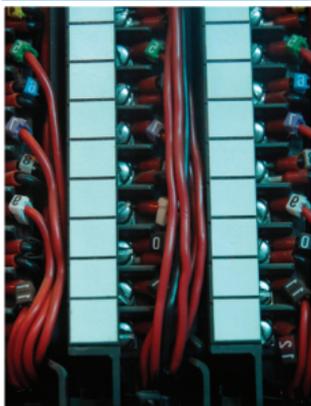


POCKET GUIDE TO SOUTH AFRICA



COMMUNICATIONS

Pocket Guide to South Africa 2011/12 **COMMUNICATIONS**

Between 2007 and 2010, the information and communications technology (ICT) market grew by over R131 billion to R179 billion. It was estimated that the sector would grow to R187 billion in 2011, with an estimated figure of R250 billion by 2020. This growth will be driven by the rapid uptake and use of data and applications-driven mobile communications.

Access

The Department of Communications' mandate is to create a favourable ICT environment, ensuring that South Africa has the capacity to advance its socio-economic development goals and support the renewal of Africa and the building of a better world.

Broadband is an essential digital resource for accessing basic services, products, commerce and job creation. Broadband has the potential of creating opportunities and opening new markets that allow businesses to grow.

Given the strategic importance of this enabling infrastructure, the Department of Communications, together with the ICT industry, have committed to delivering 100% broadband penetration and delivering a million jobs by 2020.

During 2011/12, the Department of Communications made substantial progress towards the implementation of the Broadcasting Digital Migration Policy. In February 2012, final amendments to the policy were published in the *Government Gazette* for implementation by various role players. The Independent Communications Authority of South Africa (Icasa) has commenced with the process to finalise the Digital Terrestrial Television regulations.

The South African Bureau of Standards (SABS) Standard, according to which locally manufactured set top boxes (STBs) will be built, was launched at the inaugural ICT Indaba in June 2012.

The department aims to finalise the selection process of suitable STB manufacturers in 2012. This is an important area of job creation and government expects it to create an estimated 23 500 jobs across the value chain.

ICT infrastructure is a basic foundation for economic competitiveness. During the last few years, government has increased investment in infrastructure to create jobs and stimulate the economy. Government will accelerate broadband-infrastructure spending.

The West African Cable System (WACS), the fifth submarine cable system to link South Africa to the rest of the world, was formally launched in May 2012, promising further improved bandwidth connectivity down the west coast of Africa.



WACS was initiated by the South African Government as a collaborative effort of African governments and leading telecommunications operators.

South African state company Broadband Infraco's investment in WACS entitles the company to 11,4% of the system's total capacity, which will help the country meet its target of providing broadband connectivity to all South Africans who need it by 2020.

It will also help the company to further reduce the cost of telecommunications in the country.

In this regard, an initial R450 million has been allocated, over the Medium Term Expenditure Framework (MTEF) period to provide broadband services.

Jobs will be created across various subsectors of the industry through:

- providing broadband infrastructure
- establishing content hubs for radio and TV animation
- e-cooperatives
- using ICT in further education and training colleges
- tailor-made solutions for small, medium and micro-enterprises
- digital broadcasting and the distribution of STBs
- rolling out PostBank.

The Department of Communications has developed the ICT Rural Development Strategy, which will be implemented in the 2012/13 financial year. The strategy, over the MTEF period, focuses on establishing new access centres in the 161 priority areas across the country, as identified by the Department of Rural Development and Land Reform.

The strategy also affirms government's commitment to connect all schools and health centres in the country.

During the 2012/13 financial year, government has prioritised the provision of broadband connectivity to 1 650 schools in all provinces as the initial phase of the implementation of the National Connectivity Plan for schools. This project is a result of a legacy project of the 2010 FIFA Soccer World Cup™. The broadband connectivity will enable schools to have access to the Internet, e-mails and hosting services.

A 2011 study revealed that more than half of the participants accessed the Internet on their cellphones daily.



Of the 8 000 people who were surveyed, 57% engaged in some form of banking or financial activity on their cellphones, including balance checks and the transfer of funds, while about 21% had paid a bill via their mobile service.

Eighty-nine per cent used their cellphones to research purchasing a digital or physical product.

Globally, 72% of participants used mobile Internet daily, while 18% no longer used fixed-line access to the Internet. Twenty-seven per cent of consumers said they would make purchases via their cellphone if security issues were better addressed.

Mobile communications

In recent years, South Africa has witnessed tremendous growth in the cellphone industry. Mobile penetration is estimated at more than 10%, which is one of the highest rates in the world. South Africa has five operators, namely Vodacom, MTN, Cell C, Virgin Mobile and Telkom.

Internet

Internet use in South Africa grew by 25% in the past year, according to the study by research company World Wide Worx and the howzit MSN online portal.

The 6,8 million South Africans using the Internet at the end of 2010 increased to 8,5 million by the end of 2011.

The number was projected to increase to more than 10 million people by the end of 2012. Penetration is approaching 20%.

The study showed that 7,9 million South Africans accessed the Internet via their cellphones.

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.

In October 2010, Telkom launched its mobile operator, 8ta. In September 2011, it launched Telkom Business Mobile, which focuses exclusively on the business market.

Postal sector

The South African Post Office delivers to an area exceeding 1,2 million km², with more than 2 400 outlets and 5 500 service

SABC News and Current Affairs is responsible for:

- 1 255 radio news bulletins in 13 languages on 18 radio stations every week
- 32 daily current affairs radio shows
- six television news bulletins broadcast daily and 10 television current affairs shows on SABC 1, SABC 2 and SABC 3 every week.



The SABC's online news service, *SABCNews.com*, attracts about 600 000 visits a month.

points. It is the largest business undertaking in the country. In 2011/12, over 1,71 million new addresses were rolled out to people in rural and underserved areas. The delivery standard attained was 96%, exceeding the target of 95% and improving on the previous year.

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.

Radio

The SABC's national radio network comprises 18 radio stations. Fifteen of these are dedicated specifically to public-service broadcasting and include 11 full-spectrum stations, one in each of the official languages of South Africa, a cultural service for the Indian community broadcasting in English, a regional community station broadcasting in isiXhosa and English, and a community station broadcasting in the !Xu and Khwe languages of the Khoisan people of the Northern Cape. The SABC boasts three stations in its commercial portfolio. They are 5fm, MetroFM and Good Hope FM.

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.

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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.

Icasa has granted licences to the following private radio stations:

- Radio Algoa
- Classic FM
- Kaya FM
- YFM
- Highveld Stereo
- Radio 702
- Radio Jacaranda
- Radio Oranje
- East Coast Radio
- P4
- Cape Talk MW
- Radio KFM.

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

By May 2012, there were 165 registered community radio stations in South Africa.

Television

The SABC's television network comprises three television channels – all free-to-air. SABC Television reaches a weekly audience of 26,6 million adults aged 15 years and older. South African television is broadcast in all 11 official languages and in Sign Language.

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

The Printing Industries Federation of South Africa (PIPSA) celebrated its 100th anniversary in 2011.

The R45-billion industry ranks sixth in South Africa, in terms of contribution to gross domestic product with more than 45 000 employees through six regional PIPSA chambers and more than 800 registered company members.



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.

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. MultiChoice provides digital media entertainment, content and services to multiple devices, which include pay TV subscriber services to more than 1,5 million customers.

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

The pay-television provider Top TV was launched in 2010.

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.

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

In February 2012, the Audit Bureau of Circulations (ABC) of South Africa reported that total daily-newspaper circulation increased by 114 000 copies in the fourth quarter of 2011, compared with the previous quarter, mainly due to increases in free and community newspapers. Some 97 000 fewer (a

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drop of 6,7%) daily papers were sold in the fourth quarter compared with the same quarter in the previous year, while single-copy sales declined by 7% and subscriptions by 8,3%.

The total circulation of weekend newspapers declined by 4,9% (108 000 copies) compared with the fourth quarter in 2010, as did single-copy sales (by 5,8% or 96 000 copies) and subscriptions (by 1,3% or 6000 copies).

Magazines

In the fourth quarter of 2011, total magazine circulation increased from the previous quarter, mostly because of a large new custom title (*Vodacom Now!*), while consumer magazines showed growth, mainly because of new entrants.

In the consumer-magazine category, total magazine circulation increased by 1,4% while real circulation declined by 3,7% (or 233 000 copies). Both single-copy sales and subscriptions declined. Free circulation increased by 37,4%, mainly because of new free circulating titles.

Biggest weekly and daily newspapers

July to September 2011

Weekly papers

<i>Sunday Times</i>	451 361
<i>Soccer Laduma</i>	345 088
<i>Rapport</i>	231 911
<i>Weekend Argus</i>	157 220
<i>Sunday Sun</i>	221 002

Daily papers

<i>Daily Sun</i>	374 400
<i>Die Burger</i>	299 854
<i>City Press</i>	157 306
<i>Beeld</i>	153 272
<i>The Times</i>	142 024
<i>Sowetan</i>	116 347

Source: Audit Bureau of Circulations

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Above-the-line adspend in R millions

Category	2000 R'm	%	2009 R'm	%	2010 R'm	%
Daily newspapers	1 307,2	15,6	3 268,2	13,4	3 500,6	12,2
Weekend newspapers	583,3	7,0	1 573,4	6,3	1 644,3	5,7
Black/coloured/Asian papers	172,8	2,1				included in other categories
Community newspapers	411,6	4,9	1 535,5	6,3	1 635,0	5,7
Consumer magazines	973,5	10,4	2 048,2	8,4	2 112,0	7,3
Trade, technical, financial	373,1	4,5	484,7	2,0	494,4	1,7
Total print	3 721,5	44,4	8 910,0	36,4	9 386,3	32,6
TV	2 977,1	35,5	10 487,2	42,9	13 408,3	46,6
Radio	1 224,6	14,6	3 041,0	12,4	3 687,8	12,8
Cinema	69,8	0,8	299,4	1,2	351,3	1,2
Outdoor	326,9	3,9	1 075,1	4,4	1 226,0	4,3
Direct mail (unaddressed)		not monitored	151,2	0,6	141,2	0,5
Internet	13,7+	0,2	469,3	1,9	557,4	1,9
Total	8 383,5	100	24 433,2	100	28 778,3	100

Rounding off occurs. **Important note:** 2009 revised upward from original data published in 2010 *Media Facts*. Excludes self-promotion by media.

This table reads: According to Multimedea, TV accounted for R2 977,1 million (35,5%) of the R8 383,5 million spent on the media in 2000. This rose to R10 487,2 million (42,8%) in 2009 and R13 408,3 (46,6%) in 2010.

Source: Nielsen Media Research's *Multimedea*, *South Africa and SADC Media Facts*, 2011

The press code governing print media was amended after its scheduled five-year review. The amended code went into effect on 15 October 2011.



Amendments to the press code include:

- sensitivity towards the dignity of a person, whether a private or public figure, with the understanding that the right to privacy can only be overridden by a legitimate public interest
- no child under 18 can be interviewed, photographed or filmed without the consent of a parent or guardian, if there is any chance coverage might cause harm of any kind; the media may also not identify children who had been victims of, were charged with, or convicted of abuse or exploitation
- journalists should use anonymous sources only if there is no other way to handle a story
- the press may not publish information that constitutes a breach of confidence, unless there is a legitimate public interest
- plagiarism is banned
- the press cannot report on the HIV and AIDS status of people without their consent.

In the family-interest category, *DRUM* showed the largest increase: 7% to 137 544 single-copy sales (138 479 total circulation in the fourth quarter of 2011, compared with 129 317 in 2010). Both *YOU* and *Huisgenoot* decreased. *YOU* had the largest 167 763 single-copy sales (172 403 total from 182 298 in 2010) while *Huisgenoot* was at 271 226 single-copy sales (283 355 from 302 677 in 2010).

News agencies

The national news agency, the South African Press Association, is a cooperative, 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.

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 mid-2011, the MDDA was providing support to more than 343 media projects across South Africa, focusing on historically disadvantaged communities, using indigenous languages. This was done with the budget allocation of R128,8 million accumulatively since 2004.

By mid-2011, the agency had trained over 1 300 people, provided 143 bursaries to different radio and print media, and created approximately 200 (direct and indirect) job opportunities and beneficiary projects, which empowered more people with skills that enabled them to participate in the broader media and broadcasting industry.

Advertising

South Africa's vibrant and dynamic advertising industry has experienced great growth in the last few years. It is a mouthpiece for the diverse mix of cultures in the country, especially when it comes to the unique South African sense of humour. While the airwaves, soundwaves and digital world are filled with advertising products of an international standard, uniquely South African references are common.

Local advertising agencies are often recognised internationally for their excellence.

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



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