



Podnet Guide to South Africa 2008/09
COMMUNICATIONS

South Africa boasts an outstanding telecommunications infrastructure and a diversity of print and broadcast media.





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With a network that is 99% digital and includes the latest in fixed-line, wireless and satellite communications, South Africa has the most developed telecommunications network in Africa.

Statistics South Africa, in its *Consumer Survey of 2007*, reported an increase in the ownership of radios, televisions, computers and cellphones between 2001 and 2007.

In 2001, the survey reported a 32,3% cellphone ownership. This grew to 72,9% in 2007. Radio ownership grew from 73% in 2001 to 76,6% in 2007. Computer ownership increased from 8,6% in 2001 to 15,7% in 2007, while television ownership rose from 53,8% in 2001 to 65,6% in 2007.

The demand for landline telephones decreased from 24,4% to 18,6% over the same period owing to an increase in the popularity of cellphones. No comparison could be made with the 2007 survey on Internet facilities, which recorded an ownership of 7,3%.

Such increases demonstrate that more South Africans are being exposed to information and communications technology (ICT).

The Universal Services and Access Agency of South Africa (Usaasa) is supporting the establishment of a number of multi-media centres, cyberlabs and telecentres in various parts of the country.

Access

The Electronic Communications Act, 2005 seeks to remove policies that hinder the development of cross-sector applications, services and businesses. The Act enables the sector to reflect the integration of telecommunications with information technology (IT), broadcasting and broadcasting signal distribution.

It also empowers citizens with better access to knowledge and information. The Telecommunications Amendment Act, 2001 has enabled the Department of Communications to liberalise the South African telecommunications market, increase competition and, as a by-product, stimulate the sector to bring down the costs of communications and remove constraints on growth.



The department has identified the following priority areas:

- **Broadcasting Digital Migration Strategy:** The first terrestrial digital signal was switched on on 1 November 2008 and the analogue one will be switched off on the same date in 2011, giving the country a dual illumination period of three years. The strategy was approved in July 2008. This was an historic milestone in the country as South Africa joined pioneer countries in the ICT sector.
- **Universal Service and Access Policy and Strategy:** Usaasa was established in terms of Section 58 of the Telecommunications Act, 1996. The main role of the agency is to promote universal service and access to ICTs and services for all South Africans. It also facilitates and offers guidance in evaluating, monitoring and implementing schemes, which propose to improve universal access and service. In addition, it is involved in setting up telecentres, which provide ICT services, especially in rural areas, on a cost-recovery basis.

Mobile communications

In recent years, South Africa has witnessed tremendous growth in the cellphone industry. South Africa has four operators, namely Vodacom, MTN, Cell C and Virgin Mobile.

Internet

African Internet usage has trebled to more than 12 million since 2000. South Africa remains the continent's dominant Internet centre, with more than a quarter of Africa's users. Johannesburg-based companies are central to the Internet industry. Nine of the 12 major Internet service-providers listed by the Internet Service-Providers Association (www.ispa.org.za) are based in Johannesburg.

The Johannesburg Internet Exchange is the larger of two national hubs that connect Internet service-providers to a single network. Most Johannesburg hotels are online, and all but the smallest businesses have access, usually via a fixed line. Internet cafés are readily available, particularly in areas where tourists congregate.



Telkom

Telkom has been operating as a commercial company since October 1991 and is the largest provider of communications services in Africa, according to operating revenue and assets.

For the financial year to 31 March 2008, the Telkom Group posted strong financial results:

- operating revenue up 9% to R56,3 billion
- operating profit increased by 0,1% to R14,5 billion
- cash generated from operations increased by 3,6% to R21,3 billion
- ADSL subscribers grew 61,2% to 412 190, just short of Telkom's target.

Neotel

South Africa's second landline operator, Neotel, aims to reduce the cost of doing business by enhancing the operational efficiencies of companies through the optimal use of advanced ICTs.

The company's various telecommunications licences allow the company to provide the entire range of telecommunications services with the exception of full mobility.

Postal sector

The Government-subsidised South African Post Office (Sapo) is required to provide a basic letter service that is reasonably accessible to all.

Sapo delivers almost six million letters per day to 10 million addresses in South Africa. It has 2 550 outlets covering the length and breadth of South Africa.

The E-Skills Academy of South Africa, launched in March 2008, was formed by Oracle Corporation, in collaboration with other major multinational information technology companies and the Department of Communications.



The academy focuses on the accelerated delivery of internationally accredited information and communications technology courses and professional qualifications that are specifically designed to meet the "job-ready" skills requirements of technology users throughout the South African economy.



In 2008, the South African Post Office printed two million postage stamps with Nelson Mandela's picture to mark the occasion of Madiba's 90th birthday. Two different stamps were released. The first was a domestic postage stamp costing R2,05, featuring a photo of Mandela taken by Halden Krog. The second was an international postage stamp costing R4,90, featuring a more demure portrait painted by Cyril Coetzee.



Annually, Sapo prints more than 384 million stamps and serves stamp collectors and dealers throughout the world.

Several initiatives via Sapo have also resulted in bringing ICT services closer to the people, such as:

- launching the Postbank visa card for elderly clients, reducing the necessity to carry cash
- opening 72 new post offices, of which 52 are in rural under-serviced areas
- concluding agreements with seven municipalities for the collection of municipal rates and taxes
- partnering with provincial governments in the renewal of motor-vehicle licences
- partnering with the South African Social Security Agency in the disbursement of social-security grants.

South Africa's first stamp, the Cape Triangular, was issued in the Cape of Good Hope in 1853 and is valued at about R1 million.



The media

South Africa's Bill of Rights guarantees the freedom of the press and other media.

Broadcasting

The independence of the public broadcaster, the South African Broadcasting Corporation (SABC), is guaranteed by legislation. The SABC is being corporatised and restructured to better fulfil its mandate.



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The SABC reached an agreement with FIFA on the establishment of public viewing areas outside the host cities, to ensure that more South Africans will share in the experience of the 2010 Soccer World Cup. The SABC is working with the provincial and local governments on the location of these areas.



Radio

In 2008, the SABC's national radio network comprised 18 stations broadcasting in 11 languages, reaching an average daily adult audience of 19 million.

SABC News provides news and current affairs services to both SABC radio and television. For its domestic coverage, SABC News has 13 editorial offices, while world news is provided by strategically placed news bureaus, foreign correspondents and international news agencies.

Copy supplied to Radio News amounts to almost a million words a day, and is compiled around the clock into a weekly total of 300 bulletins and 27 current affairs programmes. Programmes are produced weekly in 11 languages on the SABC's radio services.

There is a public broadcasting service radio station for each language group.

Channel Africa Network comprises four language services, reaching millions of listeners throughout Africa. Broadcasts are in English, French, Kiswahili, Portuguese, Chinyanja and Silozi. The network targets audiences in Africa and the Indian Ocean islands, and concentrates on providing programmes with African content.

The Independent Communications Authority of South Africa has granted licences to the following private radio stations:

- Radio Algoa
- Classic FM
- Kaya FM
- YFM
- Highveld Stereo
- Radio 702
- Radio Jacaranda
- Radio Oranje



In August 2008, Cabinet noted progress that had been made on information and communications technology interventions, particularly regarding broadcasting digital migration and the deployment of submarine cables:



- Infraco had reserved manufacturing slots with suppliers for the African West Coast Cable. The main objective of the cable is to ensure the sufficient supply of broadband and connectivity with the European markets.
- On the UHURUnet broadband undersea cable, agreements had been reached with Nigeria and discussions were underway with Kenya to finalise implementation plans.

- East Coast Radio
- P4
- Cape Talk MW
- Radio KFM

Community radio stations have a huge potential for the support of, among other things, cultural and educational information exchanges. These radio stations use all indigenous languages, ensuring that people receive information in languages they understand.

Television

South Africa has the largest television audience in Africa. There are more than four million licensed television households.

The SABC's national television network comprises three full-spectrum free-to-air channels and one satellite pay-TV channel aimed at audiences in Africa. Combined, the free-to-air sound broadcasting stations broadcast in 11 languages and reach a daily adult audience of almost 20 million people via the terrestrial signal distribution network and a satellite signal.

In October 1998, the country's first privately owned free-to-air television channel, e.tv, started operations.

M-Net became South Africa's first private subscription television service when it launched in 1986. Today, it broadcasts its array of general entertainment and niche channels to subscribers in more than 50 countries across the African continent and adjacent Indian Ocean islands.



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MultiChoice Africa (MCA) was formed in 1995 to manage the subscriber services of its sister company, M-Net. It became the first African company on the continent to offer digital satellite broadcasting. In July 2008, Multichoice launched high-definition television, the first in Africa.

MCA is 100% owned by the MIH Group, which is listed on the JSE Ltd, the Nasdaq in New York, and AEX in Amsterdam.

Print

Technically, the local print media rate among the best in the world. This is one reason why newspapers and magazines have held their own in a volatile information era, identified by the vast development of various new forms of media-delivery platforms via the Internet.

Biggest weekly and daily newspapers	
January to March 2008	
Weekly papers	
Sunday Times	504 193
Soccer-Laduma	292 701
Rapport	301 827
Sunday World	203 460
Sunday Sun	202 524
Daily papers	
Daily Sun	499 436
The Star	68 993
Daily News	52 018
Sowetan	145 173
Beeld	105 149

Source: Audit Bureau of Circulations



South African newspapers and magazines are mainly organised into several major publishing houses: Media24 (part of Naspers, the largest media group in Africa), the Irish-based Independent News & Media (Pty) Ltd group, Caxton Publishers & Printers Ltd, and Avusa Ltd. Other important media players include M & G Media Ltd; the Natal Witness Printing & Publishing Company (Pty) Ltd; Primedia Publishing Ltd; Ramsay, Son and Parker (Pty) Ltd; and Kagiso Media.

Since 1994, the major press groups have embarked on programmes to boost Black Economic Empowerment in media ownership.

Newspapers

The Audited Bureau of Circulations' figures for the first quarter of 2008 were released on 15 May 2008. When circulation information for the first quarter in 2008 was compared with that of the same period in 2007, it emerged that daily newspapers had shown no growth, local weekly newspapers had shown a decline of 11,3% and community newspapers had grown by 6,2%, almost certainly the result of six new titles. Free newspapers grew by 12,9%, with 13 new titles added, and four titles eliminated.

Almost 150 regional or country newspapers, most of which are weekly tabloids, serve particular towns or districts in the country by covering local affairs and carrying local advertising. Most are published in English or Afrikaans, and many are bilingual. The most popular publication day is Thursday, followed by Tuesday, and the bigger publications appear twice weekly.

The only truly national newspapers are the *Sunday Times*, *Rapport*, *Sunday Independent*, *Sunday Sun*, *City Press*, *Sunday World* and *Sunday Tribune*.

Magazines

The magazine industry in South Africa is fiercely competitive, with new titles appearing all the time, despite the worldwide challenge from electronic and interactive media. Judging from the proliferation of titles on the shelves in supermarkets and bookstores, many readers are still attracted to print.



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Top 10 magazines based on net sales, January to March 2008

- 1 Huisgenoot
- 2 You
- 3 Move!
- 4 TV Plus
- 5 Sarie
- 6 Cosmopolitan
- 7 People
- 8 Rooi Rose
- 9 Car
- 10 True Love

Source: Audit Bureau of Circulations

The trend to target certain niche markets with specialised publications is popular in the magazine industry and has led this section to grow, with 40% more titles over the last 10 years.

However, there is evidence to suggest that the overall reading population in South Africa is shrinking, which is a concern for the industry.

Weeklies *Huisgenoot* and *You* are the two biggest money-making magazines in South Africa.

Among the monthlies, women's magazines are still the most widely distributed despite declining sales. *Sarie*, *Rooi Rose*, *Cosmopolitan*, *Move!* and *True Love* are all in the top 10.

In 2008, the Nat Nakasa Award for Courageous Journalism was awarded to Max du Preez.



Online media

Creamer Media's industrial and political websites dominate the fastest growing sites. According to Nielsen Online, *Engineering News* was the fastest growing website in South Africa in 2007,



growing by 190%, from 23 455 unique browsers (UBs) in March 2007 to 67 924 in March 2008. The overall market grew by 44% in the same period, from 3,4 million to 4,9 million UBs.

Creamer Media produces three of the four fastest-growing sites – *Engineering News*, *Mining Weekly* and *Polity*.

News24 was the most popular South African website, with over 1,1 million UBs in March 2008. Of the 10 most popular websites with comparable data in 2007 only *SuperSport* (103%) and *Yellow Pages* (51%) had a growth rate of above overall market growth (44%).

News agencies

The national news agency, the South African Press Association, is a co-operative, non-profit organisation.

The main foreign news agencies operating in South Africa are Reuters, *Agence France-Presse*, Associated Press, *Deutsche Presse-Agentur* and United Press International.

SABC TV News flights 27 stand-alone daily bulletins on four channels, covering all 11 official languages.



Media diversity

The independent Media Development and Diversity Agency (MDDA) is jointly funded by government, the media and other donors.

Headed by a nine-member board, the MDDA works to foster diversity, particularly in community and small commercial media, and to redress imbalances in the industry.

The MDDA awarded its first grants to community and small commercial media projects in January 2004.

By January 2008, the MDDA had spent about R55 million in grants for 172 media projects. More than 40 of those did not exist prior to the establishment of the MDDA.

Advertising

Several South African agencies are active in Africa. The industry is self-regulated through the Advertising Standards Authority.



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South African marketers spend a lot on advertising. According to Nielsen AdDynamix, gross expenditure for the year ending June 2008 was R24,1 billion, up 11,2% from R21,7 billion in the previous 12-month period.