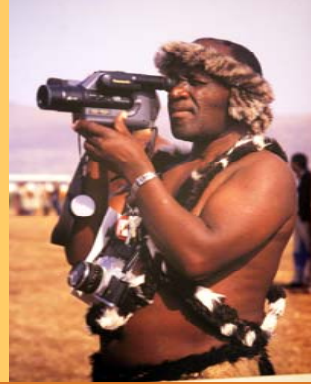
# Funding 2007/2008



Income: R22m

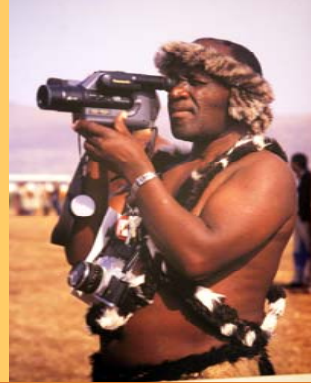
- R11.991m Government
- R5.3m Broadcasting partners
- R4.8m Print partners

# Budget Challenges 2007/8



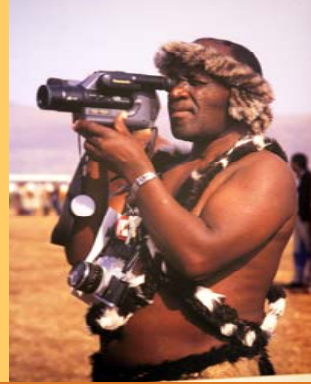
- MDDA has to meet regulatory and funding agreements requirements
  - Regulations divide funds between small commercial, community and research
  - Funding agreements divide between print and broadcast
  - Funding agreements specify no more than 10% to administration and research
  - Funding is on different cycles

# Challenges ahead



- Capacity of sector to absorb and account for funds – most projects need training initially, then support. Hence, our mentorship approach and a training plan on financial management for all beneficiaries.
- Reaching media neglected communities, in particular the rural areas.
- Reality of some communities being in need of continuous support, due the socio-economics in their areas.

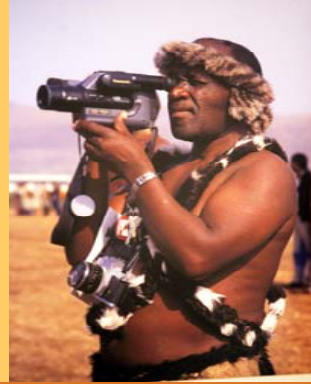
# Challenges ahead for new media



- Further challenges faced by this sector would range from (amongst others) :
  - Projects losing skills, given the ongoing movement of skilled activists of the sector,
  - irrelevant programming and
  - the lack of sustainability strategies in some projects.

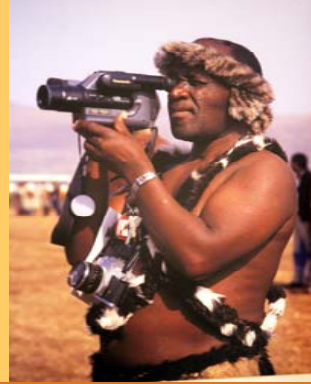


# Challenges ahead for new media



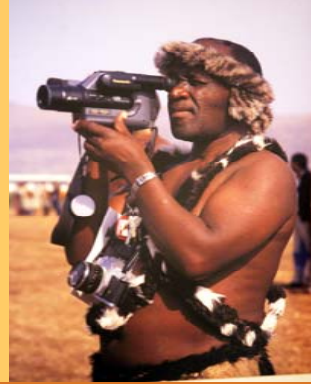
- Accordingly this requires that community media projects :
  - (i) develop ongoing on-site / station based capacity building and training strategies and plans;
  - (ii) encourage and ensure ongoing community participation in the projects,
  - (iii) constantly engage with community organisations and follow through community developments, in order to remain relevant,
  - (iv) develop community based sustainable strategies and programmes.

# Challenges ahead for new media



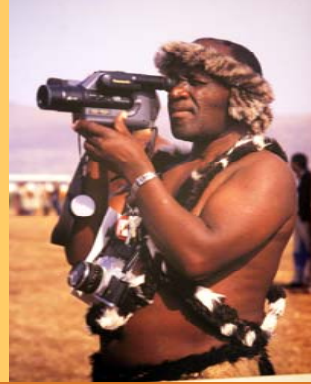
- Community television also faces specific challenges, like :
  - Frequency spectrum scarcity
  - Development of a best model of Community TV for S.A.
  - Sustainability strategies.
- Other challenges for print media, would also include :
  - Advertising and marketing
  - Printing resources
  - Distribution
  - Etc.

# The Agency going forward

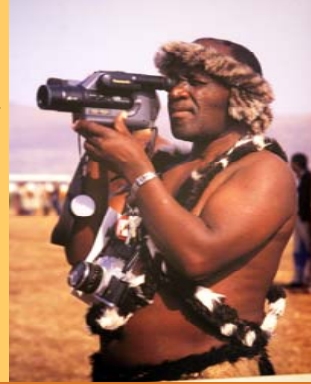


- Continued compliance with relevant legislations, regulations and funding agreements
- Further inroads into underserved communities, in order to decrease the information gap between communities where there is still no access to media
- Creation of an environment of language diversity and access to different forms of media by all

# The Agency going forward



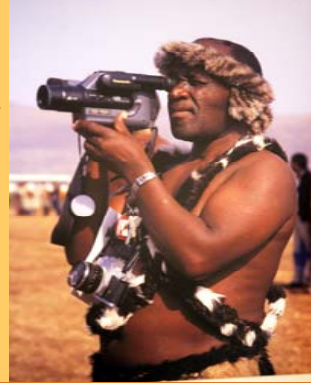
- We hope -
  - to ensure diversity of media in each and every municipal district of our country.
  - to ensure increased media in different indigenous languages, reflecting unity in diversity,
  - to ensure rural communities are empowered, jobs are created, poverty is alleviated and we have an informed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



# Conclusion

- Chair, 5 Board members are completing their terms of office at the end of this year.
- The Agency would like to express vote of thanks to the Committee for its support to the Board and Management.





# Conclusion

- Also, the Agency would like to take this opportunity to thank these Board members for their outstanding contribution in establishing this Agency and to media development and diversity.
- Thank you

