



Communications

South Africa boasts an outstanding telecommunications infrastructure and a diversity of print and broadcast media. Telecommunications is the fastest-growing industry in South Africa, with investment exceeding R60 billion between 1994 and 2004. South Africa is also the largest consumer of information technology (IT) products and services in the world.

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.

Access

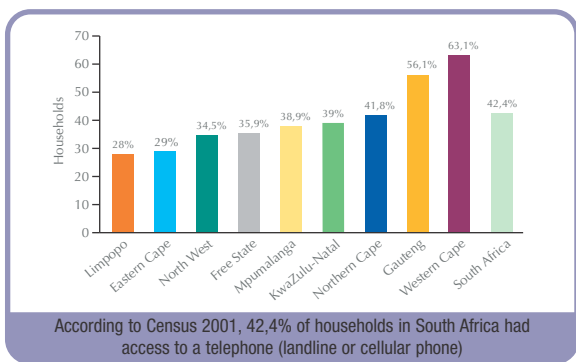
The Electronic Communications Act, 2005 seeks to remove policies that hinder the development of cross-sector applications, services and businesses. The Act enables the sector to reflect the integration of telecommunications with IT, broadcasting and broadcasting signal distribution.

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 amendment also provided for the licensing of operators in underserved areas with a teledensity of less than 5%, the majority of which are in the Sustainable Rural Development Programme nodal points. It has also brought about an increase in the ownership and involvement in the telecommunications sector by women and historically disadvantaged groups. The Act also provided for a new public emergency telephone service and emergency number, 112.

Fact:

By November 2005, broadband Internet access had its first 147 000 users in South Africa. According to a research report released by Internet research company World Wide Worx entitled *Broadband in South Africa 2005*, this figure was expected to rise to 277 000 users in 2006.



Mobile communications

In recent years, South Africa has witnessed tremendous growth in the cellular phone industry. South Africa has three operators, namely Vodacom, MTN and Cell C.

Internet

A World Wide Worx survey, entitled *The Goldstuck Report: Internet Access in South Africa 2005*, showed that an estimated 3,6 million South Africans had access to the Internet at the end of 2005.

The Telecommunications Business Unit in the Department of Communications has established a specialist unit to develop a national strategy and to focus on the development and expansion of the Internet.

Bringing communications and services to the people

The Public Information Terminal (PiT) project, which was launched in 1998, is a joint venture between the Department of Communications and the South African Post Office (Sapo). It aims to give citizens access to government information and services by creating



appropriate infrastructure. It also aims to give citizens electronic access to information and communications via e-mail.

By November 2006, there were 87 Thusong Service Centres in operation, and an approved strategy for setting up a centre in each of the country's 283 municipalities by 2014.

These centres offer one-stop government services, as well as telephony and PiTs.

Telkom

Telkom has operated as a commercial company since October 1991 and is the largest provider of communications services in Africa, according to operating revenue and assets. The Telkom Group comprises the fixed-line company Telkom and a 50% shareholding in mobile telecommunications operator Vodacom. It was listed on the JSE Securities Exchange Limited and the New York Stock Exchange in March 2003.

Telkom's listing created meaningful value for Black Economic Empowerment (BEE) shareholders. Over 100 000 South African retail investors subscribed during Telkom's initial public offering, specifically targeted at historically disadvantaged individuals. In its first year as a listed company, the estimated value created for retail shareholders amounted to about R560 million.

For the financial year to 31 March 2006, the Telkom Group posted strong financial results. It declared a higher ordinary annual

South Africa's Second Network Operator, Neotel, was officially launched on 31 August 2006. The company planned to introduce initial services for consumers by March 2007 and to capture about 15% of the local market in the next three to four years.

Neotel has secured access to the relevant Eskom and Transnet infrastructure, including almost 10 000 kilometres of optical fibre backbone within metros and across the country and would offer a variety of fixed and wireless services.

Fact:

The South African Post Office is committed to providing an additional 2,2 million addresses by the end of 2007. By mid-2006, four million additional addresses had been provided over a three-year period.

dividend of 500 cents (c) per share and a special dividend of 400 c per share.

Headline earnings per share rose 36% to 1 740,5 c per share. The fixed-line business performance grew because of revenue growth of 4,1% and a 3,2% drop in operating expenses. The number of mobile customers reached 11,8 million gross connections.

Operating revenue climbed 10,3% to R47,625 million and operating profit grew by 30,3% to R14,677 million.

Postal sector

The Government-subsidised Sapo is required to provide a basic letter service that is reasonably accessible to all.

The first post office in South Africa was opened in the Castle in Cape Town in 1792.

The Post Office 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.

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

As a preferred partner to government, the Post Office does pay-outs such as pension payments on behalf of the Department of Social Development. Its unequalled coverage of the country makes it particularly suited to this purpose. Motor-vehicle licences can be paid at selected post offices and the Post Office delivers identity documents on behalf of the Department of Home Affairs.

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

In 2006, the SABC's national radio network comprised 18 stations broadcasting in 11 languages, which, collectively, reached an average daily adult audience of 19 million.

For its internal coverage, Radio News uses about 13 editorial offices, a countrywide network of 1 300 correspondents and more than 2 000 news contacts.

Channel Africa Network comprises four language services, reaching millions of listeners throughout Africa. Broadcasts are in English, French, Kiswahili and Portuguese. It 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 (ex-SABC)
- Classic FM (greenfield)
- Kaya FM (greenfield)
- YFM (greenfield)
- Highveld Stereo (ex-SABC)
- Radio 702
- Radio Jacaranda (ex-SABC)
- Radio Oranje (ex-SABC)

The 2006 CNN Multichoice African Journalist of the Year Awards were presented on 15 July 2006 in Maputo, Mozambique.

Jacques Pauw, a *Special Assignment* executive producer, received the TV Features Award for *Room 6A*. This was Pauw's third CNN Award.

For her piece titled *Rape*, Sandy McCowen was presented with the TV General News Award.

Fact:

The SABC made a profit of R383 million in the 2005/06 financial year, which was almost double the profit of R194 million that it reported in the preceding year.

In 2005/06, the SABC generated over R3,9 billion in revenue, with radio and television showing growth. Revenue from licence fees increased by 30% from R739 million.

- East Coast Radio (ex-SABC)
- P4 (greenfield)
- Cape Talk MW (greenfield)
- Radio KFM (ex-SABC).

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

Television

South Africa has by far 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 18 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.



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.

Operations include subscriber-management services and digital satellite television platforms broadcasting 55 video and 48 audio channels, 24 hours a day. Included are six data channels, which were the first interactive television offerings on the continent.

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

Print

Technically, the local print media rate among the best in the world. However, the recent juniorisation of the newsroom has had a negative effect on most major publications.

South African newspapers and magazines are mainly organised into major publishing houses, which have increased as a result of take-overs. The major press groups are Johnnic Communications, Independent News and Media, Independent Newspapers (Pty) Limited, Media24 Limited and Caxton Publishers and Printers Limited.

Other important media players include Primedia Publishing, M&G Media, the Natal Witness Printing and Publishing Company, Ramsay Son & Parker (Pty) Limited and Kagiso Media.

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

Biggest weekly and daily newspapers

July to December 2005

Weekly papers

Sunday Times	504 424
Rapport	315 836
Soccer-Laduma	288 822
City Press	178 788
Die Son	186 107

Daily papers

Daily Sun	444 061
The Star	166 597
Sowetan	131 714
Beeld	102 425
The Citizen	73 008

Source: Audit Bureau of Circulation

Newspapers

By mid-2006, the newspaper market consisted of:

- 21 dailies
- nine Sunday newspapers
- almost 150 local or country newspapers, most of them weeklies.

Though the tabloid market is thriving, circulation trends in dailies and weeklies remain largely static. By the end of 2005, urban dailies sold an average of 1 605 million copies a day, which was up from 1 501 million a day in the same period in 2004. The most dramatic growth in circulation was reported by the tabloid *Daily Sun*, which boasted circulation of more than 440 000, compared with 364 000 in 2004. The country's oldest Sunday newspapers, *Sunday Times* and *Rapport*, remained static, while the *Sunday Sun* grew from 176 000 to 187 000 and *City Press* went from 173 000 to 178 000 copies a day.

Top 20 magazines based on net sales July to December 2005

1	Huisgenoot	352 389
2	You	225 976
3	TV Plus	155 129
4	Sarie	141 733
5	Rooi Rose	122 296
6	Cosmopolitan	115 099
7	True Love	115 009
8	FHM	112 809
9	People	108 361
10	Glamour	106 684
11	Car	104 594
12	Vroue Keur	99 304
13	Bona	92 903
14	Finesse	92 103
15	Men's Health	90 058
16	AA Traveller	88 245
17	Dit	85 145
18	Tuis/Home	83 439
19	Women & Home	82 822
20	SA Garden & Home	82 124

Source: Audit Bureau of Circulation

The Star remains South Africa's second-biggest newspaper, despite a drop in circulation to 166 461 from 166 597 in 2004.

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

Fact:

Online advertising revenue in South Africa was expected to reach R183 million in 2006 and to pass the R200-million mark in 2007, according to a survey by technology research firm World Wide Worx. *Online Media in South Africa, 2005*, a study conducted with the co-operation of the Online Publishers' Association, which represents South Africa's 25 major online publishers, was released in April 2006.

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. However, there is evidence to suggest the overall magazine reading population in South Africa is shrinking.

A positive development has been the segmentation of the market into niche publications that provide opportunities for advertisers to reach target markets.

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*, *Glamour* and *True Love* are all in the top 10.

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.

According to the study, it took South Africa's online publishing industry nine years, from 1994 to 2003, to grow to the R60-million revenue mark, yet it is set to treble that amount in the subsequent three years.

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 the end of March 2006, the MDDA had provided support to close to 100 different media and research projects around South Africa.

Advertising

Several South African agencies are active in Africa. Among the top three are McCann-Erickson Africa, Ogilvy Africa and FCB Africa.

The industry is self-regulated through the Advertising Standards Authority.