



CHAPTER

4:

The South African Media Environment

INTRODUCTION

The Task Group was directed to make recommendations in respect of how to improve government communications in an environment in which freedom of expression is evolving. The first principle that we have applied is that all our recommendations should involve the enhancement of freedom of expression, and that this fundamental constitutional guarantee should be nurtured.

We have, however identified five key areas which retard the free flow of information and in respect of which we will be making recommendations:

4.1 OWNERSHIP, DISTRIBUTION AND CONTROL OF THE MEDIA

At the time that the Task Group was appointed by the Deputy President, in January 1996, the South African media environment was characterised by a higher degree of concentration of ownership and control. The Task Group commissioned expert studies by Robin McGregor¹⁷, editor of "Who Owns Whom", to investigate the extent of such concentration in the print sector. McGregor's findings confirmed the following:-

- there had for many years been a duopoly in respect of the English and Afrikaans print media markets represented by Nationale Pers/Perskor on the one hand and TML/Argus on the other;
- the duopoly had been vertically integrated at the level of print, distribution and product;
- restrictive practices existed within the sector ensuring that distribution and to some extent printing had been contained within the duopoly;
- the duopoly was effectively the major shareholder in the only commercial pay - television station in South Africa, M-Net;
- the controllers of the duopoly had become sensitive to the pressure upon them to reduce the level of concentration of ownership within the commercial media sector;
- as a result, Anglo American (which had owned both Argus & TML) had sold its stake in the Argus group to the Irish-based Independent Group, a newspaper and publishing empire headed by Tony O'Reilly.

4.1.1 Indeed, as the year unfolded, and the Task Group researched the field, it became clear that two takeovers by black empowerment groups would further break up the duopoly. At the time of compiling this report, it would appear that Kagiso Trust Investments will obtain joint control of Perskor, a major player in the Afrikaans element of the duopoly, and that the National Empowerment Consortium (NEC), comprising a host of black empowerment organisations led by New Africa Investments Limited (NAIL), Worldwide African Investment Holdings (Pty) Ltd (WAIH), National Union of Mineworkers (NUM) and South African Railways & Harbours Workers' Union (SARHWU), would purchase a portion of the Anglo American stake in Johnnic, thereby giving the NEC a significant stake, and probably ultimate control, of the remaining large element in the English newspaper market, Times Media Limited. In addition, TML hived off its Eastern Cape interest into a separate company with a large black empowerment element and Nasionale Pers began divesting itself of City Press into a 51% Black owned group

It has therefore become clear that, both in the print sector and the existing commercial pay-television sector, the high degree of concentration of ownership has been extensively diluted in favour of foreign and black empowerment interests.

The rapidity with which these deals have occurred in a short space of time indicates that the factors that favoured the monopolistic ownership of the media under apartheid South Africa are diminishing. There is continuing pressure for a diversity of ownership in the media sector, and the Task Group is aware of a number of further deals in the pipeline that will continue to dilute the high level of concentration of ownership in the sector.

4.1.2 Moreover, the introduction of the Independent Broadcasting Authority (IBA), under the IBA Act, No 153 of 1993, has resulted in the regulation of control and ownership of broadcasting services, and contains specific anti-monopoly provisions, inter alia, limiting control of television stations, radio stations and introducing cross-media provisions. In a nutshell, no single person or entity may control more than one television station, two non-overlapping FM radio stations and two non-overlapping medium wave radio stations. Furthermore, any person who controls more than 20% of newspaper circulation in any particular licence area may not hold 15% or more of the equity in a broadcasting service in that licence area, by virtue of the cross-media regulations instituted by the IBA through its Triple Inquiry Report adopted by the National Assembly in early 1996.

4.1.3 In terms of the Triple Inquiry Report, it was further recommended by the IBA that the SABC convert itself into a national public broadcaster, and that its regional radio services be sold in accordance with IBA licence criteria. As the Task Group is reporting, the sale of the 6 regional radio stations namely Highveld in Johannesburg, Jacaranda based in Pretoria, East Coast Radio in Kwa-Zulu Natal, KFM in the Western Cape, Oranje based in Bloemfontein and Algoa in East London has almost been completed. The process has seen independent black empowerment groups teaming up with new and existing media groups in compliance with the limitations on ownership and control, ensuring a new diversity of voices in regional commercial radio across the country.

4.1.4 The SABC itself is in the process of converting itself, in accordance with the recommendations of the Triple Inquiry Report, into a national public broadcasting service (NPBS). At present there is an NPBS Bill before the Parliamentary Portfolio Committee on Communications. Once adopted, the statutory mission of the NPBS will be defined in public broadcasting terms, rather than those of the existing Broadcasting Act, which allowed the SABC to operate, under apartheid, as a government broadcaster.

4.1.5 Moreover, over the past 2 years since its institution, the IBA has licensed more than 80 community radio stations, generally operating off low-powered transmitters in disadvantaged black areas in South Africa. The community radio sector has become a

vibrant one, although it is fraught with problems relating to long-term sustainability and viability, issues which are addressed below and elsewhere in this report.

4.1.6 In the print media sector, there remain strong elements of the legacy of monopolistic control, particularly in the area of distribution and printing. The dominant distributor of English print media in the mass-market is Allied Publishing, controlled by the Independent and TML groups, and there are similar arrangements in the Afrikaans print media sector. Entry level hurdles for prospective media owners in this sector are characterised by distribution fees which are generally in the area of 40 - 50% of cover price demanded by these distribution monopolies. We had representations from regional players indicating that, aside from independent knock-and-drop operations and the Caxtons' local distribution system, there is very little choice for the newspaper or magazine proprietor but to go in with the distribution monopolies. On an even more local level, we heard submissions in the provinces to the effect that the Caxtons' regional distribution system of knock-and-drop in itself constituted a monopoly in that sector, and that if regional newspapers in the non-metropolitan areas did not go in with Caxtons, they faced an uphill battle to enter the market. It was made apparent that the costs of setting up a distribution system, except in an extremely limited area, are excessive.

The pattern that emerges in the survey of ownership and control of the print media sector is one which is repeated in many other sectors of the South African economy. A high degree of concentration of ownership and control is beginning to be challenged by the forces of foreign investment and black empowerment. But, these forces are not strong enough, nor sufficiently directed, to alter entrenched anti-competitive and restrictive practices in the industry, and it is our submission that the appropriate authority should address these practices as a matter of urgency. The Task Group is of the view that ownership and control of the print media should continue to be broadened in a number of respects, so as to reflect the demographics of South African society. The breaking down of barriers in respect of the national and international media market has had a strong effect upon the concentration of media ownership in the print media sector, but to achieve a more rapid introduction of a competitive market in this sector, it would be necessary for newspaper ownership to be tested against revamped competitions policy in South Africa. This policy will be presented by the Minister of Trade & Industry to the National Economic and Development Labour Advisory Council (NEDLAC) in the form of a discussion paper in the coming few months. In the interim, we believe that the anti-competitive and restrictive practices that occur in the distribution sphere should be transformed into an operation conducted on a common carrier basis.¹⁸

At the Caledon Colloquium in October 1996, both the representatives of Nasionale Pers and Allied Publishing indicated that they would welcome the breaking down of the newspaper distribution monopoly in South Africa. It was felt that there was a need for regulations requiring the mass distributors of newspapers to be obligated in law with common carrier provisions, much along the lines of newspaper distributors in the UK. Accordingly, we make recommendations in this report setting out the framework of regulations that would impose common carrier status upon the mass newspaper distribution systems in South Africa. This would enable smaller and emerging newspapers to be dealt with fairly and equitably by these distributors. The regulations would undoubtedly involve tariff provisions which should be established in consultation with the Department of Trade & Industry.

18 See Recommendation 82. In this regard see also Annexure 18 and Recommendation 81.

4.2 FUNDING AND RESOURCES FOR THE NATIONAL PUBLIC BROADCASTER

Whereas the SABC under Nationalist Party Rule, was essentially a Government Broadcaster, the IBA Act envisages its transformation into an NPBS. The Triple Enquiry Report of the IBA made it clear that in order to establish the three tier system of broadcasting, namely public, community, and private, which the IBA Act provided for, a strong NPBS needed to be funded and subsidised. The IBA Report and the National Assembly Minute state as follows:

"Parliament should provide funding on a triennial basis for:

- i) the cost of provincial split-time on radio stations;
- ii) the cost of increasing African language of local content television programming on the SABC;
- iii) the cost of funding the Education Ministry / SABC Task Recommendations on Educational Broadcasting"

In the same Report, it was accepted by Parliament that "selling off the six stations (the regional commercial stations) as soon as possible is the best financial option for the SABC". It was envisaged by the IBA, as endorsed by the National Assembly, that the proceeds of the sale of the radio stations would go some way towards dealing with the funding of a strong NPBS. The establishment of an NPBS is critical to the establishment of a wider productive and competitive broadcasting industry, with all its attendant benefits for the development of the country in the future. The essential policy goal of a diversity of voices is not only related to freedom of expression, but also to the establishment of a healthy broadcasting industry that will contribute to the prosperity of the country and the development of a South African identity of culture.

In this new three tier system of broadcasting, although there would obviously be an overlapping of roles between the three sectors, each sector would have an essential core competence. The NPBS' core competence would be in the field of public service, and public service includes the communication of government policies and programmes in fields of essential public service such as education, health and public works.

In the difficult process of transformation that the SABC is going through, we have detected a desire on its part to fulfil this core need. Indeed, the SABC went ahead with the recommendations of the Triple Enquiry Report, and sold off the six radio stations, in the belief that the benefits would be passed on to the NPBS. It now appears, however, that the proceeds from the sales of the stations will not be passed on to the SABC, and that they will be paid directly into the Central Revenue Fund. This has created a disjuncture between financing and policy in respect of the public broadcasting service, which cannot bode well for public broadcasting in the future.

The fact that the proceeds of the sale are being paid into the Central Revenue Fund does not mean that funds that have been generated in this way cannot be attributed to the public service functions of the SABC. The Task Group feels that the resolution of Parliament to provide funding on a triennial basis for these public service broadcasting functions should be followed through. It is encouraging to note that the IBA will be sitting down with the SABC and government in an attempt to resolve the funding crisis that has emerged. What is needed is a mechanism that will ensure the proper functioning of the triennial budgeting process so as to eliminate crisis management in this area and promote the even development of public service broadcasting. In our recommendations, we suggest that the appropriate mechanism in the first instance would be the recommended Cabinet Committee to be headed by the Deputy President.¹⁹

4.3 LACK OF RESOURCES FOR COMMUNITY AND INDEPENDENT MEDIA

4.3.1 The community and independent media sector suffered mixed fortunes during the transition period in South Africa. In the 1980s, there was a fairly vibrant alternative press with a number of titles, but it would appear that only the Weekly Mail and the New Nation, both weeklies, survived that period. Both of these titles have survived because of intervention from stronger publishing players. NAIL assumed ownership of the New Nation, and the Weekly Mail was renamed the Mail & Guardian, after Guardian Media, of London and Manchester, England, took a controlling stake.

On the other hand, the community media sector flourished in the 1990s. A number of factors have been found to be responsible for this development after hearing much testimony from players in this sector:

- 4.3.1.1 The formation of the National Community Media Forum (NCMF) which has facilitated a strong front of development-orientated community newspapers throughout South Africa, concentrating in the peri-urban and rural areas and incorporating a strong student press;
- 4.3.1.2 The recognition in the IBA Act of the need for community radio licences and the growth of more than 80 community radio stations. At least 40 of these stations can be characterised as stations specialising in developmental community news and information;
- 4.3.1.3 The development of the Independent Media Diversity Trust (IMDT) which, although presently under-financed, has provided massive support to community radio stations and community prints media since its inception in 1994. The IMDT receives the bulk of its funds from foreign donor governments and foreign non-governmental organisations, but has also received more than a million rands from the South African print media sector (Argus, TML and Nationale Pers).
- 4.3.1.4 The IMDT is seen by the NCMF and all the relevant stakeholders as the appropriate interim funding institution until a Media Development Agency (MDA) is recognised by government. We believe that such a body should be instituted by government, comprising independently elected trustees, that will operate a recognised subsidy system for community and independent newspapers in certain instances. As in the public broadcasting sector, we have found that although there are appropriate mechanisms for the funding of community media, there appears to be a need for a structured relationship between government, the donor community and the agency which administers the funds for community media. A plan needs to be developed by the three players in the interim, namely government, funding agencies and foreign governments, and the IMDT, that will ensure that the process of funding community media through an independent agency is strengthened and facilitated.²⁰

4.4 CENSORSHIP LEGISLATION ON THE STATUTE BOOKS

Notwithstanding the fact that groups such as the Freedom of Expression Institute (FXI)²¹ and numerous other organisations have petitioned the government to scrap the remaining censorship laws, very little progress has been made with this task. The Government has undertaken over the years to attend to the list of statutes that needs to be repealed, and to introduce the appropriate scrapping legislation in Parliament. This has not been done. The effect of this is that certain legislation which fundamentally conflicts with the right of

20 See Annexure 12; see also Recommendations 78 & 79

21 See Annexure 6.

freedom of expression, not only remains on the Statute Books, but is, on occasion, selectively used by the authorities. A classic example of this is the abuse of Section 205 in respect of the PAGAD (People Against Gangsterism and Drugs) investigation in the Western Cape. Our finding is that antiquated censorship legislation should be scrapped from the statute books as a matter of urgency.

4.5 JOURNALISTIC STANDARDS IN SOUTH AFRICA

We have received submissions from experts in the field of journalism and media studies including Professor Guy Berger of Rhodes University in Grahamstown,²² and a submission from the Institute for the Advancement of Journalism which is run by Mr Allister Sparks.²³ It would appear that these and other experts who spoke to the Task Group believe that journalism in South Africa has been badly run down. Journalism appears to have become a depleted and somewhat demoralised profession. The little that was done to train black journalists and prepare them for advancement into positions of decision making authority placed enormous burdens on trained black journalists in the post 94-period. Many of the country's best black newspaper journalists were drawn into government jobs as well as senior managerial positions in the SABC and other media groups, in the period 1994 - 1996. The result is that newsrooms throughout the country are understaffed and juniorised. There are few reporters with more than three or four years experience. Only a handful are over the age of 30. This means that important assignments are being handled by inexperienced, over-worked and young reporters. The result is that there is an unacceptably high rate of misjudgment and error. Compounding the problem is a lack of experience and professionalism on the part of government media liaison staff. It is the Task Group's view that the situation will improve as more black graduates enter the profession, and as greater media diversity develops. Our recommendations in relation to a training function in the new government communication and information system, proposed by the Task Group, if adopted, will also contribute to the resolution of this problem.²⁴

22 See Annexure 14.

23 See Annexure 15.

24 See Recommendations, Personnel and Training.