

Presentation of Research on the South Africa press and the MDA

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(full text version of research available from FXI offices) The extent to which the handful of feisty and brave young newspapers of the '80s helped bring about political change has never been measured. But by holding up a mirror to the real South Africa, they forced changes in mainstream newspapers. It is a shame that most of those vibrant voices have been allowed to 'melt away like snow in the sunshine, that seems a permanent fixture of new South Africa' as a journalist once remarked. But nostalgia alone should not motivate the call for greater diversity, neither should we desire it only because it is politically correct. What diversity does bring is competition, an investigative edge and an opportunity to expand the reading, thinking public. That can only be good news for democracy. Print is not an easy business. It's expensive, controlled by printing and distribution cartels and returns are slow in coming. Good business and management skills will be essential to its success. The MDA can be a strong lobbying body to ensure that non-competitive practices stop, and, that diversity and vibrancy is continually monitored. There are many interesting models on the table and while the industry is at the moment developing a diversity fund of its own, all parties seem to be talking the same language and co-operation should not be difficult to achieve. But first, let's take a look at the industry. This international depression about print media has not escaped South Africa's shores. The world trend of depressed circulation and diminishing advertising revenue is a local malaise too. While there is room for concern, the doomsday scenarios have proven somewhat unnecessary. Newspapers are arresting the declining circulation while niche newspapers displayed healthy circulation increases in the past year. The latest audit bureau of circulation figures for the period June to December 1998 reveal a total newspaper circulation of 3.1 million daily and weekly sales. Commercial newspapers are now selling at the rate they were prior to 1992. In 1992 the figure dropped to a low of 1.15 million newspapers. The Print Media Association is involved with numerous initiatives including a school newspaper project to encourage a culture of reading in general and of newspaper reading in particular. Currently, the percentage reach of South African newspapers is very low. Less than one in five adults reads a daily newspaper and fewer than one in three reads a weekly. Just over one in three adults reads a daily or a weekly. South Africa's population is growing younger. It's incumbent on newspaper owners and editors to attract younger audiences. Thus the PMA schools newspaper initiative is important, as is the strategy of newspapers like City Press who are using cheeky young writers like Vukili Pokwanye, to successfully draw in younger audiences. While one local newspaper company has laid off staff in anticipation of a recession, Print media is holding its slice of the advertising revenue pie. The World Association of Newspaper trends has discerned a steady increase in add revenue for newspapers in South Africa. Local statistics show that print is maintaining its slice of the media pie. Despite the growth of independent radio stations and the introduction of a free to air television channel, advertisers are still showing great support for print and its ability to deliver audiences. The challenge now is to get advertisers to support community and smaller commercial print initiatives. No research into media diversity would be complete without a look at the change in newspaper ownership in South Africa. In the past decade, this ownership has changed completely. White control has been substantially eroded primarily by the sale of a portion of the equity of Times Media Limited to the National Empowerment Corporation via the sale of Johnnic, a holding company hived off into black hands by an Anglo American sale three years ago. In the longer research paper we detail these changes in ownership. While the colour of newspaper owners in this country may have changed, it is still a highly monopolised industry. Six groups own seventeen daily titles and eleven weeklies. The only newspapers that fall outside their ambit are The Daily Dispatch, The Evening Post, Langa, Mail and Guardian and The Natal Witness. In essence, while the face of media ownership has changed significantly, the base of ownership has not increased significantly. While two major groups controlled most newspapers in the past, ownership is now shared by six major groups with the independent newspapers emerging with an outright monopoly. The ownership of South African print media is not at all what many had hoped for in a post-apartheid media landscape. The dream had been of a range of independently owned newspapers providing a wide range of opinion and coverage to a far wider audience than the urban and established readership base. Why has the dream not materialised? The newspaper business is an expensive one to get into and returns are relatively low. Entry costs are therefore the first deterrent to a wider ownership base. Two major exercises in print media empowerment have come apart. Both Oscar Nglomo's Dynamo Investments and Eric Molobi's Kagiso Investments have shrugged off their newspaper interests in favour of other businesses. This has stymied a more widespread black ownership in print. The two groups made no major print investment prior to divesting. Dynamo made a strategic decision to divest of all its media interests. While Kagiso has chosen to specialise in broadcast media, notably radio. Johnnic, through its share holding in TML and in New Africa publications, has invested in two new publications, Sunday World and Sports Day. Emdon has written that press capacity is limited and also that competitive business factors have militated against new black owned and black run print media ventures succeeding, particularly in a country where there is a combination of low literacy levels and huge distances which separate modest populations. Well, we heard that earlier on. Guy Berger says distribution networks are historically set up to reach whites in white areas. Pricing is pitched at a white market. Literacy levels in the publications are pitched at a white market. Finally advertising is geared to the white market. Thus, what has happened is that while newspaper ownership has changed, the structure of the industry has not. Printing presses are still limited and there has been no serious attempt to unbundle the many publishing printing monopolies which continue to dominate the industry. This is something any Media Development Agency will have to consider. Joel Netshitenzhe of the GCIS says that the new competition legislation can be used to investigate such monopolies in line with the recommendations of the government appointed Communications Task Group Report. The new Competitions Commission begins work on September 1st. Its staff as well as its powers have been significantly increased. The Commission can initiate investigations into anti-competitive practices and industries. It is a body with which a proposed

MDA must have strong links. A cursory glance at the titles of independent newspapers will show that monopolies do not encourage a diverse content. The group is big on the term 'synergy', by which it means that it will make greater use of its clout to cut costs and run the newspaper's content like an internal agency. This means that it is likely to create a common pool of reporters on different beats, who will supply all titles. This has happened with its political and business coverage and there are plans afoot to encourage a similar scheme with some arts reporting as well as sports reporting. It has a medium-term vision to create a sports report in similar style and structure to business reports. This is a common trend internationally but in a country like South Africa it squeezes even tighter, the range of opinions available. Synergy has obvious benefits. It is cheaper, it creates a common group identity and can improve quality as Business Report has proven. But its flip side is that different titles may begin to differ in little but name. Thus it impacts on diversity. The South African National Editor's Forum believes the way to encourage diverse content is to diversify news rooms. Together with other organisations it has notched up some measures of success in its efforts to change controlling structures in news rooms where the numbers of black and female journalists, sub-editors, executive editors and editors is growing every day. It is into this atmosphere of change that the move towards establishing a Media Development Agency fits. It will be an essential tool towards changing opinion, increasing the body of opinion available and of providing a media source to rural and niche audiences. Various thinkers say that an MDA should support existing alternative independent media and that it can also support new commercial initiatives. The reason for its existence should not only be to fill a gap in the market but to give expression to constitutional provisions on freedom of speech and freedom of expression. It can help to cultivate a culture of learning and reading, but an MDA must know its limits. It may, for example, be that commercially viable print media cannot be produced for deep rural audiences. Let's begin to look at the nuts and bolts of an agency. A generic term used to describe a Media Development Agency is 'an enabling support mechanism'. This is a term that has arisen across literature on the topic. It is a state sponsored attempt to encourage diversity and it can take on a number of functions. At a primary level it should be a conduit for funds to independent, alternative and community media. But it should also be a policy making body with the power to make recommendations to bodies like the Competition Board and one which meets regularly with other independent organs like the Independent Broadcasting Authority so that its view of media and media development can be a holistic one. There are two points of view on the form among different stakeholders. The first is that the MDA should be established by statute, funded by parliament and accountable to parliament as are the other Chapter Nine institutions like the Commission on Gender Equality and The Human Rights Commission. This would enshrine its independence and provide for the arms length from government relationship which all players say is crucial. The Freedom of Expression Institute believes that the MDA should have a regulatory function and that it should have the power to propose legislation. The second view is that the agency should be a statutory body operating under the auspices of the Office of the President. The reasoning behind this is that because the MDA will be a project of the GCIS it should have the same political authority as does the information system. It is my view, if I'm allowed one, that the contested turf over which the MDA will rule, demands that it enjoys the same freedom as the Chapter Nine Institution. It must be led by councillors appointed in the same way as the councillors of the Independent Broadcasting Authority. J P Louw says that the MDA will be a form of government intervention but its the kind of intervention that does not necessarily take government interests forward. What kind of State intervention doesn't take the state's view forward. J P Louw believes it must be community driven by encouraging communities to kick-start floundering local media and begin thinking of the different forms home-grown media could take. Examples may be the wall newspapers of Nepal which are produced and stuck on walls, or lekgotlas where the literate read to the illiterate. The focus should be on addressing the culture of reading and writing. Thus the MDA could play a developmental role by working in a co-ordinated fashion with the Education Department's Adult Basic Education and Training Division. There is a dearth of easy reading news and current affairs material for adults as the Easy Reading Association has found in its research. While South Africa has more easy reading novels available than other African countries, it is difficult to distribute. Thus, if the MDA develops a distribution capacity its role could go beyond the provision of content. Let's consider the areas of work of the MDA. Funding. It will be a conduit of various types of funding including loans, donor funds and state funds. As such, its primary work will be to vet proposals, find under-resourced areas and encourage media in those areas. A primary function of the MDA will be to encourage and disburse funds. It has been suggested that it will fund community media projects and that it provides loans to small and independent commercial media enterprises. Its funding must be developmental and must in all ways encourage eventual self sufficiency. The Film and Video Fund run by the Department of Arts, Culture, Science and Technology provides a particularly good model. It funds only those projects that bring some money to the table. It provides funds for five years in which time the project must show itself to be self financing. The community media sector believes that loans from the MDA must be made at competitive interest rates and that the pay back period must be three years. All funding and loans must be accompanied by an element of training and empowerment to ensure that skills are being transferred and that projects are well managed to ensure no graft, mismanagement and waste; problems which have beset the community and alternative media sectors. In addition to transfers from the public purse, the NCMF has also recommended that government departments and parastatals like the Development Bank could sponsor articles on their projects and policies. Running parallel to these funds, the NCMF also recommends that the MDA start an investment arm similar to that of trade unions which will eventually be used to fund its work. This entrepreneurial element is new to South African thinking about an MDA and will take several years to turn a profit. In the meantime international trends include the use of a tax on advertising revenue to fund such media diversity or attacks on the profits of major newspaper companies. J P Louw says that MDA must work towards eventual self sufficiency and it should also be the conduit of donor funds. Initiatives like the industry's planned Print Media Diversity Fund should be collapsed into this structure, as should the Film and Video Fund and Community Development Trust currently run by the Department of Communication. SAMAF further recommends that there should be tax incentives to donors and tax relief for small media, print subsidies for small newspapers and

alternative marketing sales and distributions systems. It also recommended that mainstream media support developing news agencies. Its other functions are training, an agency function as well as research and training. It must provide or access training opportunities for the staff of independent print media. The training should not only be in journalistic skills but should include marketing, advertising, administrative and financial skills. The MDA can act as an agent to secure better reproduction and print deals. For example, the projects and ventures which it funds. This means that these projects and ventures should in some instances sell themselves as a unified group instead of as small individual outfits. And finally, as the custodian and protector of media diversity, it would be up to the MDA to become the country the authority on the state of media diversity. It must be aware of the constantly changing media landscape and must be the watchdog on the promises which media companies make regarding diversity. In the past five years the media has made news instead of only reporting it. Its repeated clashes with the government and key South Africans have occasioned exciting times in which we've had the opportunity to thrash about the ideas of democracy and freedom. The media industry has also been a sign of some of the most exciting changes in ownership but there's still a lot of work to be done and a Media Development Agency, if we manage it well, could go down as a milestone in South Africa's media history.