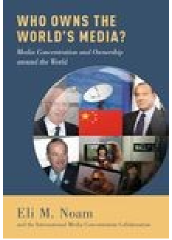

Who Owns the World's Media? Media Concentration and Ownership around the World
Eli M. Noam and The International Media Concentration Collaboration
https://doi.org/10.1093/acprof:oso/9780199987238.001.0001
Published: 2016 **Online ISBN:** 9780190210182 **Print ISBN:** 9780199987238

CHAPTER

31 Media Ownership and Concentration in South Africa

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https://doi.org/10.1093/acprof:oso/9780199987238.003.0031 Pages 986–1014
Published: January 2016

Abstract

This chapter describes media ownership and concentration in South Africa. After a quick look at the South African media scene, the chapter analyzes print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, video channels, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). South Africa's media landscape is highly concentrated. In the audiovisual media, the dominant players are the government public service broadcaster SABC and the private Naspers. In telecom, the governmental Telkom dominates, with Vodacom, NTN, and Cell C rivals in mobile communications.

Keywords: South African media market, media industry, media groups, print media, audiovisual media, telecommunications, Internet, Naspers, Telkom South African media market, media industry, media groups, print media, audiovisual media, telecommunications, Internet, Naspers, Telkom

Subject: Economic Sociology, Social Research and Statistics

Introduction

This chapter covers a significant period and arguably the most interesting time in the evolution of South African media. During the initial period of assessment (1984–94), South African media operated under a system of pervasive state intervention and racial segregation known as apartheid. These restrictive policies were most evident in the electronic and broadcasting sectors, but these practices were to some degree manifested in all media markets with respect to ownership and state censorship. Following the first full democratic elections held in 1994, extensive economic liberalization and editorial diversification occurred, but state interventionism and ideological influences from the apartheid era remain factors in the structure, composition, and diversity of the South African media landscape.

There is a substantial, if incomplete, body of industry data and publicly accessible information that has made this study possible. But there are a number of challenges in producing an assessment of media concentration in South Africa: a lack of accessible market information in some media industries and a lack of comparable information across some sectors. Some of the data used in the study give an incomplete view of a particular media sector. For example, advertising revenue does not represent all revenue sources for newspapers or broadcasters, while unique browsers per month only hint at the revenue generation of online news portals through other means. This chapter's application of the C4, HHI, and Noam Index ratios across South Africa's media landscape does, however, establish a baseline measurement of concentration and diversity and serves as a benchmark for further studies.

Concentration in South African media markets has attracted wide research attention, but the focus of most
p. 987 studies is on issues peripheral ↳ to concentration per se, its measurement or economic specification. Media concentration has, for example, been considered in relation to freedom of expression (Bussiek, 2006),

marketing (Hunter, 2006), individual media sectors and companies (Bauer, 2009; Hadland and Thorne, 2004; Hlengani et al., 2006), the flow of information (Band, 1992), democratization (Botma, 2011; Tomaselli, 2003), employment demographics, management, and ownership (Leshin, 2010), and government relations and control (Wasserman, 2005). The study described in this chapter therefore addresses a significant blind spot in the current view of South Africa's media industry.

Horwitz and Currie (2007) have described how, subsequent to the first democratic elections in 1994, liberalization was essentially abandoned in favor of an aggressive policy of privatization that has benefited entities and individuals close to the incumbent African National Congress (ANC) political party.[1] Less pronounced, but similar, developments have occurred in broadcasting and other areas, where private companies that were influential before 1994 maintained their position in return for creating some space for companies that were either owned by or very close to members of the government or ruling party. This, in practice, reflects the national economic policy and is evident in the position of the company MultiChoice, which is part of Naspers, South Africa's leading media group. MultiChoice, initially licensed during the apartheid era by the now-defunct National Party, maintained a pay-TV monopoly until very recently. The company is still keen on maintaining close political ties with members of the government today though: MultiChoice itself funded the sale in 2006 of a minority stake to a group led by a former Independent Communications Authority of South Africa (ICASA) chief regulator whose brother was Chief Justice of South Africa at the time and was an active member of the ANC.

The state has always been strongly involved in media, especially in radio and television broadcasting services accessed by lower income groups, in the ISP market and in telecommunications in general. The regulatory authority for the broadcasting and telecommunications industries in South Africa is currently ICASA, which was established in 2000 in a merger between the South African Telecommunications Regulatory Authority (SATRA) and the Independent Broadcasting Authority (IBA), the body responsible for broadcasting regulation following the first democratic elections, with the Postal Regulator also incorporated in 2005. Prior to 1994, broadcasting fell under the direct authority of the Department of Home Affairs, and the later changes arose in order to ensure independence in the governance and regulation of the broadcasting and telecommunications industries.[2] These changes were required, as in many other countries, by the World Trade Organization (WTO), which South Africa joined in 1995. South Africa's Competition Commission, operating under the Competitions Act of 1998, was established after the country's WTO ascension, but the body has so far not been active in the media sector except for minor forays into telecommunications. The trends in the degree of concentration within the telecommunications and broadcasting industries described below have to a large extent been determined by the policies and their implementation by ICASA and the institutions that preceded it.

Although media consumption is mainly in English, there is a lively Afrikaans-language market for all kinds of media. Other languages have a much smaller market share, except for radio and music in general. Zulu is the only other language with a print daily (the paid tabloid *Isolezwe*) that has a modest circulation. There is so far very little online content in languages other than Afrikaans and English.

South Africa now has a program of Black Economic Empowerment (BEE) that seeks to promote ownership
 and control in the mainstream economy by individuals who were ↳ disenfranchised before 1994, their descendants, as well as the descendants of immigrants who would have been disenfranchised before 1994.[3] The ICASA has been free to impose its own additional rules in this regard. Although the enforcement powers of the state are limited when it comes to the operation of small private companies, they are quite stringent in any operation for which a license is required. Research in other industries has found that the main effect of these rules has been to entrench the interests of established media producers (those predating the end of apartheid in 1994) and to restrict new market entrants.[4] It is often the case that licenses are granted to all applicants who qualify, but the qualification process can be quite problematic and requires resources that are only available to large, often incumbent operators.

Print Media

Newspapers

Four media groups dominate the South African newspaper industry: Media24, Caxton/CTP, Independent News & Media, and Avusa. While ownership of these groups has changed somewhat since 1984, the companies and their constituent newspapers have on the whole remained dominant in the South African market.

Media24 publishes over 50 newspaper titles, including the *Daily Sun* tabloid, South Africa's highest selling daily. The company's majority shareholder is Naspers, a media group that was formed in 1915. Media24 was established as an independent company in 2000 when Naspers's newspapers and other print media interests were divested from their original holding company, Nasmedia.[5]

Caxton/CTP publishes over eighty titles, a large number of which are free community newspapers that derive the bulk of their revenue from advertising. The company originated in 1902 and only entered the newspapers business in 1961. It went public in the 1940s, ownership changed twice in the 1960s, and it acquired a newsprint firm in the 1980s. It has since formed a partnership with the National Empowerment Consortium (NEC), one of the first companies formed to advance the BEE campaign, and merged with Perskor, another print publisher, in the 1990s. Caxton/CTP is a diversified print media company that also draws revenue from printing, book publishing, stationery, and packaging enterprises.[6]

Independent News & Media is the largest publisher of newspapers in South Africa and is part of the Independent News & Media (INM) Group founded by the Irish media magnate Tony O'Reilly.[7] It accounts for a third of all newspapers sold in the country and more than half of the newspapers published in English. Its South African operations were originally held by the Anglo-American Argus Group, which INM acquired in the 1990s, first with the purchase of a third of the shares and later with the acquisition of the remaining balance.

Avusa is a media and entertainment company with significant newspaper holdings in South Africa. The company originated with two newspapers: *The Rand Daily Mail* in 1902 and *The Sunday Times*, in 1906 (only the *Times* is still in circulation). Avusa was formed from Johnnic Communications, a company formed with the purchase of Times Media by the NEC from an Anglo-American company in the 1990s.

English-language newspapers evolved in parallel with the mining industry and were largely funded by dominant mining interests. The original newspapers in what is now the INM stable were, for example, funded by the diamond magnate Cecil Rhodes, and today's Avusa Group evolved from a number of newspapers originally owned by the mining financier Abe Bailey. ↳ The Afrikaans-language press developed independently as an extension of Afrikaner nationalism and as a counter to British hegemony in politics and the economy.

While the companies mentioned above may be seen as the dominant drivers in the development of South Africa's newspaper industry, three other significant sections of the newspaper industry should be noted. The indigenous press for black Africans originated in the early 1800s but suffered throughout the years leading up to democracy due to a lack of resources and capital. Second, a comparatively small but politically important group of newspapers—sometimes closely associated with the first group—began publication from the 1950s onward with the intention of giving voice to anti-apartheid sentiments. Of these, what is now The Mail & Guardian, a newspaper owned by M&G Media, is one example, along with *The Sowetan* daily, which is now part of Avusa. Third, as mentioned above, the South African newspaper landscape is characterized by a large number of free community newspapers such as those published by Caxton/CTP.

South Africa's newspaper industry has always reflected the prevailing economic, political, and social conditions of the day, and this is as true today as it has been in the past. While there have always been publications regarded as government outlets, newspapers have consistently given voice to the incumbent government's opposition, both pre- and post-1994, and even during the period of censorship that prevailed before 1994. Prior to 1994, the press was subjected to varying degrees of government control and censorship—*The Rand Daily Mail* was sometimes forced to withdraw reports that reflected poorly on the National Party, and *The World*, a paper for black South Africans, was shut down in the late 1970s—but the press has since 1994 subsequently enjoyed the greatest period of freedom in its history, as press freedom is now guaranteed in the South African Constitution. From 2010, however, there had been sustained attempts by government to introduce legislation to govern access to, and dissemination of, information, with the first such bill being legislated in November 2011. Many believe that such legislation will significantly retard media freedom in South Africa, and indeed the demand for newspapers.

The market has shown some stagnation in the growth of traditional newspapers but significant growth for tabloids and local newspapers. Overall, growth in the market is supported by rapid population growth, increased literacy and access to newspapers, and greater disposable income. Despite the fundamental changes that have occurred in the ownership of newspapers since 1984, the underlying structure of the market has not changed significantly. In terms of C4, the newspapers market in South Africa has remained consistently concentrated since 1984, and at a relatively high level. The HHI and Noam Index measures also indicate high levels of concentration and moderate diversity as shown in Table 31.1.

Table 31-1. Daily Newspapers (Market Shares by Circulation), 1997–2011

	1997[1]	2000	2004[2]	2008	2011
Media24 (Naspers)	24.4	26.7	31.4	36.1	35.0
Independent News and Media Group (O'Reilly Family, Ireland)	35.5	36.1	31.2	27.5	26.5
Avusa	21.1	20.5	16.8	17.2	17.7
Caxton/CTL	15.0	13.5	15.1	15.0	14.3
Community Dailies	1.2	0.9	1.6	2.2	1.7
M&G Media Ltd.	0.5	0.4	1.3	0.9	1.0
Capital Media	0.2	0.2	1.0	0.8	1.7
TNA Media					1.5
Others	2.2	1.6	1.7	0.5	0.7
Total Revenue (mil ZAR)	1,817	2,392	3,687	6,441	7,479
Total Revenue (mil US$)	423	345	572	781	1,031
C4	96	97	94	96	93
HHI	2,524	2,622	2,477	2,584	2,450
N (> 1%)	5	4	6	5	7
Noam Index	1,130	1,311	1,011	1,156	926

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

1 For newspapers, 1997 is assessed instead of 1996 because comprehensive data was not available prior to this date.

2 Revenue from inserts in newspapers is only included from 2004 onward.

Book Publishing

By the end of the nineteenth century, a number of small publishers had become established in the then capital of the Cape Colony (South Africa), Cape Town. By the early 1900s, other, mainly British, publishers had also established operations in what had by then become the Union of South Africa. The 1930s and 1940s saw the rise in primarily Afrikaans-language publishers, and later, between 1948 and 1994, several anti-apartheid publishers entered the market. Since 1994, there has been a significant change in local publishing companies' ownership and control, largely as a reflection of the BEE campaign and the entry of international publishers.[8]

The trend identified for book publishing in South Africa in this study is for the relatively short period of 2004–2008, for which very limited industry information is available. In the absence of primary data, industry concentration is assessed with secondary data, and the findings certainly contain some margin of error. The findings have, however, been included in order to offer a provisional insight into the sector.

p. 990 Book publishing in South Africa covers a wide spectrum that includes trade, education, academic, and mixed publishing sectors, and retail sales account for most of the revenue. Information on the size and composition of the South African book industry is not directly accessible as published industry research expressly excludes the competitive position of individual companies. By 2011, the largest publishing houses were Pearson in the academic sector, Maskew Miller Longman and Heinemann in the textbook market, LexisNexis in legal and accounting publications, and Random House Struik in trade publications.

Between 2002 and 2005, about a third of the country's large publishers were locally owned, a third internationally owned, and a third had mixed local/international ownership, while sizeable foreign ownership was also evident among small and medium-sized publishers.[9] By the end of the period of assessment the size of the sector by net turnover was upward of US$512 million (ZAR3.2 billion) and growing, but at a slower rate than either GDP growth or inflation.[10]

The findings suggest that by all three measures used in this study there was a reduction in media concentration in the publishing industry between 2004 and 2008, based on the number of titles registered by publishers with South Africa's Legal Deposit Library. All three indices suggest a significant reduction in media concentration and an increase in diversity over this period. Data collection was changed in the final
p. 991 year of assessment making it incomparable with ↳ the 2004 and 2008 data. For this reason, only these two years are included in Table 31.2.

Table 31-2. Book Publishing (Market Shares by Revenue), 2007–2009

	1984	1988	1992	1996	2000	2004	2008	2011
Total Revenue (mil ZAR)						1,756	3,206	
Total Revenue (mil US$)						272	389	
C4						55	31	
HHI						903	460	
N (> 1%)						17	22	
Noam Index						219	98	

Source: South African Legal Deposit Library, Publishers' Association of South Africa.

Magazine Publishing

South African magazine publishers are mostly self-owned. The largest media owner by number of titles and revenue is Naspers's Media24, which publishes over 60 magazine titles. With its 58% stake in New Media Publishing, the second largest publisher by titles, Media24 controls over 80 titles.[11] Other major companies in the magazine industry are Avusa and Caxton/CTP. Avusa's magazine division includes popular consumer titles and trade publications for a range of industries. Caxton/CTP publishes 10 monthlies and 3 weeklies and has a 30% stake in another (though smaller) magazine publisher, RamsayMedia.[12] Highbury Safika Media, which was established in 2005 by a consortium of Highbury Monarch Communications, Safika Investments, and RMB Corvest, publishes approximately 30 titles.

Magazines operate in a relatively open, competitive market in South Africa. Roughly half the market is serviced by the larger magazine companies, and these account for over 60% of advertising spend. Media24, the largest company in the sector, alone receives between 33% and 43% of the entire sector's total advertising expenditure.

The magazine market, if assessed by individual titles, may be described as unconcentrated, with great diversity throughout the period of assessment and a trend toward lower concentration. By ownership, however, it becomes evident in Table 31.3 that concentration is higher.

Table 31-3. Magazine Publishing (Market Shares by Revenue), 1997–2011

	1997[1]	2000	2004	2008	2011
Media24 (Naspers)	33.2	37.4	42.8	38.9	39.5
Avusa	13.3	12.2	10.5	11.1	8.7
Caxton/CTP	6.3	5.0	6.3	7.1	7.2
RamsayMedia	6.4	7.5	7.8	6.7	5.6
Associated Magazines	3.6	4.5	4.7	4.4	4.8
Condé Nast (Advance Publications, US)	0.0	2.5	2.9	3.3	3.1
Primedia[2]	0.8	0.8	2.0	1.9	1.1
Mafube Pub	2.4	1.7	1.8	1.9	1.6
New Media Publishing	0.8	0.2	0.8	1.7	2.4
Martin Creamer	1.9	3.6	1.5	1.3	1.2
Overdrive Publishing				1.1	1.3
The Publishing Partnership				1.1	1.0
Bike SA	0.5	0.9	0.9	1.0	0.8
Others	30.8	23.9	17.9	18.6	21.8
Total Revenue (ZAR mil ZAR)	921	1,194	1,738	2,680	2,728
Total Revenue (mil US$)	214	172	269	325	376
C4	59	62	67	64	61
HHI	1,435	1,698	2,091	1,787	1,780
N (> 1%)	7	8	9	13	12
Noam Index	542	600	697	496	514

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

1 For magazines, 1997 is assessed instead of 1996 because comprehensive data was not available prior to this date.

2 Primedia is a South African company and unrelated to companies of the same name operating elsewhere in the world.

Audiovisual Media

Radio

Regular national broadcasting began in 1924, and the Schlesinger Corporation—which was founded as a cinema group—established African Broadcasting Corporation (ABC) in 1927 as the single national commercial broadcaster. In 1936, the government purchased the ABC and renamed it the South African Broadcasting Corporation (SABC), modeling it on the UK's BBC services.[13] Radio stations were developed for the individual language groups in the country, and the first new commercial station was launched in 1950, after which commercial regional music stations were introduced in the following decade.[14]

p. 992 The SABC maintained its monopoly on radio transmitted within the borders of South Africa. It was, however, exposed to some competition that originated beyond its borders. A number of primarily South African-financed private stations were launched from neighboring countries such as Mozambique and Swaziland with stations that included LM Radio and Swazi Music Radio, and from the Bantustans of Transkei and Bophuthatswana within its borders, with private stations such as Capital Radio and Radio

702.[15] Inadequate funding, poor signal strength and reliance on transmission systems with limited ranges prevented these stations from competing on an equal footing with the SABC network.

Competition was also provided by the public broadcasters of the "black African homelands" set up as segregated cantonments for the indigenous population of South Africa: Bop Radio (Bophuthatswana), Radio Thohoyandou (Venda), and Radio Ciskei (Ciskei), among others.[16] In 1985, the SABC undertook a competitive strategy to improve its market shares. It closed Springbok Radio, its first commercial radio
p. 993 station, ↳ launched Radio Metro to compete with the "homeland" stations, and restructured a number of its older radio stations.[17] After 1994, the radio industry underwent a fundamental change. The Independent Broadcasting Authority (IBA), created to regulate the broadcasting industry independently of government, introduced a three-tiered broadcasting system that allowed for commercial, public, and community radio.[18] Under the IBA's new regulations, SABC was to remain a public broadcaster. In practice, as the national public broadcaster, it had still not relinquished many of its commercial operations and continued in part as a commercial broadcaster. This anomaly was addressed in the relicensing of the SABC in 2005, when its operation was reorganized into commercial and public divisions. In 1995, the first community radio stations were launched. These are not-for-profit radio stations that are based in communities and owned by those communities, with "community" defined by geographical area or common interest such as language or religion. As part of the market's restructuring by the IBA, six of its stations were privatized in 1996 and in 1997 the IBA awarded eight new commercial radio licenses. In 2000, the IBA merged with the Telecommunications Authority to become the Independent Communications Authority of South Africa (ICASA), the body that currently regulates South African broadcasting.[19]

Up until 1996, radio was concentrated in the hands of the South African Broadcasting Corporation (SABC), and while the SABC is still the market leader, two new groups have emerged: Primedia and Kagiso Media. From its origins as the owner of Radio 702, Primedia now has holdings in four radio stations and has evolved into a multimedia group owned by its management, the Mineworkers Investment Company, the Kirsh Consortium, and Brait SA.[20] Kagiso Media was founded in 1997 and has developed into a listed investment holding company with interests in a number of radio stations in which it has varying degrees of control.[21] Other companies with significant but smaller holdings in radio are African Media Entertainment and Hosken Consolidated Investments Ltd.

With minor exceptions, both HHI and the Noam Index ratios in Table 31.4 reflect an incremental reduction in concentration over the period of the study, and C4 has also only declined slightly since 1996.

Table 31-4. Radio Group (Market Shares by Revenue), 1984–2011

	1984	1988	1992	1996	2000	2004	2008	2011
SABC (public)	84.4	45.3	61.6	64.1	55.0	45.0	45.2	31.6
Kagiso Media	0.0	0.0	0.0	0.0	16.5	24.6	28.5	21.2
Primedia	15.6	32.7	25.7	34.6	19.1	22.7	18.1	31.1
African Media Entertainment					3.4	2.5	3.8	11.2
Hosken Consolidated Investments Ltd.	0.0	0.0	0.0	0.0	2.6	2.2	3.0	2.3
Community Stations[1]						0.6	0.7	2.0
Classic FM					1.2	2.4	0.6	0.6
Bophuthatswana Broadcasting Corp. (public)		8.7	6.3	1.3	0.0	0.0	0.0	0.0
Punt Radio					2.1			
Independent Stations		13.3	6.4					
Total Revenue (mil ZAR)	68.4	61.6	178	323	1,226	1,930	3,345	4,528
Total Revenue (mil US$)	46.4	27.1	62.4	75.1	178	299	405	624
N (> 1%)	2	3	3	3	7	6	5	6
C4	100.0	86.7	93.6	100.0	94.0	95.0	96.0	95.0
HHI	7,368	3,197	4,495	5,313	3,690	3,161	3,209	2,553
Noam Index	5,210	1,846	2,595	3,068	1,395	1,290	1,435	1,142

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

1 For 2000 and earlier, there were no individual statistics for community radio stations, a group of nonprofit, cooperative local stations.

Broadcast Television

South Africa's terrestrial broadcasting industry was from 1984 to 1998 largely monopolized by the national public broadcaster, the South African Broadcasting Corporation (SABC). The SABC's television service was first launched in 1976 with SABC 1. It was originally funded through license fees, but advertising was added to its revenue stream in 1978, a situation that remains unchanged. In 1982 a second SABC channel, SABC 2, was added, and a third in 1998 (SABC 3).[22] The first alternative station to the SABC's was Bop TV, which started out as the public television station of Bophuthatswana. Although it was the first challenger to SABC's monopoly, Bop TV never had a major impact on South African broadcast television in terms of market or audience shares. Launched in 1984, Bop TV was eventually centralized under the SABC's authority in 1997 and shut down in 2003.[23]

The state's overall television monopoly in South Africa, though, ended with the launch of the M-Net
p. 994 subscription television channel in ↳ 1986, when it was permitted a free-to-air time slot between 17:00 and 19:00 daily, a practice which continued until 2007 when this free-to-air window was discontinued entirely.[24] During this time, M-Net is best described as a subscription service with an encoded channel, despite the small opportunity that it had in free-to-air (for this reason it is not reflected in Table 31.5 data, but is included in Tables 31.6 and 31.7). The conversion of analog to digital terrestrial television (DTT) was to have begun in 2013.

Table 31-5. TV Broadcasting (Market Shares by Revenue), 1984–2011

	1988	1992	1996	2000	2004	2008	2011
SABC (public)	99.0	98.7	99.6	89.0	74.8	69.2	67.6
e.tv (Hosken Consolidated Investment Ltd.)	0.0	0.0	0.0	10.9	25.2	30.9	32.4
Bophuthatswana Broadcasting Corporation (public)	1.0	1.0	1.3	0.4	0.0	0.0	0.0
Total Revenue (mil ZAR)	345	771	1,017	2,250	4,466	6,784	8,888
Total Revenue (mil US$)	152	270	237	324	692	822	1,182
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	9,805	9,735	9,917	8,045	6,230	5,734	5,618
N (> 1%)	2	2	2	2	2	2	2
Noam Index	6,933	6,884	7,012	4,645	4,405	4,054	3,973

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

Table 31-6. Multichannel Video Platforms: DBS (Market Shares by Revenue), 1984–2011

	1984	1988	1992	1996	2000	2004	2008	2011
DStv (MultiChoice Africa-Naspers)	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Revenue (mil ZAR)	0.0	51	274	633	756	1,111	3,180	5,796
Total Revenue (mil US$)	0.0	23	96	147	109	172	385	799
C4	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	0.0	10,000	10,000	10,000	10,000	10,000	10,000	10,000
N (> 1%)	0	1	1	1	1	1	1	1
Noam Index	0.0	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

Table 31-7. Combined Video Network Industries: Broadcast TV Networks, TV Syndicators, Pay-TV (Market Shares by Revenue) 1984–2011

	1984	1988	1992	1996	2000	2004	2008	2011
SABC (public)		86.0	73.0	61.0	67.0	60.0	47.0	41.0
DStv (MultiChoice Africa-Naspers)	0.0	13.0	26.0	38.0	25.0	20.0	31.0	39.0
e.tv (Hosken Consolidated Investment Ltd.)	0.0	0.0	0.0	0.0	8.0	20.0	22.0	20.0
Bophuthatswana Broadcasting Corporation (public)		1.0	1.0	0.0	0.0	0.0	0.0	0.0
Total Revenue (mil ZAR)	209	397	1,045	1,650	3,006	5,577	9,965	14, 683
Total Revenue (mil US$)	142	175	366	384	433	865	1,208	2,024
C4		100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI		7,598	5,990	5,240	5,140	4,392	3,659	3,616
N (> 1%)		3	3	2	3	3	3	3
Noam Index		4,387	3,459	3,705	2,968	2,536	2,112	2,088

Source: AIS/The Nielsen Company, South African Advertising Research Foundation.

Following initial steps toward full liberalization in the broadcast industry in the mid-1990s, the new MIDI Television network was licensed to operate under the name e.tv, becoming the first significant over-the-air competitor to the SABC. e.tv was launched in 1998 and became the second largest terrestrial broadcaster by 2001, a position that it has held ever since.[25] Hosken Consolidated Investments Ltd. has a majority stake (63%) in e.tv.[26]

Multichannel TV Platforms

In 1986, a consortium of print publishers were awarded a license to operate the pay-TV service M-Net, which was not permitted to broadcast news programming (as this was retained as the sole domain of the SABC for political purposes) at first. In 1993, M-Net's customer service divisions were split apart to form
p. 995 MultiChoice, and then, in 1996 MIH Holdings. MultiChoice ↳ began broadcasting the satellite network DStv in 1995. DStv now transmits multiple channels on satellite, including news, entertainment, children's, sport, business, education, and religious programming, as well as SABC's terrestrial programming and foreign content from channels such as RAI (Italy) and Deutsche Welle (Germany).[27] The majority shareholder of M-Net and DStv is Naspers, but the nature of the group's shareholding has changed since 1994, with BEE transactions resulting in the transfer of 20% of Naspers's shares in MultiChoice to Phuthuma Nathi Investments.[28] Until 2008, M-Net/MultiChoice's channels were the only satellite broadcasting channels available, South Africa does not have any cable TV providers; cable services are a
p. 996 monopoly reserved for the wireline operator Telkom, which has so far ↳ chosen not to develop the network for television programming.

The only significant competition DStv currently faces is from On Digital Media's TopTV. The SABC attempted to enter the pay-TV arena with two channels, AstraPlus and AstraSport, in 1997, but both channels ceased broadcasting due to inadequate levels of funding. In 2007, four new broadcast licenses were awarded to Walking on Water, On Digital Media, a satellite service of e.tv called e-Sat and Telkom Media, a division of Telkom, the national telecommunications operator. On Digital Media's TopTV now competes directly against DStv. Telkom's Super 5 Media has not yet launched- Telkom sold its 75% stake to Shenzen Media, and Super 5 Media has obtained a number of launch date extensions.[29] e-Sat opted to operate as a content provider instead of an MSO, and Walking on Water has also not launched at the time of writing.

Combined Video Network Industries

In the South African context, it is best to assess concentration in the television industry as a whole. The reason is that both broadcast and DBS services are so highly concentrated. The dynamics between these sectors, however, is particularly interesting, and more indicative of the general trend in the concentration of the television industry in South Africa.

Television was introduced comparatively late in South Africa because it was widely seen by the government as a threat to the apartheid system. The Minister of Posts and Telegraphs in the early 1960s denounced television as "a miniature bioscope over which parents would have no control . . . showing race-mixing" and as "the devil's own box, for disseminating communism and immorality."[30] The government passed legislation for the introduction of television only in 1971, and five more years passed until SABC 1 was launched. SABC remained the sole legal terrestrial broadcaster until 1986, when M-Net was launched (MultiChoice's DStv entered service in 1995). In 1998, e.tv, the first private terrestrial television channel was launched. Although four new broadcasting licenses were awarded in 2007, only one of these has so far gone on air, doing so in 2011. The consolidated market has evolved over the period p. 997 ↳ of assessment from very highly concentrated to a condition of low but increasing diversity.

Film

South Africa's first cinema houses (Africa's Amalgamated Theatres and the Empire Theatres Company) were bought out by the Schlesinger Corporation, which dominated film importation and distribution in South Africa until the late 1950s. In 1931, Schlesinger merged its interests with Kinemas, establishing African Consolidated Films and African Consolidated Theatres under the African Film Productions (AFP) banner. A decade later 20th Century Fox bought out AFP, renaming it South African Screen Productions. In 1969, the insurance company Sanlam, which owned the film producer/distributor Ster Theatres and Films, bought out 20th Century Fox's South African division and formed Suid Afrikaanse Teaterbelange Beperk (Satbel), which operated as Kinekor due to regulatory concerns. When television was introduced in 1976, cinema attendance dropped significantly and the government permitted the merger of the two entities as Ster-Kinekor. Ster-Kinekor was subsequently acquired by Interleisure in the late 1980s and finally, by Primedia in 1997. Ster-Kinekor Theatres is now the largest exhibitor in South Africa.

South Africa's second largest exhibitor is the NuMetro Cinema Group, which was established in 1987 with the acquisition of United International Pictures' (UIP) South African distributor, Metro Group.[31] The new group became part of CNA Gallo, which listed on the stock exchange as MEGA.[32] Its interests were fully acquired by Avusa's predecessor, Johnnic, in 1998, and the company is now a subsidiary of Avusa. NuMetro operates 24 multiplexes across South Africa with 196 screens. Avusa also controls NuMetro Home Entertainment, which markets film content for home use and represents a number of international studios and brands such as Warner Brothers Home Video and the BBC.

HHI and the Noam Index demonstrate that from 1984, the market has been characterized by a period of consistency with slightly increasing concentration as shown by Table 31.8.

Table 31-8. Film Exhibition (Market Shares by Box Office %), 1996–2011

	1996	1996	2004	2008	2011
Ster-Kinekor Theatres (Primedia)	69.0	58.0	57.0	60.3	61.0
Nu Metro Theatres (Avusa)	23.0	27.0	33.0	26.3	27.0
Independent Exhibitors	8.0	15.0	10.0	13.3	12.0
Total Revenue (mil ZAR)	330	445	656	617	764
Total Revenue (mil US$)	77	64	102	75	105
C4	100.0	100.0	100.0	100.0	100.0
HHI	5,355	4,318	4,437	4,511	4,594
N (> 1%)	3	3	3	3	3
Noam Index	3,092	2,493	2,562	2,604	2,652

Source: Ster-Kinekor Entertainment.

Since the 1980s, Ster-Kinekor, NuMetro, and UIP have been the primary film distributors in the country. Ster-Kinekor Entertainment's market share has declined from 50% in 1984 to 34% in 2011, UIP's market
p. 998 share has fallen from 50% in 1984 to 29% in 2011 and NuMetro's market share ↳ has risen to 37%, as seen in Table 31.9. The three distributors represent the major international film distributors in South Africa. Ster-Kinekor, for example, distributes Walt Disney and Sony Pictures productions, while NuMetro distributes 20th Century Fox and Warner Brothers' productions.

Table 31-9. Film Distribution (Market Shares by Box Office %), 1996–2011

	1996	2000	2004	2008	2011
Ster-Kinekor Entertainment (Primedia)	50.0	57.0	37.0	31.0	34.0
United International Pictures (UIP)(Paramount Pictures: Viacom, US) (Universal: Comcast/GE, US)	50.0	21.0	22.0	29.0	29.0
Nu Metro Film Distribution (Avusa)	0.0	22.0	41.0	40.0	37.0
Total Revenue (mil ZAR)	330	445	656	617	617
Total Revenue (mil US$)	77	64	102	75	85
C4	100.0	100.0	100.0	100.0	100.0
HHI	5,000	4,174	3,534	3,402	3,366
N (> 1%)	3	3	3	3	3
Noam Index	2,887	2,410	2,040	1,964	1,943

Source: Ster-Kinekor Entertainment.

From its inception the local industry has produced films that have enjoyed varying degrees of success at the South African box office, but these generally contribute only a small percentage to total box office takings in the South African market, the bulk of the revenue being generated by imported films, mainly from the Hollywood majors in the United States.

Telecommunications Media

Wireline Telecom

By the mid-1980s, the inefficiencies of the state-run system set up in the 1940s and 1950s had become abundantly clear, with a tremendous backlog and long waiting times even for residential and business lines in the major urban centers. As part of a general liberalization of the economy, a fully state-owned company, Telkom, was split off from the South African Post Office—which had managed fixed telephony operations since 1958—in 1991. As in many other countries, long-distance call rates had previously subsidized line rental and local calls, and Telkom had to address this imbalance, especially as callback services for international destinations made inroads in the 1990s.

In 1997, the government sold 30% of its stake in Telkom to SBC Communications, an American "Baby Bell" company that would eventually become AT&T, and Malaysia Telekom, and that year Telkom was granted a license under the Telecommunications Act by the then telecom regulator, SATRA. It was argued that Telkom required an extended period of protection from competition in order to expand telephone services, especially in previously disenfranchised areas. Despite this protection, expansion did not occur to any significant extent.[33] In 2002 Telkom's exclusivity license expired but it retained its monopoly and political influence. In 2005, for example, 15.1% of Telkom was acquired by the Elephant Consortium, led by the outgoing Director General of the Department of Communications, a former SBC/Telkom executive and a
p. 999 senior government official. By 2007, ↳ SBC Communications and Malaysia Telekom had completely sold their shares in Telkom and the government currently retains a large (but still a minority) stake in the company.

The ANC's telecommunications' policies since 1994 have been marred by incoherence and the failure to introduce competition to Telkom, "in part because the ANC leadership has been loath to trust democratic structures outside of its immediate control," according to Horwitz and Currie.[34] The total number of wireline connections declined by 2011 to pre-1997 levels, with just over 4 million lines in service, giving a wireline tele-density of well below 10%.[35] Wireless substitution has no doubt played a role, and for many consumers there is little advantage in adopting a wireline service with fixed monthly fees and small savings on most calls. The network externality that is realized in advanced economies from expansive wireline deployment remains unrealized.

A Second National Operator (SNO), intended to be Telkom's competitor, was finally licensed in 2005. Neotel (controlled by the Indian telecom major Tata Communications) has so far had a very limited impact on the consumer market. It has a CDMA wireless network on which it provides "fixed" wireless services with geographic numbers and without roaming between area codes. It provides wireline service to business premises as well as servicing a niche Internet access market. The wireline telephony market in South Africa remains in practice a complete monopoly, with the attendant inefficiencies, high prices, and a highly politicized business model heavily influenced by ANC politics.

The wireline telephony market, although being challenged in a small way by VoIP services (running mainly on Telkom's ADSL network), is still fully concentrated in the incumbent, Telkom, giving the highest possible score on all measures of concentration in Table 31.10.

Table 31-10. Wireline Telecom (Market Shares by Subscribers), 1984–2011

	1984	1988	1992	1996	2000	2004	2008	2011
Telkom[1]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Subscribers (1,000)	3,890	4,743	3,524	4,259	4,962	4,726	4,451	3,995
Total Revenue[2] (mil ZAR)	1,629	3,426	10,600	13,320	26,700	40,500	56,300	33,079
Total Revenue (mil US$)	1,104	1,508	3,717	3,100	3,850	6,279	6,823	4,563
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
N (> 1%)	1	1	1	1	1	1	1	1
Noam Index	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Source: Office of the Postmaster General, Telkom.

1 Neotel and VoIP service have small market shares.

2 Total revenue is given as total Telkom revenue from all sources. Up to 2008, this included income from Vodacom.

Wireless Telecom

Prior to 1994, Telkom had run an analog car phone network that was decommissioned when the GSM networks were launched. Just prior to the 1994 elections, the outgoing National Party government licensed two GSM cellular networks (MTN and Vodacom). The two GSM networks rapidly expanded consumer access to voice services, multiplying the number of people with access to telephones several fold. The success of
p. 1000 mobile wireless ↳ telephony in South Africa has been spectacular. Vast areas of the country that had previously been without service of any kind are now fully covered by mobile networks. Vodacom and MTN were licensed in spite of opposition from the ANC.

Telkom initially had a 50% share in Vodacom, which was very profitable for the wireline monopolist until it divested from Vodacom in 2008–2009. Release of a new frequency (1,800 MHz) and new number ranges were supposed to be delayed until the Third Mobile Operator (TMO) had been licensed, and that license was finally awarded to Cell C (controlled by Oger Telecom, a division of Saudi Oger Ltd.) in a highly politicized process which was directly connected to an arms transaction involving the Government of Saudi Arabia.[36]

The profitability of the Vodacom/MTN duopoly was supported from the start by some of the highest mobile interconnection rates in the world, though these rates have become reduced slightly. Nevertheless, large unsatisfied demand among the majority of the population and the lackluster performance of Telkom meant that the high interconnection rates did not prevent spectacular growth in access to wireless telephony services, although the number of actual monthly minutes per consumer remains fairly low. All of the large
p. 1001 telecommunications companies have significant involvement from either the state, state-owned ↳ companies, or through organizations and individuals with strong links to the ANC (with the exception of Neotel).

Concentration remained high from 1993 to 2001, when its level was reduced with the launch of Cell C, the third operator in the market. By 2011 there were two national GSM networks (MTN and Vodacom) and three other infrastructure networks with coverage in the metropolitan areas (Telkom/8ta, Cell C, and Neotel) plus roaming agreements with the national operators (in the case of Telkom/8ta and Cell C) in rural areas. In the case of Cell C, the regulator mandated the roaming agreement but Telkom's 8ta had actually started out by searching for a roaming partner on a commercial basis. Neotel provides a completely mobile wireless Internet access service on its CDMA network, but otherwise provides fixed wireless telephony services only.

HHI indicates steadily decreasing degrees of concentration, with the most significant period of reduction occurring between 1992 and 1996 due to the market entry of MTN and Vodacom. The next significant, but smaller drop occurred with the launch of Cell C in 2001, and this trend continued to 2008. The same, but slightly more accentuated pattern is evident in the Noam Index in Table 31.11, which fell from a level of 10,000 in 1992, to 3,627 in 1996, and then to 1,857 by 2008.

Table 31-11. Wireless Telecom (Market Shares by Revenue), 1988–2011

	1988	1992	1996	2000	2004	2008	2011
Vodacom (Vodafone, UK)	0.0	0.0	58.0	56.9	50.8	53.7	50.9
Subscribers (1,000)	0	0	553	5,108	1,284	2,763	3,170
MTN (MTN Group)	0.0	0.0	42.0	43.1	40.5	33.4	33.7
Subscribers (1,000)	0	0	400	3,877	10,235	17,169	20,968
Cell C (Oger Telecom-Saudi Oger Ltd., Saudi Arabia)	0.0	0.0	0.0	0.0	8.7	12.4	13.2
Subscribers (1,000)	0	0	0	0	2,197	6,400	8,200
Virgin Mobile (Richard Branson, Virgin Group, UK)[1]	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Subscribers (1,000)	0	0	0	0	0	250	300
Telkom/8ta[2] (Telkom)	100.0	100.0	0.0	0.0	0.0	<0.1%	1.8
Subscribers (1,000)	3	13	0	0	0	5	11,403
Total Subscribers (1,000)	3	13	953	8,985	2,527	5,145	6,231
Total Revenue (mil ZAR)					45,380	87,410	
Total Revenue (mil US$)					7,040	10,590	
C4	100.0	100.0	100.0	100.0	100.0	100.0	99.5
HHI	10,000	10,000	5,129	5,094	4,297	4,152	3,898
N (> 1%)	1	1	2	2	3	3	4
Noam Index	10,000	10,000	3,627	3,602	2,481	2,397	1,949

Source: MTN, MyBroadband, Office of the Postmaster General, Telkom, Frost & Sullivan.

1 Virgin Mobile is an MVNO JV with Cell C: both companies are privately held and data were compiled from press and other reports.

2 From 2008 on, the new Telkom network had a much smaller footprint than the rest and was in fact dropped in 2011 for an entirely new network called 8ta, which has a roaming agreement with MTN.

Internet Media

Internet Service Providers (ISP)

For South African consumers, Internet access is almost universally bundled with (wireline or wireless) telephony, or is provided as a stand-alone product on a wireless telephony network. Consumer Internet platforms are in practice no different from the telecom distribution networks (fiber optic lines are not widely distributed either for residential or commercial use). The City of Johannesburg is planning to allow some consumer access to its new fiber optic network through resellers, but efforts driven by local authorities have in the past not proved to be very successful. There is some commercial provision of wireless access over WiMax using high-powered WiFi, but this practice takes place in a legal limbo that has discouraged further expansion. Very high access charges for ADSL service by Telkom have spurred the growth of community WiFi networks, notably for gamers in the area of Pretoria and Johannesburg.

South Africa has only the fourth largest number of Internet users in Africa, despite having the largest economy on the continent.[37] Although the numbers are rather imprecise, South Africa's position behind Nigeria, Morocco, and Egypt suggests that the country's policy of "managed liberalization" and its emphasis on expanding access beyond traditionally privileged communities have not been wholly successful. Nevertheless, the impact of smart phones has been considerable and wireless networks are responsible for the majority of private connections. As a result of the economics of wireless networks (shared spectrum in a given locality), the total Internet traffic per user is particularly low for South Africa, as per-megabyte pricing on UMTS networks remains relatively high due to the scarcity of spectrum(s).

In principle, South Africa has a converged and liberal licensing framework. However, issues that at the time of writing hang in the air include the finalization of a WiMax auction and the proper allocation of spectrum in those bands (since 2008), and the unbundling of the local loop, a process that has been going on since the late 1990s. Lack of movement in these areas has undermined the impact of the Altech court case of 2008. The case proceeded from a newly instituted licensing system and concerned the conversion of existing
p. 1002 licenses to the new framework: the ICASA intended to make 600 licenses available but some of ↳ the license holders wished to receive a license that would allow them to build and operate their own national or local networks. These applicants won, and the ICASA was forced to convert the licenses to these broader "ECNS" licenses. This resulted in a burst of activity in the rollout of trunk network capacity, which has allowed the national network to expand significantly.

Nevertheless, consumer Internet service provision remains mainly the business of the dominant wireless providers and the sole wireline provider, Telkom. However, there is a market in a customized bitstream access environment, where ISPs provide a data stream to clients of Telkom's ADSL service. The client pays a monthly fee to Telkom and an additional charge for a mandatory wireline voice service.[38] ISPs then provide a range of access products on top of that, ranging from per gigabyte (GB) pricing to all-you-can-eat data plans (as of 2010), although the latter have their traffic aggressively managed, sometimes even through "rolling caps" which will restrict users to 20 gigabytes of data for any 10-day period. By December 2010, only 731,500 ADSL connections were active in the country, with the majority connecting at only 384 kbps.[39] From a population of some 50 million, this represents a very low level of wireline broadband penetration since there is next to no fiber or cable access in the country. South Africa's high national crime rates also impact ISPs: only gated communities usually offer fiber optic service to their residents, and the high-capacity market for households is restricted to the Telkom ADSL service, which is affected by frequent theft of copper wiring.

The Internet Service Providers Association (ISPA) of South Africa has expressed grave concern about the Regulation of Interception of Communications Act (RICA) that has been implemented in South Africa, which requires Internet service providers to verify the identity of every customer in-person.[40] Only very large ISPs can comply with RICA by establishing branch offices to receive customers. All but the largest ISPs offer online signup and instantly activated accounts on a national basis, which makes the market for data access as competitive as the market for line rental is a monopoly. RICA also effectively requires Internet cafés to do the same, and outlaws casual WiFi use. Should full implementation of RICA go ahead, it would be a tremendous setback for competition in the ISP industry and expanding Internet access.

The provision of Internet service by ADSL, cable, and fiber was completely monopolized by Telkom's ADSL service during the period of the study. Three significant groups of players in the broader industry have been omitted from Table 31.12 however:

i. Dial-up Internet service providers (especially in the 1990s);

ii. Providers of Internet content to ADSL subscribers of the Telkom network (most of which have grown out of the first category); and

iii. Wireless service providers, including the mobile networks.

Table 31-12. Internet Service Providers: ADSL, Cable, Fiber Optic (Market Shares by Subscribers), 2004–2011

	2004	2008	2011
Telkom	100.0	100.0	100.0
Total Subscribers (1,000)	58	548	827
Total Revenue (mil ZAR)	N/A	N/A	N/A
Total Revenue (mil US$)	N/A	N/A	N/A
C4	100.0	100.0	100.0
HHI	10,000	10,000	10,000
N (> 1%)	1	1	1
Noam Index	10,000	10,000	10,000

Source: Telkom.Note: Residential infrastructure wired Internet service providers. There has been no unbundling of the local loop in South Africa and there is an insignificant amount of optical fiber and no cable provision.

All three categories play a significant role. The first two categories are very similar (the second having in the main replaced the first during the period of the study) and the third is fast becoming the dominant way to access the Internet, even on traditional computers and at home. However, subscriber data for wireless services are difficult to distinguish from casual users of very modest data services on their cellular handsets, which many networks report as their "data users."

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Search Engines

During the early days of commercial consumer Internet, South African search engines such as Aardvark and Ananzi held significant market shares, especially as US providers such as Yahoo! and MSN did not initially localize their search results. Since then, however, Google has come to dominate the search market and provides its main interface in several South African languages. The three most popular websites in South Africa are Google.co.za, Facebook, and Google.com (Table 31.13).[41]

Table 31-13. Internet Search Engines (Market Shares by Search Volume), 1996–2011

	2009	2011
Google (US)	93.4	91.8
Bing (Microsoft, US)	3.9	3.3
Yahoo! (US)	2.1	3.0
Ask (US)	0.3	0.4
AltaVista (US)	0.1	
MSN (Microsoft, US)	0.0	
AOL (US)	0.0	
Others	0.1	1.6
Total Revenue (mil ZAR)	N/A	N/A
Total Revenue (mil US$)	N/A	N/A
C4	99.7	100.0
HHI	8,751	8,438
N (> 1%)	3	3
Noam Index	5,052	4,872

Source: NetMarketShare.

Online News

The provision of online news is dominated by the traditional news publishers, Naspers (News24) and the Independent News & Media Group (INM) in Table 31.14. The bilingual Naspers news portals News24/Nuus24 (English and Afrikaans, respectively) are the market leaders but the group also has websites for individual titles like *Beeld* and *Die Burger*, a pattern also followed by the INM with iol.co.za as general news portal and individual sites for the *Pretoria News*, *The Star*, and other papers.

Table 31-14. Online News Media (Market Shares by Monthly Unique Visitors), 2009–2011

	2009	2011
Media24 (Naspers)	27.8	32.6
MSN (Microsoft, US)[1]	15.0	24.5
iol.co.za (O'Reilly Family, INM, Ireland)	13.6	21.3
Avusa/TIMESlive	11.1	10.2
TEAMtalk Media	7.8	
MyBroadband	5.5	11.4
Primedia Online	4.3	
Mail & Guardian Online (UK)	4.0	
Moneyweb Holdings	3.1	
SABC (public)	2.7	
Creamer Media (Pty) Ltd.	2.3	
ITWeb Limited	1.6	
Business News Online	0.4	
South Africa: The Good News	0.4	
The Daily Maverick	0.2	
Cape Media	0.1	
PRAAG	0.1	
Total industry revenue (mil ZAR)	N/A	N/A
Total industry revenue (mil US)	N/A	N/A
C4	67.6	89.8
HHI	1,458	2,352
N (> 1%)	12	5
Noam Index	421	1,052

Source: Digital Media and Marketing Association (DMMA), Nielsen Online Ranking Report (2009).

1 We have included the MSN portal in the study since it carries local news as well as wire services like Reuters and the AFP.

Conclusion

South Africa's media landscape is characterized by great diversity when viewed as a whole, with a myriad of individual titles, publishers, stations, or sites available to the media consumer. If one considers the media by category, however, it is evident that most are dominated by between one and four companies. In general, print media is characterized by the lowest degree of concentration and the highest degree of diversity, although a number of companies are dominant within the industry. Media24, INM, Avusa, and Caxton/CTP p. 1005 account for the largest share ↳ of the market; Media24 and Avusa hold significant shares in magazine publishing as well; and in book publishing, it is assumed (but cannot be confirmed by this study) that a small number of publishers hold strong positions in the sectors of the book publishing industry in which they operate.

In audiovisual media, there is a high degree of concentration across all sectors. In broadcast television, the SABC and e.tv are still the only broadcasters. Pay-TV (DBS) in South Africa is a monopoly dominated by

Naspers's MultiChoice's DStv. Film has two dominant players in Ster-Kinekor and Avusa's Nu Metro. It is only in radio that a diversity of stations exists, but the greatest share of market still resides within three media groups: the SABC, Kagiso Media, and Primedia.

Telkom, the original wireline service provider in which the state holds a 39.8% minority stake, is still the wireline monopolist but now faces increased competition in wireless from Vodacom and MTN.[42] MTN began operating beyond South Africa's borders at an early stage, and it now operates successfully across the rest of Africa and the Middle East. Telkom and Vodacom have also operated within South Africa and beyond its borders during the period of this assessment. Vodacom has a wider subscriber base than MTN in South Africa, but MTN's international operations are more extensive than those of Vodacom, which had limited international exposure due to agreements undertaken with Vodafone (UK), its major shareholder. Online media is dominated by the print media giants, especially Naspers's Media24, although there are smaller independent news sites, including MyBroadband and The Daily Maverick.

One characteristic of the media that is evident in this study is that growth has continued in all sectors since 1994, except for fixed line telephony. With some exceptions, the entrenched patterns of concentration remain little altered over the period of assessment, particularly in industries that are relatively free from regulation and where the cost of entry is relatively high, such as newspapers, film, and magazines. It is only in sectors that had monopoly status, such as consolidated television and wireless telecom, where significant changes have become evident when competition has been introduced. In these sectors it appears that the degree of concentration will settle into a fixed range unless the sector is again structurally altered with the introduction of new competition, or significant changes in regulatory policies. This does not, however, appear to be the case where a new entrant appears to be a comparatively weaker alternative to the incumbents, as appears to have been the case with the Cell C and Virgin Mobile entries to the mobile phone market.

While it is difficult to draw any conclusions from the broad digital sphere that includes mobile telephony and online media because of the paucity of data on the latter, the findings do suggest a pattern that may ensue with the introduction of new providers and media producers. The initial incumbents appear to consolidate their market shares very swiftly in markets that are relatively restricted (MTN and Vodacom in mobile telephony); while in completely open markets, the field remains highly competitive for a period, with a small number of competitors then moving to the fore and establishing highly concentrated conditions (for example, the film industry prior to the late 1950s, and search engines and even news portals in the present).

The impact of the Internet on media competition has been relatively muted. The Internet has certainly affected the scale and nature of media consumption in South Africa very deeply, but its effects have essentially been limited to the most economically active sections of the South African population, leaving a large majority of the population untouched. Further, existing media companies entered the Internet arena in the areas of content, bandwidth, and infrastructure provision, although it must be said that a parallel
p. 1006 industry has developed in support of these companies with the provision of technology. ↳ In contrast to the Internet, mobile telephony has had an unprecedented impact on the population as a whole. Certainly more so than in other developed countries, the introduction of mobile telephony has had a significant positive effect on the quality of life of almost every South African citizen. It has enabled a degree of personal and business interaction that would not have been possible by any other medium, and it is no exaggeration to say that mobile telephony has had a significantly positive effect on economic conditions in the country as well.

South Africa's small middle class is the primary consumer of online media, though there is a fair amount of strictly mobile content consumption on relatively basic cellular handsets, the diffusion of which has been encouraged by a market in which high handset subsidies have always prevailed (even for prepaid customers). At the higher income end, traditional print and audiovisual media face increasing competition from online media, but this is mitigated by two factors:

- Robust population growth and steady economic growth support a growing market that generates new titles in daily newspapers and magazines especially aimed at the lower end,
- Naspers's Media24 is very strongly placed in the local content market especially with its news portals News24.com (and its Afrikaans equivalent, Nuus24.com).

Readership of foreign newspapers online is widespread among the urban educated classes who might even prefer such publications to local ones.

The South African consumer is faced with a broad, modern range of media. Since the main language of commerce and inter-ethnic communication is English, access to the products of the main international markets is common. There is a small but vibrant market for films produced in India and Nigeria, which cater to niche markets in the country, such as South Africa's South Asian diaspora community. Newspapers and magazines reprint a lot of foreign content directly (or in Afrikaans), and the shelves are well stocked with local editions of foreign publications. Foreign print media consists mainly of UK and US publications, both imported and localized. There is also a print market serving the large Zimbabwean expatriate community. Popular television series and films are mainly imported from the United States. Local content rules apply to radio and television and in the case of radio these have been very supportive of the local music industry, whereas the rebroadcasting of old material often satisfies these criteria.

Throughout the period covered in this study, many of the issues have centered on state control and censorship. The advent of a liberal constitution in 1994, and, in fact, the period since Nelson Mandela's release from jail in 1990, did considerably improve the diversity and freedom of media and information in South Africa. Nevertheless, high levels of state ownership and intervention are still significant concerns.

The five main issues that suggest a trend of greater media concentration in South Africa are the continued dominance SABC and Telkom; the incipient attempts to muzzle the media through new legislation for the "protection of state information"; the anti-competitive aspects of the ownership redistribution policy through Black Economic Empowerment (BEE) Legislation; the high barriers to entry in most classes of media; and the regulatory agency ICASA's competence in exercising its mandate more efficiently and with less political interference.

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South Africa—Data Summaries

SOUTH AFRICA’S RELATIVELY LOW number of voices (*n*) in Table 31.15 is the result of the country’s media industries not being liberalized until after the end of apartheid in 1994. Concentration is especially pronounced due to Telkom’s monopoly in the ISP and wireline markets, the multimedia group Naspers’ control of the multichannel market, and the wireless market being a duopoly between Vodacom and the domestic operator MTN. Telkom dominates the platform market. The company has a legal monopoly in the ISP and wireline markets.

Table 31-15. National Media Industries Concentration in South Africa

	2004/5		2009 or Most Recent		% Change Annual Average	
	Company Power Index in Country	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**
Telkom (39.8% public)	4,110	41.1	2,553	26.5	–5.4	–2.1
Vodacom (65% Vodafone, UK + 35% Telkom)	1,163	23	1,405	27.6	3.0	0.7
MTN	739	18.3	616	18.3	–2.4	0.003
Naspers Group	166.4	3.0	276.2	4.6	9.4	0.2
SABC (public)	286.7	4.2	308.6	5.1	1.1	0.13
Google (US)	11.2	0.1	78.1	0.9	85.6	0.1
Hosken Consolidated Investment	28.2	1.2	63.7	2.0	18.0	0.13
Independent News & Media (INM) (Ireland) (O'Reilly)	36.2	1.2	40.2	1.5	1.6	0.05
Kagiso Media	11.6	0.5	14.4	0.7	3.4	0.03
Avusa	12.7	0.8	18.7	1.2	6.7	0.05
Caxton	9.0	0.7	11.8	0.9	4.4	0.03
Primedia	10.0	0.5	32.5	1.1	30.7	0.08
Nu Metro Film Distribution	11.0	0.3	6.0	0.2	–6.5	–0.02
Ster Kinekor Entertainment	8.9	0.2	5.0	0.1	–6.2	–0.01
Ramsay Media	1.0	0.1	0.6	0.1	–6.1	–0.004

Media Concentration Index	**2004/5**	**2011 or Most Recent**	**% Change Annual Average**
Total Revenue: Nat'l Media Industry (mil US$)	15,619	19,525	3.6%
Total Voices (*n*)	42	46	1.4%
Net Voices (*n*)	31	35	1.8%
Public Ownership (%)	28.6	25.3	–0.5%
Foreign Ownership (%)	20.4	27.9	1.1%
C4 Average—Weighted	99.0	98.4	–0.1%
HHI Average—Weighted	6,646	5,535	–2.39%
C1 Average—Weighted	72	64	–1%
Noam Index Average—Weighted	2,442	2,351	–0.5%
Pooled Overall Sector C4	86.4	79.6	–1.1%

Pooled Overall Sector HHI	2,594	1,909	−0.04%
Pooled Overall Sector Noam Index	282	226	−2.8%
Market Share of Top 10 Companies: Nat'l Media Industry (%) (Pooled C10)	97.2	95.0	−0.3%
National Power Index	6,644	5,536	−2.4%

In content media, Naspers controls the multichannel market because it offers satellite service, the only multichannel distribution platform available to consumers. Naspers also has a strong presence in daily newspapers—its origin—with 36%, as well as in magazines with 39%. It accounts for 17.9% of the content market as a result, a slight increase from 17.5% in 2004 (Table 31.16).

Table 31-16. Top Content Media Companies in South Africa

	2004/5		**2011 or Most Recent**		**% Change Annual Average**	
	Company Power Index in Country	**Company Share of the National Content Media Market (%)**	**Company Power Index in Country**	**Company Share of the National ContentMedia Market (%)**	**Company Power Index in Country**	**Company Share of the National Content Media Market (%)**
SABC (Public)	**2,175**	**31.7**	**1,617**	**26.7**	**−3.7**	**−0.7**
Naspers	775	17.5	836	18	1.1	0.06
Google (US)	85	0.9	409.5	4.5	54.7	0.5
Hosken Consolidated Investments	214	8.8	334	10.7	8.0	0.3
INM (Ireland)	275	9.0	210	8.1	−3.34	−0.13
Kagiso Media	88	3.6	75.3	3.6	−2.1	−0.003
Avusa	96.5	6.3	98.1	6.1	0.2	−0.03
Caxton	68.5	5.0	61.8	4.7	−1.4	−0.05
Primedia	76	3.7	165	5.5	16.8	0.3
Nu Metro	83.3	2.0	31.2	0.8	−8.9	−0.2
Ster Kinekor	67.8	1.8	26.4	0.78	−8.7	−0.15
Ramsay Media	8.0	1.0	3.2	0.6	−8.6	−0.1

Media Concentration Index	**2004/5**	**2011 or Most Recent**	**% Change Annual Average**
Public Ownership (%)	31.7	26.8	−0.7
Foreign Ownership (%)	11.9	14.7	0.4
C4 Average—Weighted	92.4	92.9	0.07
HHI Average—Weighted	4,055	3,945	−0.4
C1 Average—Weighted	52	50	0.0
National Power Index	4,045	3,932	−0.4

Still larger in the content sector is the publicly owned company, SABC with 26.7% of the content market. SABC maintains a monopoly over TV broadcasting with 69%, as well as 45% of the radio market.

The largest media organization, however, is the public incumbent Telkom. It has the highest company power index and share of the national market in South Africa, followed by Vodacom, which is owned by Vodafone (UK) and controls 34.1% of the platform market (Table 31.17). Attempts to license new operators have so far had no effect on the incumbent's monopoly, as the government is reluctant to fully liberalize the industry after partially privatizing Telkom. Thus, for both the content and the platform sectors of media, the two largest organizations are both state owned and run. ↳

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Table 31-17. Top Platform Media Companies in South Africa

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
Telkom (39.8% public)	4,734	47.3	3,511	32.8	–4.8	–2.0
Naspers	74.1	0.7	144.2	1.4	13.5	0.1
Vodacom (65% Vodafone, UK and 35% Telkom, South Africa)	1,340	26.4	1,737	34.1	4.2	1.1
MTN	852	21.0	761	22.6	–1.5	0.2

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	28.1	25.0	–0.4
Foreign Ownership (%)	21.7	31.0	1.3
C4 Average—Weighted	100	99.7	–0.1
HHI Average—Weighted	7,039	5,910	–2.3
C1 Average—Weighted	74	67	–0.01
National Power Index	7,039	5,914	–2.3

Notes

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