

## 3 Drawing on experience

Since the beginning of the century, many governments have recognised the importance of a free and diverse press – and the inability, in many places, of market forces alone to guarantee it.

Since the 1950s, many Western European countries have put mechanisms in place to safeguard media diversity. This intervention increased in the 1960s and 1970s, when the closure of newspapers accelerated concentration of ownership. This remains the global trend in the media industry today, intensified in more recent times with increased multinational media monopolies. Concerns about diminishing diversity both within nations and across the globe have increased.

The idea of creating instruments to promote, ensure and entrench media development and diversity are therefore not new. The MDDA will have a character, role and function that will be determined by South Africa's unique circumstances and development imperatives.

In conceptualising the MDDA and its role, government has considered the structures, operations and experiences of several relevant South African statutory and self-regulatory bodies. Section 8 provides an outline for the MDDA's relationships with other bodies. We, therefore, have the advantage of drawing on other countries' experiences – successes and failures - as well as our own.

### 3.1 Media diversity models in other countries

Many countries have identified media diversity as being important for promoting sovereignty, cultural expression, education and development. Besides funding the public broadcaster, some countries have found it necessary to use additional measures to ensure diversity. These initiatives have primarily been in the developed democracies of Western and Northern Europe.

Some developing countries are, however, starting to recognise the need for a support mechanism to ensure the development of a truly diverse and plural media environment. For example, the Chilean parliament has been called on to ensure there are public subsidies to guarantee pluralism of the press.

#### *3.1.1 Dealing with media concentration*

Examples of countries that have grappled with the issue, and established specific mechanisms for promoting diversity, include: Australia, Austria, Brazil, France, Germany, Netherlands, Norway, Sweden, and the United States of America.

In most cases in Western Europe, the subsidy schemes were initiated after journalists, editors and publishers, as well as civil society organisations, called for them. Naturally, each country has its own specific obstacles, and varying levels of success from their initiatives.

Swedish interventions to break prevailing tendencies towards media concentration appear to have been successful. But Austria has been cited as an example that has not been successful. This is because regulations were implemented after the largest mergers had taken place, and regulations were not retrospectively implemented.

#### *3.1.2 Diversity and development mechanisms*

The kind of mechanisms used to promote diversity has varied, and continues to vary from country to country. Mechanisms include:



Direct subsidies for newspapers including:

- ▶ General subsidies such as telecommunications, postal rate, and carrier advantages.
- ▶ Selective subsidies, for example, for newspapers with low advertising resources.
- ▶ Once-off aid packages, for example, to strengthen the financial position of the press, foster plurality of sources and promote diversity of content.
- ▶ Assistance funds for provincial newspapers with low advertisement income but important in general and political interest content.
- ▶ Establishment grants.
- ▶ Loans.

Indirect subsidies, including:

- ▶ Value-added tax concessions.
- ▶ Limiting advertising on state television – to attempt to compensate newspapers' loss of advertising income due to the swing to television adspend.
- ▶ Joint distribution rebates for newspapers that share distribution.
- ▶ Grants for research, education content, and journalists' training - to improve the quality of journalism.
- ▶ Subsidies to promote the labour market. Subsidies to build printing plants and premises, or buying new machines and technical equipment. (This only exists in Austria, but with no evidence of jobs being created.)
- ▶ Reduced tariffs for postal delivery and rail transport.
- ▶ Regulating advertising and competition to provide a reasonable framework for diversity.
- ▶ Preferential tax rate for profit reinvested in new technology or development.
- ▶ Exemptions from corporation tax for printers, publishers, and press agencies.

Australia's Community Broadcasting Foundation (CBF) was established as an independent agency. It receives grants from the Department of Communications, Information Technology and the Aboriginal and Torres Strait Islander Commission. The CBF funds community radio, community television, Aboriginal and ethnic programming. This has greatly contributed to diversity, with support given to a large number of the 150 community radio stations in the country, out of a total of 445 radio stations.

Developing countries have not generally used direct aid to enhance media diversity. But some have established framework conditions, and implemented indirect measures to address some of the problems. For example, various Asian countries, including South Korea, Singapore and India, have over the years developed mechanisms to enhance diversity through anti-trust regulations and/or preferential tariffs on essential services, including postage, telecommunications, rail and telegraph. Brazil uses its federal constitution to prevent foreign ownership. It also has regulations to limit cross-media ownership, and provide for public access television channels.

In the SADC region, there are various government and non-governmental initiatives aimed at promoting freedom of expression and media diversity. These include the SADC Protocol on Culture, Information and Sport, the 1991 Windhoek Declaration and the Southern African Media Development Foundation (Samdef).

### **3.1.3 Sources of funding**

Press subsidy schemes are most often funded directly by government. The government department responsible for arts and culture, or communication, usually collects a levy from the media industry. It then makes a direct disbursement to a press council, or in some instances, directly to the newspapers. The levy is legislated in most of the countries looked at.

Several of the European countries have a tax on advertising. But they do not necessarily link it to funding press subsidy schemes.

Austria has no national tax on advertising. But regional and local authorities charge a tax on advertising.

In France, the levy on advertising does not only fund the press subsidy scheme. It is also a lucrative source of income for the government. Legislation states that the annual general budget should fund the press subsidies. However, there is a legislated national tax on public and private television advertising revenue. This tax only funds daily national and regional newspapers with limited advertising revenue. But the amount collected in 1994, for example, was much higher than what was handed out in subsidies.

In Sweden, legislation imposes a levy on all advertising to fund the press subsidies. This levy is 10%, except on newspaper advertising, which is 3%.

The Netherlands' Press Industry Fund is financed by income from a levy on both public service and commercial television advertising, which is limited to 4%.

### **3.1.4 Open Channels**

In several countries there are public access television channels, mostly on cable. Cable operators in some countries are obliged by law to provide public access channels on their services.

In Germany, the public access channels are funded by 1% of the television license fee that is paid to the national public broadcaster.

In Brazil, cable operators are obliged to make the channels available and educational or community groups have to fund and produce their own programming.

In the United States of America, there are more than 2 600 public access TV channels. Most are distributed over cable, though some are relayed via microwave from colleges and university campuses. These are funded through a fee from cable operators as well as municipal concessions.

### **3.1.5 Common carriers for print distribution**

Some countries have implemented provisions to ensure that distributors of print media carry smaller publications. The experiences of Sweden, France and the UK are instructive.

The Swedish National Post Office and the Swedish International Press Bureau have, since 1969, been responsible for organising the nationwide delivery of Swedish press, through four competing national subsidiaries. In addition, there are two regional delivery companies. All of these are completely independent of the newspapers themselves. The object of the scheme has been to:

- ▶ reduce distribution costs by abandoning individual private distribution,
- ▶ accept the principle of the same price per copy for papers regardless of distance, and
- ▶ increase the chances of market access of secondary papers.

This form of distribution is made possible through the state subsidising the co-operative distribution ventures, based on the number and weight of the newspapers distributed.

According to a study by Paul Murschetz (State Support for the Press, 1997), "the effect was to counteract the relative advantages of market leaders, of large scale distribution and at the same time to compensate them for the additional expense of co-operation with the secondary title. The system was based on voluntary participation and joined by practically all Swedish dailies."

France has implemented a range of measures, including:

- ▶ Reduction in social security contributions and taxation for hawkers and vendors of newspapers.
- ▶ Exemptions from corporate tax on newspapers distributors.
- ▶ Contributing to the modernisation of distribution costs through encouraging the development of a national newspaper distribution agent.

The United Kingdom has a system of newspaper distribution whereby newspapers are sold to wholesalers who in turn sell them to news agents. News agents are required by an industry Code of Practice, which complies with statutory requirements, to meet a Minimum Entry Level (MEL) before they can start operating. According to the UK Office of Fair Trade, "a wholesaler cannot refuse supplies if the news agent meets the MEL". Between 1992 and 1999 the number of news agents grew from 44 474 to 55 090.

## 3.2 Learning from our own experiences

South Africa has had some media development and diversity initiatives. These have been unsuccessful, largely because they have been premised on voluntary media industry funding and because of disagreements around such voluntary commitments.

### *3.2.1 The Independent Media Diversity Trust (IMDT)*

In the early 1990s, as hopes for a democratic political dispensation in South Africa grew, discussions and debates emerged around sustaining and promoting media diversity. Mainstream media and advertising industry representatives largely argued that media should be left to market forces. Alternative press representatives, amongst others concerned about diversity, argued that, left to free enterprise, diversity would wither and die. They argued that market forces in the media industry largely ignored the needs of audiences unattractive to advertisers, and that the industry's stranglehold on printing and distribution outlets severely restricted the growth of the alternative press.

The latter proved to be true, with many independent and community media titles disappearing in the mid-1990s. The media projects experienced other obstacles, like lack of access to effective marketing and distribution, unskilled management and lack of access to cheap finance.

In the lead up to democratic elections, foreign funders began exerting pressure on a range of the alternative press projects to become self-sufficient. Many foreign funders were, in the longer term, looking towards redirecting their funding to other social needs.

Representatives of the alternative press began to hold formal discussions around strategies to sustain and promote diversity. Amongst the publications engaged in discussions about setting up a media diversity trust were what later became the Independent Magazines Group (IMG):

- ▶ Challenge (human rights orientated church publication)
- ▶ Learn & Teach (newly literate adults)
- ▶ South African Labour Bulletin (workers)

- ▶ Speak (women workers, women's rights)
- ▶ Upbeat (youth)
- ▶ Work-in-Progress (political and development issues).

Another group which was formed in 1991 to find solutions to their financial crises, the Conference of Independent Editors (Cine), was also involved in discussions around a media diversity trust.

They included:

- ▶ *New African* (a largely provincial newspaper that supported the ANC)
- ▶ *New Nation* (a national ANC aligned newspaper)
- ▶ *South* (provincial newspaper)
- ▶ *Vryeweekblad* (national, progressive news approach for white Afrikaans-speakers)
- ▶ *Weekly Mail* (national independent newspaper).

Through lobbying stakeholders, the Independent Media Diversity Trust (IMDT) was established in 1993 to help sustain and promote media development and diversity. Funds for the Trust were raised from the media industry - the Argus Group in particular - and foreign funders. However, the IMDT was doomed to failure because funding was entirely voluntary, and the media industry slowly pulled out.

The IMG, and some of the newspapers in the Cine group, received some funding through the IMDT, through which a few foreign donors, like the European Union and Novib, channelled funds. Of those in the IMG, only two still exist, and one of them, the *South African Labour Bulletin*, receives some support from the Department of Labour. Only one newspaper, the *Weekly Mail*, now called the *Mail & Guardian*, survived, mainly through its acquisition by the UK *Guardian*. A wide range of community newspapers in different parts of the country have also closed down, mainly due to funding problems.

The IMDT closed its offices in 2001.

### 3.2.2 Print Development Agency (PDA)

In 1998 the IMDT, the community media sector and the Independent Publishers Association of SA, in conjunction with Print Media South Africa (PMSA), tried to establish this agency to support print media. It was to be funded by all the major media houses. However, this initiative fell apart early in 2000, amidst disagreements around mainstream media commitments. The PMSA at that stage could not make a long-term financial commitment to the PDA. Community media withdrew from the initiative, fearing a possible repeat of the IMDT experience where the mainstream media did not sustain its stated commitment.

The PMSA resolved to go it alone and establish a Print Development Unit to help support potentially viable newspapers in various communities. PMSA has since committed itself to the MDDA initiative.

Voluntary mechanisms have been shown to be unsuccessful in a sector as dynamic and competitive as the media industry. The failure of both the IMDT and PDA initiatives has shown that there is a need for a legislated mechanism to promote media development and diversity. It is this need that the MDDA will fulfil.