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on 05 March 2024

Chairperson: Chief Economist and Acting Deputy Commissioner:
Competition Commission: Mr. James Hodge

PANEL MEMBER:

Ms. Paula Fray

Day 2:

Media24

Moneyweb

Centre for Journalism and Liberty at the Open Markets
Institute in Washington DC

GIBS Media Leadership Think Tank

START OF PROCEEDINGS ON 5 MARCH 2024

CHAIRPERSON: Good morning and welcome to the second day of the public hearings in the Media and Digital Platforms Market Inquiry. Today we start with Media24 and they will be from 10 to 12, then we have Moneyweb joining after that and then the afternoon session we have the Washington based Centre for Journalism and Liberty and then the Gibs Media Leadership Think Tank following them. So Welcome Media24 and Ishmet Davidson. We'll start with your
10 presentation, proceed then after that to do questions but maybe we can start with introductions to your team that you've brought before us. And a reminder as a business that it's a public hearing, please don't traverse confidential information. We'll certainly do our best not to but in your replies just make sure that you've vigilant on that too.

ISHMET DAVIDSON – MEDIA24: I will try and remember that. James, exactly like you say we do have a presentation. I do have a script and decide for the sort of needing to calm my nerves and also to assist my aging memory. If you don't mind I'd like to stick to the script as much as possible and then of course when we get to the question and
20 answer sessions we'll be less scripted. So if we may, my understanding is that my colleagues, so Anne will be [inaudible 00:16:31] the presentation, fantastic, okay, so Anne to the front slide. So this is a little bit like I'm sitting at the United Nations General Council. I always wanted to be there. Anyway, right, we are good to go. So good morning and thank you for affording Media24 the

opportunity to present our case to the Commission. If we move on to the second slide, the agenda for this morning's presentation is, in our allotted hour we start with an introduction and an overview, then we move on to advertising technology stacks, then Generative AI followed by the impact of fake news and finishing with a few concluding remarks. If in order, we'll move on to the first item which is the introduction and overview. So starting with the introductions. Okay. Right so starting with the introductions, so my name is Ishmet Davidson, I'm the CEO of Media24 and our team today comprises of

10 Justin Langeveld, our ex head of news and now head of e-commerce, Charlene Rolls, our head of AI and ex editor of the You magazine and then online is Adriaan Basson our editor in chief of News24 and a member of the South African National Editors' Forum and to my left Doctor Su-Anne van der Merwe, Media24's general council. So for the benefit of those who don't know, here's a bit about what Media24 does. We're the largest digital news publisher in the country with News24, Netwerk vier en twintig [Afrikaans], Landbo.com and more recently S and L24. We also publish a few paid for newspapers and a number of local and community newspapers. Now considering the

20 state of the media industry in South Africa, we're fortunate to also have a relatively diversified portfolio of businesses including television production, media and e-commerce logistics, magazines and book publishing. But today we're here to talk about our media business, okay. So as a member of the [fourth estate? 00:18:58] I think it's fair to say that we play a vital role in our democracy, in fact it's a role that's

enshrined in our constitution which states, everyone has the right to freedom of expression which includes freedom of the press. Yet today we find ourselves not just facing challenges relating to freedom of the press, but challenges relating to the very existence of the press. Now I've been in publishing for almost 30 years and have played an active role in resisting any potential threat by government to interfere in, or to curtail press freedom, but as things have turned out, the threat to press freedom in our country is not from government, it's from one of the wealthiest and most dominant companies in the world, Google.

10 But they're not just wealthy and dominant, they're also highly secretive, so secretive in fact that we recently, in preparation for today, launched a [inaudible 00:20:01] application to compel them to disclose amongst other things their revenue in South Africa, their operating costs, intergroup charges and their profit pre and post-tax. They flatly refused claiming confidentiality of competitively sensitive information which I believe is an argument of convenience to hide the truth of the extent of their dominance and their cash extraction business model which makes competing with them on an equal footing even more impossible and exacerbates what we believe is a
20 clear-cut case of abuse of dominance. So let's examine our claims based on the information that is available. So we start with the South African digital advertising revenue market. The entire digital advertising market grew from 3.5 billion in 2015 to 14.5 billion in 2022.

So based on the latest PWC [inaudible 00:21:04] report, Google and

Meta are absolutely dominant, that's the red plus the dark blue. Absolutely dominant with 97% market share, leaving publishers with crumbs, and the publishers is the blue, the light blue bits that you can see there. What's particularly concerning is that in 2015 publishers had an almost 8% market share which by 2022 had declined to 3%. On the other hand during this time Google's dominance grew from 67% to 78% of the digital advertising market with close to 100% of the Search market. Even more shocking is Google's advertising revenue growing to over 11 billion rand at an average annual growth rate of 10 25%, that's only advertising. So based on the limited information we do have, let's examine Google SA's income statement. In 2022 they extracted over 11 billion in advertising revenue yet they employ very few people locally. Our guess is about 30 people. So they have minimal operating costs and very limited employment opportunities. But sources tell us that they then put through a platform charge from their head office in Ireland to the SA operation which leaves very little taxable profit in South Africa with most of their SA income ultimately 20 illegal, but my view is that it is immoral, it deprives the SA fiscus of much needed tax and fortifies Google's dominance in South Africa and I don't think it's difficult to see the problem here. I could of course be totally off-track. So through the [Pie Application? 00:23:12] we've publication we've publically challenged Google to disclose their numbers. Prove us wrong and I'll apologise. Now let's consider the

impact of Google's dominance on our media business, our being Media24, so this is sort of the flip side of the coin. Over the past seven years our newspaper advertising and circulation revenue has more than halved. Declined by 52% over a seven year period leaving our newspaper business on its last legs. Fortunately through our investment over the past 25 years we've built News24 into the leading digital news site in the country, you see it there, the dark blue right at the bottom with more than 20 million monthly users. So it's looking good for News24 or is it? So despite being in existence for 25 years
10 being the most trusted news source in the country and having 20 million monthly users, this is our financial reality. So after a bit of an advertising lift, the dark blue, that's the advertising lift during Covid, News24 advertising revenue has shrunk considerably, you can see what happens to the blue bars. As a result we've been forced to implement a pay wall, the orange bit, where subscribers currently at over 100,000 however the growth in subscriber revenue has not nearly been sufficient to offset decline in advertising revenue. If we look at the middle line which is our costs. To survive we've been forced to manage our costs as tightly as possible with zero cost
20 growth over the past seven years in a rough percent annual inflationary environment bearing in mind digital technology, largely from the States, from the US. But despite the cost interventions after 25 years in existence 100,000 subscribers and 20 million monthly users, News24 is unprofitable, that's the bit right at the bottom. This is a clear indication that the business model is unsustainable and

coupled with our dying print business it's an extinction crisis for media in South Africa. The [fourth estate? 00:25:47] is on its knees and yes, one or two media companies may survive but a democracy strives on a plurality of voices. Now let's examine what our content is worth to Google. Firstly they claim that Google News doesn't make money but Google News is a news aggregator service developed by Google. It's a different entity to news content delivered by its Search which is where they make most of their money. So basically what they're doing here, they've got [inaudible 00:26:26] issues. However Google's

10 statement of news contributing only 2% of Search results is supported by similar web's ranking of top 100 searchers globally in 2023. The top 10 list includes, you will notice mostly their own products, that's YouTube, Gmail, Translate and Google Translate, further demonstrating Google's dominance and this is remarkable for a company that produces virtually zero content. As Google likes to pretend news may well be insignificant in the global Google universe but it's hardly insignificant when we take the contribution impressions, sorry the contribution in-impressions of our flagship digital news brand News24 which last year generated 2.36 billion Search page

20 impressions of which only 4% result in a click through to News24 with a balance monetised by Google. In fact the total number of Google impressions generated by News24 last year was 5.2 billion, that's Search plus Discover with a click-through rate of 5% for the benefit of News24 and five billion or 95% of the impressions for Google's benefit. But that 5% click-through represents 44% of News24's

referral traffic. So without Google we'd lose almost half of our referral traffic and we'd be in even deeper trouble. But all these opaque numbers aside, let's look at reality by doing a general search for something as basic as gas explosion Boksburg, press once, on the first page there were 44 results and of the 44 results 72% is from news sources. There it says YouTube, don't be fooled, it's YouTube/SABC news and so it goes on. 72% news. This wasn't an example that we sort of sucked out of our thumb to prove our case, I would invite the commission to take your pick, gas blast Johannesburg, Main Street, 10 see what comes up. Press... And we didn't even use the news specific tab in our search, you see there circled in red, you get all and you get the Google News tab. So in fact if news is as insignificant as what Google claims, why would they have a news tab in a search option occupying what is often referred to as prime real estate and perhaps it's because the value of news to Google is far greater than they would like us to believe as borne out by the number of independent studies done around the world, all of which are available for consideration by the commission. Fact is news owners are caught between a rock and a hard place with Google and have little to no negotiating muscle and 20 Google knows this as is clear from our most recent correspondence with them and I quote "Google does not use publisher content but links to it as it does to all web sites across the open web. Publishers are always in control, if they prefer Google not to link to their content from search or [inaudible 00:30:15] they can block access". Mr Commissioner this has been my first-hand experience in trying to

negotiate with Google. It's a take it or leave it which in my view epitomises an abuse of dominance. Now they love reminding us how much the contributor to the news industry through Google's news initiative with 300 million in funding over the past six years but in reality that 300 million represents 0.03% of their global advertising turnover which in my view is just altruism disguising greed, like tossing crumbs to appease the peasants. We didn't ask for their Google News initiative which in any case is designed to increase their stranglehold over the media industry. We don't want their charity, what we do want
10 is to be fairly compensated for our content. Thank you and I now hand over to Justin.

JUSTIN LANGEVELD – MEDIA24: Alright, thank you Ishmet [breaking up]. Okay I am going to be speaking about the impact of AdTech and our advertising sales and the revenue on advertising sales has been impacted through AdTech Stack and Google at large. So this is, the following diagram is a high level overview of Media24's advertising technology platforms. The reason I am showing this is to show you that Google Ad Manager which you see encircled there in red is at the centre of our advertising technology within Media24 and
20 all the surrounding technology plugs in to Google Ad Manager to be able for us to serve advertising. We do not rely on Google Ad Manager or GAM for our data management system of record but rather Adpoint and SAP which you will see in the left hand corner, they manage our data, our invoicing, our CRM etcetera. However through GAM we interact with other SSP's so Google Ad Manager plays a role of our

ad server and our self through platform such as Magnite and Index has changed but we don't use them directly as a platform. So the reason I've shown News24's advertising technology platform in the beginning is to show you how AdTech plays out and then I will go into the AdTech value chain as well. We need to distinguish broadly between various categories of display advertising, so in this instance I'm using direct and open web advertising. Direct advertising uses your in-house resources, selling on a one-on-one basis with a client within a closed system. You determine the rates under negotiation, 10 you place the ad's in insertion orders and through GAM itself and you manage the campaign, so you're in control for a direct ad so if you look at the encircled green ad there [inaudible 00:33:18] our ad, that's a typical direct ad that we get into our ecosystem. Open web ads on the other hand are ads that are using the AdTech Stack, that refers to the ecosystem that connects publisher and digital advertisers using an intermediation chain to facilitate ad sales and inventory placement. The blue circle over there with a Woolworths ad in it, that is [inaudible 00:33:39] open web ad and you will see that it is distinguished by in the right hand corner of the ad, it is a little 'i' with a circle and an 'x'. 20 So those are typically open exchange ad's that comes through. This is an automated process where buyers buy and sell inventory through real time bidding process and available inventories are allocated at the winning bidding price. So now that we broadly distinguish between the type of advertising, I want to take you to the AdTech value chain. This is a simplified picture of the AdTech value chain and it starts with

the publisher and advertiser wanting to link requirements with availability. The publisher creates content and makes inventory available through its ad server which is the publisher ad server, so in that ad server it makes its inventory available. That ad server manages the inventory and the available impressions that the publisher has. The SSP or Sell Site Platform, we can also be part of the ad network; it pulls inventory and then re-sells that inventory to the advertiser. So this is the sell site portion of the value chain. If we move to the other side which is the buyer side portion of the value

10 chain, if you move to the other side you will see the advertiser is looking for inventory that suits their needs, they have an ad server as well, so advertiser ad server which actually requests inventory and then manages the campaign on their behalf as well. Central to all this is the Ad Exchange. So the Ad Exchange is a digital marketplace for the sale of ad inventory and it facilitates the bidding process for ad inventory. Then you have DSP's which is the Demand Site Platform. So the Demand Site Platform is used by advertisers to bid on inventory within the ad exchange. Okay, now you can go on, what I wanted to depict with this is that Google, if you can see here, is

20 vertically integrated through all levels of the AdTech value chain holding dominant positions in both the sell side that you can see there on the left and the buy side as you can see on the right. So if you look at Google Ad Manager which I said is GAM, GAM is involved with Publisher Ad Server, it's involved with Sell Site Platform, SSP, and it's involved with the Ad Exchange. Google Ad [Sence? 00:35:59] is

involved with the ad networks then with the DSP's, which is the Demand Site Platform you have Google Ad's and you have DV360 which is Display and Video 360, so they have a share in that market as well. They even have a share in the ad server market which is the campaign manager that Google manages. Due to the presence of Google and all the AdTech Stack services, it makes it nearly impossible for publishers and advertisers to do business unless it's through Google and that's the reason why Google is actually central to our advertising technology or else we won't get advertising. Google not only operates through the entire chain but in all likelihood has the largest share of supply among providers at all levels. Further to this Google also earns fees or serving fees or cuts of revenue throughout the entire value chain and that actually erodes the eventual yields that come through to publisher from advertiser which we have no record of, which we have no sight of. So my last point was the erosion of yields in the AdTech Stack environment. So digital advertising as Ishmet has indicated in his slides has grown significantly over the last few years but publishers have not been able to participate due to the environment of digital advertising and the prominence of open web advertising. [inaudible 00:3724] before has always favoured a direct sale environment over an open web sale environment due to mitigate the effects of the distortive features present in the digital advertising landscape. As you can see from the dark blue bars, that is out direct yields and you can see that it's significantly more than the light blue bars, those are the average yields we get on open web. However as

the prominence of advertising using the AdTech Stack grows, average yields for direct advertising are starting to erode, as you can notice from 2019 all the way to '23 even though we are in an inflationary environment, our advertising yields are coming down. As our available inventory declines, higher yields are necessary to keep the business sustainable as we can't compete with Google on scale. Out in the market a common term you use is that we want to use cheap ad's, cheaper rates and it's Google advertising that we want to offer, so this is the general feel in the market. As I've mentioned that we can't

10 compete with Google on scale and as a term of reference News24 averages about 200 to 250 million impressions a month and we struggle to utilise that full availability. On the other side our content present on Google Search, Discover, and Google News, those pillars are almost double what we have in impressions, about 400 to 450 million impressions a month. Google gets significantly more impressions from our content than us and we do not receive any compensation for that. Just to have a distinguishing factor between server's transparency and access to data and costs and how direct sales and AdTech play at each other. So on a service level I was

20 mentioning earlier that is a relationship with a client and a one-to-one basis, you develop the relationship, you can negotiate prices, you have repeat business. There's known data around that versus AdTech where there's no relationship with the buyer and there's no chance repeat buyers. When you pull the report specifically for open exchange on open web, you actually get a couple of advertisers that

you recognise but most of them, especially they call the tail is unspecified or unknown. On the transparency and access to data from a direct point of view, data is available [inaudible 00:39:48] ensure a better audience targeting a higher brand, safety for clients because you can put ad's around certain items within your environment and you can control the inventory quality and performance of those advertising. However even though you can put restrictions in place for open web advertising, it requires additional monitoring because you can't control everything that comes through, you only allocate the

10 inventory like I said, into the exchange and what you get is what you get. Inventory quality and performance is not guaranteed on open exchange. When it comes to costs, internally we can control costs like we want and it's largely fixed so it doesn't, you can protect our profit margins on the CPM rates. When it comes to costs on the AdTech stack there's a variability in it and I've explained that it has a long line of people that have to take a bite of the cherry from adverting all the way through publisher. So the emergence of AdTech has helped advertisers find better ways of matching requirements with the audience out there and it has provided publishers with larger audience

20 reach and better audience targeting and finding integration however for publisher specifically the advantages far outweigh the opportunities. Because of the multitude of buyers and a concentrated pool of intermediaries, they facilitate those buyers, revenues to publishers are being eroded as I have mentioned earlier. The open marketplace revenues are shared through many stages to get served

along and ad serving fees are even added on top of that. Automatic filling of ad units through an exchange takes away the relationship building and negotiation aspect of making a sale. Publisher can set prices at various levels, floor prices, optimise pricing in the web environment however once you get the inventory and it's through targeting and price, publishers essentially get what they get and they are price takers. When you're competing on scale with Google, I mean when I even speak about scale it's probably funny because I mean I mentioned earlier is that we do almost half of what Google does in
10 impressions. Ishmet has alluded to as well, 5.2 billion impressions Google gets only from our content and we get a paltry 5% through, it's atrocious. Also, because of this and this environment and because of the ecosystem and Google putting this whole ecosystem out of balance, it provides less opportunity to monetise content. Lastly, the user experience is vital for having a functioning news site and if you can't manage the type of advertising that comes through to your news site, you're going to be found wanting. So the monitoring of that costs money, it costs time and that's what the open market has for you, it give you inventory or advertising that you can't control. So the impact
20 of AdTech and specifically the way it provides Google with the dominant position throws the ecosystem out of balance. Larger publishers can mitigate some of the effects by selling directly to clients however smaller publishers are at the mercy of the ecosystem and get what they get at the end of the value chain. Effectively publishers become puppets on a string and they have to dance to the music of

big tech. I will now hand over to Charlene Rolls.

CHARLENE ROLLS – MEDIA24: Sorry, I just want to give a bit of background. Until a few months ago I was the editor of You magazine and I've been working in editorial for nearly 20 years as a journalist, as a re-write and then as an editor. For the past few months I have been working on our AI initiatives, in particularly Generative AI because it is something that is so new and so big that it required a better focus and just for the purposes of this conversation because there were so many different definitions of Artificial Intelligence, when

10 I talk about Generative AI I'm talking about technology like ChatGPT and Google Gemini where, as the name suggests, the tech can generate something entirely new like images, video, audio or text just with a question or an instruction and the reason I have been seconded into this role is because this is a significant moment for us as a media business, as a media industry, as a society actually. It is as seismic as the invention of the internet and it has already changed our content, it's created how it's distributed, how it's consumed and we need to be aware of what that means for us. The growth of these tools, I mean

20 two years ago this didn't really exist in the consciousness, the growth of these tools, it's unprecedented. ChatGPT which is made by open AI, within a year of launching it already had a 100 million weekly users. Microsoft Bing which was a search engine integrated between AI and to Search now has 1.3 billion monthly users, that is not insignificant and I will talk a little bit in a minute about how it's going to impact our subscription revenue, our advertising revenue but the point is that it

is a profound moment for us and if these, the makers of these tools are allowed to go unchecked it could absolutely have catastrophic consequences for us as an industry but also for society. If we lose revenue, that means job losses, it means fewer publications that can hold people to account, fewer publications that can hold people to account, fewer publications that can offer a diversity of content which South Africans deserve. Fewer publications that can contribute to our economy and the winners in this conversation, it's the makers of these models, these global digital giants. We don't know exactly how large this market is going to be but I think it's safe to say it's not going to be shrinking. The Boston consulting group estimates that by next year 30% of the total AI market will be Generative AI. So AI has been around for a long time and gen AI is the new kid on the block but it's already front and centre. [Statista? 00:46:24] estimates that by 2030, 729 million people will use AI tools. In South Africa the size of the market, this year already is worth 698 million dollars and by 2030 it will go up to 2.4 billion dollars, so that is not nothing. We don't know how big, how many South Africans use Generative AI tools but Sales Force did a survey of about 4000 people, full time workers in different industries and some of the statistics might share insight into the usage, so 73% of the Indian population use AI tools, in Australia it's 49%, in the US 45%, in the UK 29% and significantly 45% of them said that if the AI tools were integrated into things that they use already, they would use it more often and Google which is deeply entrenched basically, in the lives of everyone that has a digital device

and an internet connection, is perfectly poised to exploit the situation. They recently launched Gemini which is their Generative AI tool and it's already available to anybody with a Google account and now they are going to launch Google Search Generative experience, so it's not widely available yet but it is available under certain constraints and presumably it is getting ready to roll out widely. So essentially what SGE is, is like Search on steroids. So you would go in, you would type your query but instead of getting the list of links that you used to click through you'd get the entire answer generated by AI, its right there, 10 you don't have to go anywhere else. And this is significant for us, it could decimate our industry because why would you kick through to anything if your answer is right there, so Google says that SGE, when appropriate, SGE will show an AI powered snapshot to help people quickly get an overview of a topic with factors to consider and now for information. These snapshots serve as a jumping off point from which people can explore a wide range of content and perspectives on the web and that sounds lovely, it's very nice, it sounds special except that we know that this is not going to be a jumping off point, it is going to be a final destination. Why would you click through if everything is 20 here? You're having a conversation with this thing, there's no need to go anywhere else. Google isn't shy to showcase SGE's function so they say, it's rooted in the foundations of Search, so it will continue to connect people to the richness and vibrancy of content on the web and strive for the highest bar of quality information. Ishmet mentioned earlier that Google doesn't create content so where do they get this

high quality information, we don't know, we would really love to know but we don't and Media24 did block web crawlers once we became aware of what was happening but we don't know at what point they started training, what they had access to and how much access they had, we wish we really knew. So search is going to become increasingly more important to media publishers, it already is especially with social media companies now clamping down so Facebook you might have seen, they already blocking more and more news distribution going where, we don't want news, they've shut it
10 down in Canada when legal action was taken because Meta doesn't want to pay for publisher content either and have been making lots of money off it, but pretty much search is going to become even more critical to us and when it comes to Search, Google is the only [50:29] in the room never mind the 800 pound one so we are very, very concerned about what SGE might do. So it will change how consumers use the internet so just for some context, people generally use search for four reasons according to [50:43] news dash, they use it to navigate to a site, they use it to buy something, they use it to research the thing they want to buy or they want to find information
20 and SGE will introduce a new way of searching, it's exploratory searching where you will go and you will ask it a question, you will give it an instruction, you will have a nice chat and you will stay there, you won't go anywhere else. This is not a speed bump for us, this could decimate our industry entirely because everything that should be coming to publishers will not go there. [51:20] edge is also an SEO

firm, they estimate that 84% of all search queries on Google will be boosted by Gen AI and they say that it will have a major impact on more than 40 billion a year in ad revenue that companies spend on search ads. The marketing AI institute says this is the search engine's most significant change ever and represents a tectonic change that will impact every industry company and marketer and a publisher was at a conference discussing the impact of SGE said they're not so worried about open AI because they have millions of users whereas Google has billions, so it will not be nothing, it will be huge for us. So

10 also just to be clear, we are not against the [52:08] of AI, I have been seconded into my role so that we can find ways to use the technology, we think it has lots of potential to help us drive efficiencies and innovate and give our audiences excellent journalism. We want to embrace what it can do for us. There are enormous opportunities in terms of automation, content generation, driving subscription models that's best for our audiences and so we are looking at it and testing and seeing how we can make use of it but we can't just kind of willy nilly go in there because we have responsibility to our audiences and we have to be cautious and careful about how we roll out this tech in

20 our businesses. So you've already heard about the impact of Google and how it dominates in the AdTech stakes, I'm not going to go into that too much but just to note that they are going to be rolling out and have already started rolling out generative AI tools in their ad enterprise products and so that means that clients and agencies will be able to use generative AI to develop their campaigns further

locking them into the system that is already quite like vice gripped that Google has on that segment. And of course Meta is also doing something similar, they've also got an AI [53:30] now which is similar. You can do your entire thing in their ecosystem and it's terrible for publishers. Justin was talking earlier about how it is difficult for us to compete and negotiate directly with clients, we can't engage, the value is eroded, it is, this is not a level playing field. We can't possibly compete with the scale of the technology and the ease with which they are able to do. Okay, so Google is now [54:07] being accused of

10 stealing content from publishers and with SGE and Gemini it's likely to just get much worse so the Wall Street Journal reported that publishers will lose between 20 and 40% of website traffic when Google AI rolls out widely. The Atlantic which is a news and magazine subscription service in the US, they did a model where they checked how AI being integrated into search would affect their business and they found that 75% of the time users would not click through to the site because the entire answer would be there. So we have a situation where our subscription revenue is impacted and then we have a situation where our ad revenue is impacted and now we have a multi-

20 layer problem because also the content that we produce, that we spend lots of money on is also being used by these companies to train their models. What you're seeing on the screen here is the news media alliance which is an organisation in the US, they represent more than 2200 publishers including the New York Times and they commissioned research to see how much news content was actually

used to train these models. So just for clarity the Gemini and ChatGPT, it's the product and they are underpinned by models called large language models. These models are trained on vast data sets that you get online and what the news media alliance was saying is that among that data set, a lot of it was news and media content for which there was no compensation and no credit. So as you can see on this graphic the red bars represent publisher content that was used to train the models and of course we can't be 100% sure because these companies are not telling us and you also have to wonder why they are so reluctant to share this information but the news media alliance feel confident in saying that this is, they found proof that news and media content was used to train these models. I don't think anybody is under any illusions here, these companies want to commercialise their products, open AI used to be a non-profit and now they have multiple commercial models. Gemini, [Mid-journey inaudible 00:56:28] all of these, these [56:28] tools which either started off free or now have premium packages so that you can get, when you have to pay to get access to everything right, and it's not wrong that they want to commercialise, they are business after all but what is wrong is that they want to commercialise off the back of the work of publisher who have to spend a lot of money. Journalism is not cheap, good journalism is expensive and there's no compensation, there's no credit and that hardly seems fair. Our industry is vulnerable, you know, speakers yesterday spoke about the impact that it's having on journalism, we are scrambling to survive and be sustainable so

that we can offer this valuable role, this role that we play in society and democracy. At this stage all we are actually asking is that the makers of these models that they come clean. That they sit around a table with us and negotiate the use of our content. Like pay us for what you have taken and what you are making money of. The New York Times is, actually they have gone to court, I'm sure you are aware of that, we are watching that case closely, that's actually what they are trying to do, they are just saying, you have taken our stuff, pay us for it because no one is going to pay for rubbish content, they
10 need high quality content, that is why news is so important to google, that is why they have been training on news and media content and there are compensation models that exist so open AI did a deal with Associated Press to train on their archives and German publisher Axel Springer also did a deal where they said you can train on our archives, pay us some money and you can also use our fresh content which will be served in ChatGBT search results, so, models do exist. We don't really know about the others, often these deals are quite confidential but we do know recently there was a story in Ad Week about a Google model where Google is giving publishers, a handful of independent
20 publishers access to a [58:37] version of a generative AI tool and in exchange they get feedback and analytics. The publishers have to use this tool to create content and Google will pay them a five figure sum annually. So I just want to just quote something that Google told Ad Week about this tool, they say it's being responsibly designed to help small local publishers produce high quality journalism using

factual content from public data sources like a local government's public information office or health authority and then significantly Google says, these tools are not intended to and cannot replace the essential role journalists have in reporting, creating and fact checking their articles and yet given everything that we have just seen we realise that SGE, the Search Generative Experience is going to do just that. Thank you.

CHAIRPERSON: Adriaan is up next [cross talking] there is Adriaan, he is raring to go.

10 ADRIAAN BASSON – MEDIA24: Thank you very much, Ishmet, thank you Chair and panel, Su-Anne if you can please show my slides.

SU-ANNE VAN DER MERWE – MEDIA24: Adriaan we have your slides in the room.

ADRIAAN BASSON – MEDIA24: Oh I see myself on the screen, okay. No worries, I remember what they are. [cross talking]. Thank you Ishmet, thanks. Good morning to the Chair and the panel, great to be here. I would like to just take a few minutes to talk about the impact of mis-information and dis-information or colloquially what we refer to as fake news on the newsroom. So you have heard about the
20 impact of the big platforms on our company, sustainability and AI, now I want to bring it back to the heart of journalism which is the newsroom. Thanks Su-Anne. So the first time that fake news, the fake news phenomenon really hit us very hard was about seven years ago when newsrooms around the country was investigating what is now known as the Gupta leaks. Many publications in the country including

News24 collaborated on unpacking this massive data leak which showed the heart of state capture between former president Zuma, the Gupta family and others and in response to our expose's that were published on a daily basis in 2017 there was a sophisticated disinformation campaign launched by the subjects of our reporting using the social digital media platforms to target and weaponise social media against the journalists involved and this was just one example of the kind of graphics that we were bombarded with on a daily basis targeting specific journalists, specific editors from a range of publications that was doing this brilliant agenda setting and historic investigative journalism. We woke up every morning to facing these images, a lot of these images included female colleagues being sexualised in these fake news images. We would later on hear and learn that Bell Pottinger in the UK was enlisted to devise the strategy so called white monopoly capital strategy as an almost counter intelligence campaign to target journalists doing their work but in real time the Facebooks of the world, the Twitter's of the world or X distributed these images liberally and gave the space and the platform without any repercussion or any responsibility to distribute these images targeting the work we were doing. Thank you Su-Anne. Colleagues I would like to just talk about a number of the issues impacting journalism in this world. Firstly, mis and disinformation and the proliferation of fake news vastly diminishes the trust placed in news and journalism. You heard yesterday from my colleagues at [inaudible 01:03:28] elsewhere that trust remains at the heart of

journalism, if there is no trust there is no journalism and at News24 we pride ourselves on producing trusted journalism therefore we have been awarded the, or named the most trusted news source in South Africa by the Oxford Reuters Institute for the past five years. We believe and I believe firmly that the proliferation of fake news items that come up in your Google searches or come via your Facebook stream or on your Twitter feed diminishes that trust in news. You would hear people these days saying, oh well we can't trust the journalism or we can't trust the news based on some of these articles

10 they are seeing in their feeds produced by non-traditional and non-properly regulated publishers. Secondly is that the digital platforms still reward the race to the bottom and what I mean by this is that clicks are still king in many of these platforms. What we're seeing is that now where previously in the era of newspapers there was a prohibitive cost of running a newspaper, of putting out quality journalism, today we see that any person with an internet connection and a laptop can start a publication and for them to make a few bucks and as you've seen in our written presentation to the commission, there are places in countries like, obscure place like Macedonia where there are these

20 fake news factories where young guys in their twenties sit with their laptops, produce these absolutely fake stories that are then fed into the biases of social media platforms and they are remunerated richly through their Google ad management accounts. Thirdly the fragmentation of the news ecosystem, many traditional publishers just did not survive, they couldn't compete with the likes of Google and

Facebook and they had to close down and what we have seen is that only a few traditional news publishers have made the jump into the digital era but that it's now open to anyone who distributes fake news to call themselves a publisher or a podcaster and put out the information, they don't have to be a subscriber to the South African press code, they don't have to be part of the self-regulatory forum and they can publish what they call journalism. Fourthly, the weaponisation of social media and I will show you a recent example in a few minutes. We have seen specifically our women journalists and women colleagues in our newsrooms being targeted, specifically those reporters who write about corruption or politics in the South African current affairs system where the faces of women journalists are often used in, as I previously said, sexualised positions or positions of insubordination or even dressed in prison clothes to attack these journalists and to dissuade them and abuse them and intimidate them from their reporting. Thanks Su-Anne. Chair and panel, we have, the shrinking revenue that you have heard about in front of these hearings have a real live impact on our newsrooms. When I started out in journalism 20 years ago, I worked at a regional newspaper in Gauteng and I walked into a very well-staffed, very well resourced newspaper newsroom which had beat reporters across, not only the main beats like crime court and politics but for example had an aviation reporter, had a competition commission reporter, someone who would specifically specialise in covering these kind of proceedings. Today our teams are much smaller, our reporters are

required to be generalists, to be able to go from a crime story to a court story to a competition commission story, luckily at News24, being the biggest and now having a subscription model, we've been able to invest back in our newsroom but we are still not a far shot from those days of newspapers with thoroughly staffed newsrooms and senior experienced beat reporters. Chair we've also seen the proliferation of fake news which necessitates fact checking, so these days if you receive a photo or a video of a WhatsApp or even a press release or even lately a court document, you have to go and fact

10 check that document, have to make sure that it's the voice of the person that it claims to be. You have to make sure that the person in the video is the real person it's claiming to be before you can publish. And Chair ultimately what this means is that quality journalism will land up behind pay walls to survive as Ishmet has explained that necessitated News24 to put up a subscription service because simply we couldn't sustain a quality newsroom relying on advertising alone. This is just one small example on that slide of those fake news stories I spoke about, you know, one can chuckle about the headline but this is just one small example of which there are millions on the internet

20 on these sites which then make their money from showing ads that are remunerated by Google and the like. Next slide. Colleagues this is a slide showing specifically the abuse, one of my colleagues, Karyn Maughan suffered. Karyn has been reporting on the Jacob Zuma corruption case as you may well know and she was then, a private prosecution was brought against her by former president Zuma in the

Pietermaritzburg High Court. Despite the abuse of that case, the pure fact that this case was brought which we had subsequently won in the higher courts of the land, there was another form of abuse that Karyn had to suffer which was on social media platforms, mainly X/Twitter but also through Facebook and the Meta platforms. We've asked some social data analysts to plot this for us and show us the activity around the circles targeting Karyn and what you see on the left is really just a graphical presentation of the very organised and impactful way in which the so called RET community on Twitter or X used to
10 campaign against Karyn. They sent posts like the one on the top right which shows Karyn in prison robes, they shared that thousands of times across multiple Twitter accounts that are linked on that platform X and Chair, despite our best and valiant attempts to report these tweets to X, nothing of substance has ever been done in attempts to shut down these accounts, from time to time you are lucky, Twitter would freeze an account but the next day the same person would have a new account running, continuing spreading this hate and denigrating our journalists on their platforms. Bottom right is just another example of one of the messages that we have to contend with
20 on an almost daily basis where we are accused of corruption by those people who we write about and their supporters. Thank you. Su-Anne. This is quite a shocking example that I recently found. Charlene, my colleague spoke about the power and the risk and the dangers of generative AI, so last week the Citizen which is a competitor publication to News24, published a story on the left-hand side of the

screen. The subject of this story is Chancellor House, the legal offices of former president Nelson Mandela and Oliver Tambo in downtown Johannesburg and these offices are now in a state of dilapidation and they are not in a great shape and the Johannesburg heritage council put out a statement which the Citizen turned into a news report. A few hours later a website called BNN News which is completely AI driven hosted in Hong Kong and have no human journalist working for it put out a story based completely on the Citizen's article, even taking their photo that they used under a fake by-line with much of the information

10 just rewritten in a slightly different way with some extra information drawn off open websites on the internet in a news publication format. So this just shows the starkly, I think the risks of the digital platforms in further plundering the content that our journalists go and collect by leaving the office, phoning their sources, actually going out there, taking pictures etcetera. Thanks Su-Anne. Yes this is my final slide, I think this is quite a stark image which I use from First Draft News, one of the big websites out there in the States that really monitors misinformation across the world and I think for me the power of this image is it shows the megaphone, it shows how news and content is

20 communicated to the world today and that this is really still the role of professional and properly trained and quality journalist to be able to filter all the messages coming in from the anonymous web, from closed networks, from conspiracy communities and social media but you still need the watchdog of society, you still need the gatekeepers to check the information, to check the facts, to filter the sound audio

imagery before it goes out to the public. I'm afraid Chair that if that top part of professional media falls away or becomes much smaller, if gaps appear in the front of the megaphone then the consequences for democracy could be dire. Thank you very much.

CHAIRPERSON: If we may, a few concluding remarks.

ISHMET DAVIDSON – MEDIA24: So if somebody Googles dominance and it's detrimental effect on press freedom is indisputable which is ultimately bad for everyone, even for Google, a recent independent study by the [Furgroup? 01:14:23] in Switzerland draws
10 several conclusions about the digital information ecosystem particularly focussing on the role of Google and journalistic content and despite being conducted by a team of independent super-smart researchers and supported by similar studies elsewhere in the world Google obviously disputes the outcome because it doesn't suit their narrative. The highlights of the reports are users prioritise high quality, trustworthy and comprehensive information from diverse sources with Google being the most used search engine. The integration of
20 journalist in content into Google Search results is highly valued by users needing to increase satisfaction and a higher likelihood of users staying within the Google ecosystem. The study highlights a major imbalance in revenue distribution between Google and media content providers with Google retaining the lions' share of online traffic and revenue, not dissimilar to what we presented today. A fair and market oriented revenue distribution is deemed essential for a sustainable digital ecosystem. The study underscores the importance of fair

compensation for all stakeholders in the digital ecosystem to maintain its societal benefits especially in light of emerging AI and chat based systems that could introduce new competition for Google. In summary, journalistic content is a significant factor in user satisfaction and search successes on Google and a more equitable sharing of revenue generated from media related searches is necessary for the long term health of the digital information ecosystem, so in a nutshell, Google clearly benefits from our content and all we're asking for is to be fairly compensated so that we can continue to fill our
10 constitutionally enshrined duty. Thank you.

CHAIRPERSON: Thank you very much to the Media24 team, that was a very impactful presentation and got into the key issues, thank you so much. I think we might start from the back and work our way to the front if that's okay but Paula do you want to...

MS. PAULA FRAY: Start with perhaps, with Adriaan's presentation.

ADRIAAN BASSON – MEDIA24: Sorry Chair, I cannot hear Paula.

ISHMET DAVIDSON – MEDIA24: Adriaan can you hear me, can you hear me?

ADRIAAN BASSON - MEDIA24: Yes I can Ishmet.

20 MS. PAULA FRAY: [muttering] Adriaan can you hear that?

ADRIAAN BASSON - MEDIA24: Yes, thanks Paula.

MS. PAULA FRAY: Okay good, thank you. I was just saying that your comments regarding the targeting of journalists echoed what was said yesterday by SANEF we just wanted to get some more detail on that in terms of what kind of action did you guys, did Media24 take and

whether you actually engaged the platforms and what their response was regarding that.

ADRIAAN BASSON - MEDIA24: So what we do, Paula it is, simply put it's impossible to respond to every piece of hateful or denigrating comment on social media. What we have done so far is when we see, when these social media analysts give us this research and it's clear that there's a king pin in the system and I'm specifically referring to the X platform now because that's really the one used in South Africa for distribution of hateful content and attacks of and abuse of
10 journalists. We then try to get that messenger or that user disbanded or suspended or even blocked by X. Like I said to you, sometimes it works, sometimes not. I have reported, personally what clearly in my view and in our lawyer's view was death threats levelled at me which wasn't blocked by Twitter as it was then called.

So we haven't more fully engaged with Twitter, I must also just say you know, just from an editor's perspective, trying to stay in touch with his companies is almost an impossibility, from time to time they have a country representative or a regional [inaudible 01:19:15] representative who would, you know, reach out but it is really few and
20 far between, specifically Twitter or X has not taken any interest in corresponding or communicating with News24 in I must say probably the past six to seven years, definitely in this period of state capture and in the wake of that. So no, we haven't formally taken X to court or anything like that and the few occasions where we've tried to make content, the communication of the response was non-existing or very

poor.

ISHMET DAVIDSON – MEDIA24: Paula if I may add to that. I think that the, certainly from what I have witnessed first-hand, the impact on our journalists and I've seen it with Karyn Maughan is it's devastating, in fact this kind of wickedness which plays out particularly on the likes of X, it doesn't only impact on journalists, from what I have seen it also has a massive impact on whistle-blowers and particularly female whistle blowers and you know we can sort of pretend otherwise and coach it in nice terms but fact of the matter is that

10 Twitter and particularly since Elon Musk has bought the company, I think his idea and his version of free speech is, free speech and open dialogue and all of those kinds of things, I think it's slightly removed, not only from reality but also from common decency and I don't believe that as media companies and particularly as a tiny little media company in South Africa it's going to make any difference to his approach, in fact you guys are experiencing that first hand with him simply refusing to appear at the hearings.

MS. PAULA FRAY: Thank you, I just want to take that, one more question related to that. When we noted that SANEF is partnering with

20 the IEC on elections coverage on Google, Meta and TikTok and we're wondering why only the elections and not beyond the elections?

ADRIAAN BASSON – MEDIA24: I think, Commissioner Fray the point was here that it was a very specific event, elections are one of those areas that are fraught with fake news and disinformation, if we juggle our minds back to the Cambridge Analytica Scandal in the

United States in 2016 with the election of Donald Trump for the first term where Facebook was completely used and abused by Cambridge Analytica to impact that election so I think elections really present a specific fraught opportunity for fake news proliferation and that's why this project was initiated.

CHAIRPERSON: Maybe Adriaan I just wanted to pick up one question on that which was, I mean you've said and Ishmet has also made emphasis that you've been forced by a paywall. How does that impact on the verification of information in the public domain and for the public consumption, I mean I think you've said you've had to increase your fact checking and that's almost partly why you've had to do that in the era of AI generated content and misinformation but is there a risk that paywall strategies could also for at least a broad set of the public, leave them unprotected against misinformation and disinformation?

ADRIAAN BASSON – MEDIA24: Chair I'm afraid that is so, the News24 only introduced a paywall in the year 2020 which is 22 years after News24 was established, so News24 was established in 1998 and for 22 years we published our news for free on the internet, of course long before that we saw other publications like the New York Times globally bringing in a subscription model which does seem to be a more sustainable form of journalism but I agree with you and I think Ishmet also made the point that you know smaller publications who purely rely on digital advertising will not be able to survive and definitely not to produce quality fact checked, verified journalism. To

produce just one piece of journalism, one story, requires at least four people, a reporter to go out, a news editor to fact check, copy check, a sub-editor to do the spelling and grammar and then a publisher, someone to publish and package that story on a digital platform. Journalism isn't cheap, journalism is expensive and quality journalism is even more expensive. So I do agree that, you know, and obviously the public broadcaster comes into this conversation and they can speak for themselves when it's their turn but it does deprive the public from free independent quality media if everyone is ultimately going to
10 land up with a subscription service. Chair if I may just clarify on my previous answer to Ms Fray is that SANEF as an organisation isn't actually part of that agreement with the platforms, it is individual publishers, News24 is not part of that as well, so it's just a few individual publishers who agree to cooperate with Google and the IEC.

CHAIRPERSON: And I assume, I mean the main reason for platforms is that there would hopefully be some cooperation on removing disinformation and misinformation during this period?

ADRIAAN BASSON – MEDIA24: Indeed Chair, I am reminded of a
20 discussion I once had with a Facebook South African representative, a debate around what is fake news or not and the debate became quite obscure at times but it is, you know, to the benefit of that person, I mean there are people in those companies who want to try and rid their platforms of fake news and misinformation, it is certainly not a priority. It is certainly not a priority of them to ensure that quality,

trusted news media is top of the list.

CHAIRPERSON: Ja and I see that X is also not part of that initiative. Do you think that has implications given what you've raised about the abuse of your journalists and X being one of the main platforms you said that that occurs on, going in to the elections?

ADRIAAN BASSON – MEDIA24: Indeed, indeed, indeed Chair. I think of all the platforms, X is probably the least communicative or involved. I haven't had contact with them in the past six or seven years and there has been no willingness, there's been no reach out and
10 yeah, in the meanwhile these attacks are continuing and we just try and get them blocked, like a bit of a game of racket ball but it's not very successful.

JUSTIN LANGEVELD – MEDIA24: I think to answer Adriaan, sorry to answer your question more directly, the proliferation of abuse and intimidation and all of those kinds of things, I can guarantee you it will happen largely on Twitter and you can watch it unfold during the elections.

CHAIRPERSON: Maybe moving to some of the AI aspects because this also I suppose interfaces as well, I think this is challenging for
20 everyone and certainly for us to but Charlene you had mentioned that there were studies done in the US around drops in traffic and seeing I think you said 20 to 40%, has News24 or Media24 Group assessed their own traffic in this period and whether they are being impacted or not?

CHARLENE ROLLS – MEDIA24: I think it's still a little bit too early

for us to say, so SGE hasn't rolled out widely in South Africa yet and Gemini is also fairly newish. So we are not likely to see it now yet, I think in the next few months we will be able to see a difference but at this point we haven't really noted a significant change in our traffic as a result of tools like Gemini and SGE.

CHAIRPERSON: I mean the reason I ask, I am quite interested, you put up a slide and I don't know if we can get it back but it was your slide 12 where you looked at, and Ishmet you talked about your share, you had 20 million, I think, traffic coming from your site but what is
10 interesting about that slide is from August '23 to December, the total impressions, I think we can maybe get back to it, so there we go, the beginning of the year you're looking about 100 million, it sort of fluctuates up and down but is still there by August and then it drops down to about 75 million, I mean that's a huge drop in three months, what would you ascribe that to?

ADRIAAN BASSON – MEDIA24: That's a good question and well observed there. I think there's a number of factors including news values and all of those kinds of things, I think news consumption peaked during Covid and that's just a fact all around the world but
20 James, what you're looking at there is, in my view, it's the impact of a paywall in August, it was August Justin, August, September when we [speaking simultaneously], we ended up locking most of our, far more of our content behind a paywall and there you go, that's when I talk about being caught between a rock and a hard place, here you see it playing out because we need to, our advertising revenue is declining,

we need to get money from somewhere, News24 has gone into a loss, we have to, we lock more content behind the paywall and we end up with a smaller audience and a smaller audience to monetise from an advertising perspective, exactly what's happening here.

CHAIRPERSON: Yeah and that was a question I had just on paywall, I mean you're trying to balance loss of advertising with revenue but just on monetisation of referrals, so if I get to see one of your stories, I hit on it and I get a paywall and I'm not a subscriber, do you get any advertising revenue, the bounce back from that, does that impact how
10 you then profile on search or other...

ADRIAAN BASSON – MEDIA24: James I promised myself that I wasn't going to pretend to know things that I don't so we either get back to you on that or [01:31:27] perhaps Justin can answer that?

JUSTIN LANGEVELD – MEDIA24: I have a part answer for that James, is that if it does come through as a referral and you hit the paywall, it depends on how the ad blueprint looks, so if your add blueprint has an ad unit on that referral then you'll get it, if you don't, you don't.

CHAIRPERSON: Thank you and, I mean the only last comment I
20 would make on this is you're not the only one seeing a drop in traffic, so I mean the 25 million in what four months is not just you. The one question I had Charlene and I don't know, you know tomorrow we have Professor [Mariti? 01:32:15] from the University of Pretoria coming to talk to us on AI and educate us but I did have just this, trying to get this understanding of the crawler that comes through and you

had said that you've blocked this crawler and I suppose I had a few questions on that, as I understand AI and we will try expand what it is, you've got the basic model so that would be your ChatGPT which is limited in time, it's then integrated into products as you say and when it's integrated into those products that uses information from those products so it might be integrated in your email, it's looking through your email or your calendar and doing things to help you but when it's integrated into search it uses the index search database of Google or Microsoft and so there's almost a model training and there's
10 a real time. When you're blocking AI what are you blocking it from, both or just one?

CHARLENE ROLLS – MEDIA24: So I'm going to try to explain it like a You magazine editor because the technicalities sometimes is hard to get into. So tools like ChatGPT and Gemini are built on models, the model for Gemini for example is called [Bomtu? 01:33:37], the model for ChatGPT is GPT 3.5 or GPT 4. So these models are, if you imagine walking into a library, you'd be able to scan all of the books in that library, that is what the models do, that is what the web crawlers do, they go and they scan the internet. These models have to have large
20 data sets for it to be able to generate responses or images or video and when we block the web crawler we say well you can't take our content, that just means that it can't get anything from our sites. Incidentally the same model that SGE will use is the model that drives traffic to our site. So if we block SGE we block traffic to our sites, I mean that's horrible, like we have to choose, like you know, we're

damned if we do and we're damned if we don't. So these models are constantly being updated so when ChatGPT first launched they had only trained the model so if GPT 3.5 at that point, it had trained up until 2021 I think it was but recent models and these models are evolving quite quickly. Recent models are now in real time and that was significant for us because up until that point we could still give fresh content, people would still have to come to us for that and now they don't because if you go on to ChatGPT right now especially as a paid subscriber and you ask for something you can get up to date information from that tool. So these models are constantly being trained, they're constantly looking for fresh sources, they need more and more libraries. They need more and more books because they need to keep their content up to date for people who want to use it all the time and that's just going to get worse, so if we block it, we lose traffic, with open AI it's slightly different I think because they are not necessarily integrated into Search so how Gemini, which is the tool is integrated into Search, it's a double whammy, with ChatGPT you have to go to a closed app or the website however much you're accessing, that's not necessarily integrated into Search yet but [inaudible 01:35:54] and Microsoft obviously have a relationship there is a connection there but google owns everything in their ecosystem. Generative AI, the model, the tool and the search engine to distribute that content.

CHAIRPERSON: I said yesterday that part of the purpose of the hearings is educating the public and ourselves and I think having a

You magazine editor helps, certainly in demystifying it. From the research you've done is the bigger threat the Search versus the Chatbot and that maybe a complex question but I mean the Chatbot as you said may be open AI the search may be Bing, that might integrate some of that but are people likely to start going to the Chatbot or are they just going to use the Search?

CHARLENE ROLLS – MEDIA24: So James if you think about your own digital consumption, how you use, if I said to you now, James if we really want the answer to that let's go and search for an answer,
10 we're going to go to google right. Search is absolutely critical to the dissemination and distribution of information. The combination of Search and generative AI, that is the potent mix. So absolutely, ChatGPT is being used but it is not necessarily being used in, especially the free version, people are still kind of actively having to go and making a conscious effort to go and use the tool. With Search you don't even think about it, it's like I wonder about this thing and you go and search for it and then you're going to have everything there and then you're going to say, okay I like this or I don't like this but let me also ask it this and then you stay there, it's like chatting to your
20 friend. Search is just part of how we are in this day and age. Chatbots where you actively have to go and use it, there's a little bit more friction, with Search there's no friction. It's the Search plus the generative AI, that's lethal for us.

CHAIRPERSON: And I think you know, a question I had, it was interesting that you put up the slide that said why do you go to Search

and you might be looking for a product but the impact of SGE and the Bing co-pilot, do you think it's going to differ depending on what people are searching for and I raise this just because if I'm looking for a product I might ultimately want to go buy something which means I actually have to go through on news, whether this is sufficient or not and just linked to that is how you've seen people's behaviour on snippets, even on your own website, how people browse or click through.

10 CHARLENE ROLLS – MEDIA24: Are you asking me about how it will impact?

CHAIRPERSON: I probably loaded too many questions in there. So let's just start with, ja, do you think news is going to be impacted differently to some of the others like e-commerce or product search or me looking, your example was going on a travel with my children and which place?

20 CHARLENE ROLLS – MEDIA24: Yes, I think it will be different but it won't be any less impactful. When you're going to, so google also has a shopping tab so you can search for things already and you get a list of things you can shop, so the ecommerce experience, I think that's also going to be hit quite hard but the thing about news and information is that it is so integrated into everything and how you consume content, what you think about, what we do is to help people understand their world. We inform, we educate, we help people make sense of their lives especially in a world where information is so overwhelming. When you have tools like this you actually remove the

ability of what we do is say here is some trusted information for you and when that just becomes a big blur in a generative AI box which is not always trustworthy. Consumers might not necessarily know that difference. So for news it will be bad because everything that we will have offered people is now suddenly going to be there and search engines like Microsoft, it's growing in popularity for a reason, it's still tiny but it's because people can get all that information there, information that they would have found on our sites. You know News24 is home to multiple brands, its home to news brands, its home
10 to magazine brands, community news, there's a lot of valuable information and content that sit within News24 and now what? No one is going to come directly to it because they're going to get the valuable information but not via us.

CHAIRPERSON: I did have a question on also the general crawling, I think as I understand and this is a paywall question and hopefully you are able to answer it but it's quite technical. I mean as I understand if you put up a paywall you can block the crawler so you've got this robot's exclusion I think they call it but then also there's less information to send back to make that post rank higher and be
20 relevant so there are options to allow the crawler to crawl all your content and still have a paywall, then it's getting access to all your content. So how does News24 or Media24 engage with that, do you still allow full access or do you just block it at the paywall?

CHARLENE ROLLS – MEDIA24: There are different crawlers, so different crawlers do different things and so say open AI says this is

the crawler that we use to scrape for our model and we go no, that's not okay so we can block that crawler. If google says this is the crawler that we're using and it's the same crawler that we go for search traffic, that's a different conversation and whatever commercial agreements we have, we go, oh what does this mean for our business and I don't know Ishmet if you want to go into more detail about that but all crawlers are not equal and how we engage with each crawler depends on the relationship we have with whoever is doing the crawling.

ISHMET DAVIDSON: Justin you want to add to that now?

10 CHAIRPERSON: I mean you mentioned this sort of damned if you do, damned if you don't, so I mean you've taken this position, do you think it's a sustainable long run decision, I mean you've bet on your paywall, you've kind of chosen but as you rightly point out if SGE is going to grow and you're not there is that worse?

CHARLENE ROLLS – MEDIA24: James it's very difficult, like where we are its rock hard place, all the idioms. We don't have the dominance, we don't have equal power to say well this is what we want, how we decide, should we do it, should we not do it, that is a bigger commercial conversation that I think Ishmet actually should
20 take this one.

ISHMET DAVIDSON – MEDIA24: James I think that the, I don't know if you recall the slide where we had, where Gemini, it was Gemini where they were accessing their information from [speaking simultaneously] there we go, multiple models Charlene says. Included in that list if my memory serves was the New York Times and the New

York Times' content is predominantly blocked. I think the truth of the matter and my view is that I think they are crawling our content even behind the paywall, okay, I don't know, we don't know, this is one of the questions that we've asked google in our [inaudible 01:44:26] application which as I mentioned earlier on, they flatly refused so hopefully you have better luck than what we do in trying to get the truth out of them.

CHARLENE ROLLS – MEDIA24: Can I also just add on the New York Times how they found the spy paper, they found that the data
10 sets that these models train on, sometimes they used archived material and archived material from paywalls then become available to these models. This is something that you know is new to us, I kind of am trying to understand how technically that works but that is what the spy paper found. That this data set included archival content from like the New York Times which is actually payable content.

MS. PAULA FRAY: May I ask a question of clarification. Is all Media24 content behind a paywall?

ISHMET DAVIDSON: In the case of News24 or Media24 as you would have seen earlier on we do have a couple of sites, the vast majority
20 of News24's content is behind a paywall, the community, community newspaper, local news content isn't and that's generally free in any case. Likewise for Netwerk24, all of Netwerk24 content behind a paywall again except for the community newspapers which is available for free and then the other one I mentioned was SNL24 which is the, we're busy scaling that publication so the vast majority

of the content in front of a paywall. For Landbou, Landbouweekblad, it's a small audience, sort of a niche product that, with the vast majority of the content behind the paywall, and Paula the point there is and you would have seen on the slide, no paywall, we don't have a business model, it's as simple as that.

CHAIRPERSON: Can I ask one last question on AI and Adriaan you may also have a comment but, I mean it seems one of the value propositions of the media is not just facts, it's also the commentary, expert analysis, stringing the story together of how this fits and I mean
10 as we move to this AI and the AI threat, I mean what is the threat to that sort of part of journalism and the investigative part, but even just the expert commentary that happens around that, if people are getting their news from AI summaries?

CHARLENE ROLLS – MEDIA24: Adriaan do you want to take that one?

ADRIAAN BASSON – MEDIA24: Sure, thanks Charlene. Absolutely
Chair, I think it's a real threat, in fact in the past two hours I was sent an article from this BNN, Breaking News AI driven newsroom in Hong Kong that I referred to in my slide that took a News24 article and
20 turned it into, or took a News 24 column and turned it into an article by using AI. So obviously it's something that has got a massive risk for us because you know if you write a piece of analysis on a parties election manifesto, you sit with that as a human being for a few hours and you unpack it and you speak to experts and you read up on the previous manifesto's and you look at stats SA numbers etcetera to

write a piece of informed journalism. I think you know AI could possibly write a decent story from weather, set of weather reports but I think it's going to struggle to bring that nuance and that curation is really what we are about in building the trust.

CHAIRPERSON: Thanks Adriaan. Alright another, I hope you're as good as the YouTube editor in explaining things Justin. So you made a point which I think was important to me about the central role of the ad server because often when we're thinking about AdTech stack we're thinking these SSP's, DSP's, ad exchanges but the server sits
10 there and as I understand you're not going to have two servers, you're going to have one. I mean maybe if you could just unpack for me a bit why, why Google Ad Manager, what are the alternatives at that layer and then I've got some other questions related to that.

ADRIAAN BASSON – MEDIA24: So let me start with maybe Google Ad Manager, as I mentioned in I think the value ad or the value chain slide is that Google is virtually integrated throughout the whole chain. So in other words if you don't use Google as your central manager of your inventory and be able to pull that inventory in or the requests in, you're going to be dead in the water, you're not going to be able to
20 get those requests through because the advertisers on their ad service side is also using Google as a product and that ecosystem that flows from the advertisers side all the way through to the publisher's side is entrenched with Google as well. So you can use different ones as well but most of South Africa is all using Google as their SSP and ad server as well.

CHAIRPERSON: So there are alternatives...

ADRIAAN BASSON – MEDIA24: Alternatives, I would have to get back to you with the alternatives. On the SSP side I know like I mentioned Magnite and Index Exchange but on Ad Server itself, not really, I'll get back to you around that.

CHAIRPERSON: Ja because we're constantly told this is highly competitive, loads of players [speaking simultaneously] but I wanted to just check at each point in the chain.

ADRIAAN BASSON – MEDIA24: Sure. So we don't know the
10 shares, sorry I'm interrupting but we don't know the share of what Google has in every part, it was like I said, they are a closed box but there's been studies around, in different countries where they estimated and it can go up to, on Ad Server base, as high as 96% for example and the Ad Exchange as high as 50% as well, they are estimating it across in different geographies.

CHAIRPERSON: That certainly is useful and I think you know we also have Google coming and we can ask them but I think hearing from you what the alternatives, I mean you then said look tapping in to the rest of the ecosystem. There has been talk about the inter-operability,
20 you can use some other SSP's as they call them to go and fetch advertising for you but does it work better with the Google products than it does with some of the other SSP's?

ADRIAAN BASSON – MEDIA24: Google just has much more scale and that's the reason, so there's much more availability if you're using Google. So if you use the others it's limited and we don't use the

others as a platform, they actually plug into GAM or Google Ad Manager on our behalf.

CHAIRPERSON: Alright so you don't go actively look for them?

ADRIAAN BASSON – MEDIA24: No, we actually do but we don't use it as a platform. So Magnite and Index Exchange as I mentioned for example, we don't use that platform itself but it will plug into it, it will integrate into our Google Ad Manager which is our central point.

CHAIRPERSON: And where do you get most of your successful bids? So I understand these SSP's go and try and sell your inventory and
10 whichever one, if you've got a few others plugged in, whichever one comes up with the best bid gets the business and I mean it may be confidential but sort of all as a magnitude, where does most of that come from?

ADRIAAN BASSON – MEDIA24: You mean which SSP's?

CHAIRPERSON: Ja.

ADRIAAN BASSON – MEDIA24: Definitely Google because the others are tiny.

CHAIRPERSON: And what is it about them, I mean I thought these SSP's are just sort of trying to have an exchange that sells stuff, I
20 mean why do they get less business?

ADRIAAN BASSON – MEDIA24: I can't answer that James unfortunately.

CHAIRPERSON: We do have some AdTech coming and we can ask them that. You mentioned then the demand side and the campaign manager, I mean there's an auction at some point, are there

relationships that exist between these DSP's and SSP's or DSP's and advertisers, I mean we've heard that some specialise, there might be ecommerce ones or, but it seems, it's not just this sort of auction, there are relationships that happen...

ADRIAAN BASSON – MEDIA24: So between DSP and SSP, I can't comment on those relationships but definitely advertise and DSP because advertisers use the DSP's to bid on their behalf in the Ad Exchange. There are a couple that, like for example Adform, that they, I think they are with Vodacom if I'm not mistaken, so they are the DSP
10 for Vodacom for example and we've tried them out as well with little success.

CHAIRPERSON: They might still bid on your inventory so they will come and they will place their bid...

ADRIAAN BASSON – MEDIA24: Yes, that's correct, because they have a certain set of advertisers or clients that sits with them and then they use those to bid for inventory.

CHAIRPERSON: Alright so Vodacom wouldn't necessary and obviously [inaudible 01:54:27] work but advertisers don't necessarily use multiple DSP's, they might choose one or...

20 ADRIAAN BASSON – MEDIA24: They could.

CHAIRPERSON: They could, right. The other one is you briefly mentioned Ad Sense as in ad network, maybe if you could just help us and also the public understand what the difference is between an ad network and the other parts of the chain?

ADRIAAN BASSON – MEDIA24: The SSP is one entity if I can call

it that, so Sell Site Platform, so one thing, ad network is a bundle of SSP's or different Sell Site's parts of it and what it effectively does, it collates and pulls all the different inventories from different SSP's into a pool and manages it from there. So ad networks is actually how the inventory becomes available from various SSP's into the ad exchange and Ad Sense will be part of that ad network.

CHAIRPERSON: Alright so some of, as I understand then, some of your inventory might be pooled with a whole lot of other's inventory and then sold off to DSP's and they could be allocated to any one?

10 ADRIAAN BASSON – MEDIA24: That is correct and then maybe you can get into a programmatic part of that as well so programmatic broadly maybe three areas you can look at, it's open exchange so that means that in other words when you put your inventory into a network, everyone can bid on it or every advertiser. Then you get PMP which are Preferred Marketplaces, that means you pick which advertisers you want to bid on so it's a private market place. The next thing is, I think it's interchangeable as well but guaranteed inventory meaning it's almost like a direct buy but you actually guarantee a spot and a rate for an advertiser but still through the exchange.

20 CHAIRPERSON: And you know I think the one thing you raised that you get to see a bit of data about some of the advertisers. On your data, who came and put adverts so you said you see some and then there's a long tail of unspecified.

ADRIAAN BASSON – MEDIA24: Yes, yes, especially on open exchange.

CHAIRPERSON: And why's it unspecified?

ADRIAAN BASSON – MEDIA24: Not a clue. I can't answer that because we've actually asked that question and it hasn't been forthcoming so in other words if we have a month, so if you take a typical month and we get say, I don't know, three or four advertisers, we will see maybe ten, we can go up to maybe ten but then the long tail as such, the bulk of the actual money is sitting on unspecified or unknown or uncategorised or whatever the terminology you want to use and it's very difficult to trace back what's actually landed on your
10 site versus how much money you made from it versus where the advertiser actually comes from.

CHAIRPERSON: We've been told that sometimes a publisher might, well and advertiser might be you know, sending their ads to an open exchange and they start seeing that they're landing on let's take News24 and they see that's doing well and then they strike up a direct relationship and you have that. You're saying you're seeing the advertisers doing the opposite which is they have a dire relationship and they're saying that I can get it cheaper on [speaking simultaneously]. So I mean that first category, are you seeing because
20 we haven't heard that from a publisher, we've heard that from an AdTech?

ADRIAAN BASSON – MEDIA24: You're saying about where they see it's doing one with open exchange and then develop a relationship to do the [speaking simultaneously]. It does happen in certain instances, that's if we can identify it and it's a big enough client, very

seldom and if the client hardly approaches you, you actually have to go approach them to say, oh we've seen you on open exchange, you don't get priority inventory, We will approach you and do a one-on-one deal to give you priority inventory and obviously paint a picture in terms of how [inaudible 01:58:37] sell would benefit you.

CHAIRPERSON: Sorry I have a lot of questions [speaking simultaneously].

ADRIAAN BASSON – MEDIA24: I will try and answer what I can.

CHAIRPERSON: I think AI is just such a black box and I don't even
10 want to try, you know. I suppose the big question is why this massive difference in the yields, you know you put up a slide and it was you know at least a quarter or fifth of what you're getting just help us understand why?

ADRIAAN BASSON – MEDIA24: James it's, or Mr Chair it's completely down to the scale. So when an advertiser wants to buy inventory and it's specifically on open exchange, it's no specific unless like I said it's a guarantee deal, so then they will say oh I need this audience bucket or this audience section or these requirements and it's spread across every one that has inventory, has requirements.
20 Even as a publisher, if you have some of those requirements you will get some of the advertising but you won't get the bulk of the spend, not necessarily and then on top of that which adds to that is that it comes down this whole long line of stages so everyone takes a bit of the actual advertising rate where the advertiser has agreed to and you get the back end of the yield, that's the stark difference in terms of

leaving it to AdTech stack as such and having a direct deal.

CHAIRPERSON: Has it got something to do with the data an information or the type of advertising, so as I understand, you've got this sort of let's say brand or contextual advertising, so banner on the front page of the newspaper which is sort of context, it's not necessarily targeting me who is looking for shoes right now. You've got the me looking for shoes online and some cookie following me around the web and then it says oh, you're going to News24, let me put a shoe ad in front of you. So is it part of the data when you're
10 selling to the advertiser, you're talking about your brand, your context, the quality of your audience, not just some of the demographics, some of their psychographics, and is that available at all for the AdTech, is this a data story?

ADRIAAN BASSON – MEDIA24: It is definitely a data story. So we have our closed system, we have data and we have what we have but Google has infinitely more and I think that's what we're competing with. Its data and scale at a very, very high level.

CHAIRPERSON: I've just had a few themes, we've only got a little time left, I mean you've talked about sort of AI enhanced search,
20 we've talked about Search but I raised yesterday, Google Discover is a different product and from all the sense we've got, this has become huge, it's on every android phone, it's a swipe away and of course android phones are the bulk of the phones in the market. I mean do you have a sense of where your traffic is coming from in Google that it's so much from news, so much from Search and so much from

Discover?

ADRIAAN BASSON – MEDIA24: It's between Search and Discover actually, news, it does give us a bit of referral but not that much but you will see the bulk comes from Search and Discover and discover actually outweighs in terms of referral versus Search. Search you will 4%, Discover is about 6% so the balance between Search and Discover is about 5%.

CHAIRPERSON: How do you see the Discover product, I mean what's your impression of its role in the ecosystem because it isn't
10 Search, it is not news but it is a lot of news, how do you see that play?

ADRIAAN BASSON – MEDIA24: So I personally think the Discover product, it keeps you on the platform because besides with Search we actually have to actively do something so I've got to search for a topic, with Discover it's feeding your habits all the time so it's keeping you engaged most of the time and that's why it's generating the amount of impressions that it generates because you keep in just scrolling and scrolling and scrolling and I think in our submission as well we mentioned about that some people are happy with a photo caption and a headline and a bit of a snippet and they like to comment
20 instead of actually clicking through and this is why you will see the low click through rate on Discover itself I mentioned. So people like to stay in that Discover environment, if you're thinking about it, I think Ishmet said on the Search it was 2.3 billion, so about close to 2.8 million probably comes from Discover and it just shows you the amount of impressions that sits on that Discover platform versus what we're

getting in referral traffic.

ISHMET DAVIDSON – MEDIA24: James I think it's fair to say that it's another sort of, another one of these altruistic moves by Google that we didn't ask for, that we're not able to monetise directly but once again caught between a rock and a hard place because whether it's Search, whether it's Discover, we switch that off, we lose 44% of our referral traffic but again I say ultimately it's to Google's benefit, Google benefits from 95% of the traffic that comes from Discover and of course I may be wrong because we don't know, they won't disclose
10 their information.

CHAIRPERSON: I mean one can get an impression, it's a bit like a news app tries to do, mixture of entertainment, sport, news...

ISHMET DAVIDSON – MEDIA24: And it looks like your home page so it's exactly that.

CHAIRPERSON: And that leads me to question, I mean and following up from you Ishmet about impressions versus click throughs and what is the behaviour on your own app in terms of, I'm sure consumers don't click through every story but do you have a sense or is that something you'll come back to me on?

20 ISHMET DAVIDSON – MEDIA24: That's a very good question and I must admit I've never, I think maybe Justin can answer it but I've never measured it, I sort of give the editors a hard time and say ah, you know, sort of the minority of the stories generate the most traffic but that's just me giving them a hard time, the numbers are available but I don't know them offhand, we can get back to you on that.

CHAIRPERSON: Now often with these things and this is certainly a consumer market, you look at how do you do it, you're not necessarily the average person so you know you may, you can't use that as the sole evidentiary basis but ja, when I'm on your app I'm not reading every story because not every story interests me but this was where I just wanted to go on, I mean...

ISHMET DAVIDSON – MEDIA24: James if I can interrupt here, I think Adriaan is rearing to go there to answer the question, do you want to answer Adriaan.

10 ADRIAAN BASSON – MEDIA24: Ishmet I can't give a percentage but I can tell the Chair that the majority of the homepage of News24 is by far the most popular page in our system so yes, there are thousands, hundreds and thousands of readers who scroll, who has that behaviour of scrolling and not clicking through, so that would be a correct assumption that the majority of our readers scroll and then others click through but that homepage with the headline and the image is by far the largest page in the system.

CHAIRPERSON: Thanks Adriaan and I suppose where I'm going with this is, I mean, do you think there is value to the ability to scroll, you
20 know I might be on a short break, I'm not going to read a lot of stories but I can at least catch up on, so do you see as News24 when you're looking at that, it's still some value to consumers?

ISHMET DAVIDSON – MEDIA24: You want to answer that Adriaan?

ADRIAAN BASSON – MEDIA24: Yes absolutely but that's content that we have created so I mean if you compare News24 to Google

Discover, they don't have any journalists, so they don't, I mean that content in their feed comes from places like News24 and Sunday Times and Daily Maverick, it doesn't come from the Google newsroom. But certainly there is value in that scrolling, it is a wonderful tool for people who quickly want to have a grip on the news, we see that people read differently so they read a bit more meaty when they wake up then slightly more over lunchtime and then they come back in the evenings. We can see that in our page view traffic, to dig in a bit deeper into the articles of the day. I think a lot of our
10 reader's behaviour is to scroll throughout the day but like I said, that stream is full of original content and produced by journalists.

CHAIRPERSON: Ja and I think you've touched on something that we are interested in which is consumer behaviour because in all this discussion of value and the like, click throughs is one measure which you had mentioned, it's not the only measure but I just want to pick up on what you said now Adriaan, I mean just again thinking to your own behaviour, we will break in five minutes before our next person and in that break I might pick up my phone and just check if there is anything happening, I mean how do people engage in news because
20 the one difference it seems with news is it is fresh content and we are now used to constant updating and that is different to the history of the Boer war or something, it's not constantly changing, you may go search once or when you've got a research project, so I mean are people dipping in through the day for short periods, as you say, big in the morning, what does it look like?

ADRIAAN BASSON – MEDIA24: Yeah we can see, we can see the amount of pages that our readers read and we can come back to you with the stats on that. Many of our readers read one or two or three pages per day and I think that's probably mostly the home page and then you get others who come back consistently during the day. Our app users for example are very loyal but I will rather, let's pull that data, Ishmet it's freely available, the pages per user and we can put that through but certainly if I am going now into the app, I will also, like you will, will browse through the site and if there is a big breaking story or something that I am particularly interested in, I will click on it.

10

MS. PAULA FRAY: I wonder if, related to that if we could just talk very, very quickly about audience data and whether you're able to build your own audience data and what audience data is missing from what you want or what you need?

ISHMET DAVIDSON – MEDIA24: Story of my life, extremely limited as I am sure you can well believe but maybe Justin wanted to comment on that, I tell you that's the biggest problem that we have, it's audience data.

20

JUSTIN LANGEVELD – MEDIA24: So my comment is very similar to Ishmet's, limited at best and this is why first party data is so important for us but the thing is, it comes with a cost and I think that's where the difficulty is and the thing is as well, you will lose the amount of data you have now that is limited when it moves over to our first party scenario because lots of people won't be able to give you the information that you need to qualify it as first party.

CHAIRPERSON: I think we're almost out of time, I have one last question maybe for Adriaan. Just in terms of, and the team of course, but I mean news production, there might be the bulk, certain stories get the bulk of clicks but you still produce the other stories even if they don't get some of the clicks, I mean what is your approach to I suppose, the value proposition and why you do the range of stories and also the investigative journalism even if some of it may not get the clicks that you hoped for?

ADRIAAN BASSON – MEDIA24: That's the million dollar question
10 isn't it Chair, every morning at 9.30 we sit around a table and we use data and muscle memory and our knowledge of the country and our different backgrounds and experiences to decide what to cover, which stories to cover. There are certain absolute winners, our readers love politics for example, they are very keenly interested in the elections, when there is a big sports tournament like the rugby world cup, I mean those things are no brainers but then there's other stories that are interesting. Anything to do with stakes, for example, does very well, but yes, we do cover stories that are important, the question we ask ourselves is not only which stories will get the most clicks, that is the
20 old world but we ask which stories are most impactful, which stories serve the public interest, what is our responsibility when we sit in Parliament or in the Joburg High Court or at the Union Buildings to cover and yes, sometimes those stories unfortunately don't get the amount of engagement we would have loved but sometimes they do, so we very much take our responsibility pretty serious to try and distil

the top most important stories our readers should know about plus of course the education part and the stuff that they expect of us, for example, bad weather, big accidents on the way home, those kind of commodity news stories and by the way most of those stories remain free on News24.

CHARLENE ROLLS – MEDIA24: Can I also just add something, also someone who comes from an editorial background, I worked for several years on Drum magazine for example and Drum is now digital only but just in general, when we have fewer publications someone
10 loses out, there are consumers who don't necessarily only read news, they want advice because they need it, they want entertainment because their lives are not that great, they want insights to help build a better future for their children. News content is important but so is everything else and every time a publication closes and we've seen a lot of that, someone is impacted negatively and in a country like South Africa, we need all the voices we can get. There are already far too few communities being served because publications are struggling to survive. Every time a publication closes everybody loses on every level.

20 CHAIRPERSON: I think that point is well made and I think for us certainly even just yesterday questioning, you know, we call you the news media but you produce a package of content that is much broader than what is often narrowly considered news and being political current events but it's that basket of content that's important and it's a basket of content that also you commercialise to support the

whole operation, but I think we're out of time, I think it was exceptionally useful for the panel and I speak for both of us I'm sure and thanks to Media24 for bringing us such a high powered team that could cover the range of topics from AI, AdTech editorial, I think it is certainly useful and we will most likely have some follow-up, it may be targeted, you know you're going into a busy period around the elections but we will continue to engage around certain bits of information and insights. Thank you. And I think we're taking a five minute break and then we will be resuming with Moneyweb.

10

ADJOURNMENT

CHAIRPERSON: Welcome back to the second morning, it's now afternoon of the Media and Digital Platform's Market Enquiry, we now have Ryk Van Niekerk from Moneyweb. Ryk thank you very much for coming and participating and I believe you've got some opening comments in response to questions that we had sent and we'll have questions for you.

RYK VAN NIEKERK - MONEYWEB: Yes, thanks Chair, Ms Fray.

20 CHAIRPERSON: You can call us James and Paula.

RYK VAN NIEKERK - MONEYWEB: I've never called Paula Ms Fray but anyway, Paula. Ja listen, thank you so much for having us. Moneyweb is a small publisher and we have been in the South African media for a long time and I will do a brief history of Moneyweb so that everybody knows exactly what we do but I think we represent many

small publishers and the challenges we face I think is ubiquitous when you look at the smaller publishers. We've just heard from News24, I thought it was a very insightful presentation but they're the elephant in the South African media, they are the biggest platform and the problems they face are serious and many of the problems we face are of course very, very serious but we don't have some of the options they have, for example for us to put content behind a paywall, it will decimate our traffic and then the negative impact on declining revenues from advertising will negate the extra income we get from

10 subscriptions. So I've got a few opening remarks and I will go through the questions you have sent me, I will try to do that as briefly as I can and then maybe focus on the advertising side. I'm a journalist, I have been a journalist for 27 years, I have worked in print at Media24 for 15 and the balance I'm at Moneyweb where I'm mostly a radio journalist, I don't have a presentation, let's see, say it's a radio presentation but I'm going to go through the submission or I will just make a few comments but I also listened to SANEF's presentation yesterday and I think the mainstream media has played such a critical

20 capture and many, many other investigations as well, also in the private sector and it has contributed significantly to protecting our constitutional democracy and the wheels of justice are turning very slowly in South Africa and I think in many ways the media has played a bigger role to try and, or expose wrongdoings which does affect the country. One of the main points I want to bring across today is that

I'm very concerned about the number of journalists in South Africa and Paula, you would know this. We've seen a significant reduction in the number of journalists, we've seen the digital transformation, the digital disruption of the media industry in the 2000's. I worked in a newsroom and as Adriaan has also said, with close to 100 journalists and that newsroom now consists of 10, 15 people and I'll get into details of Moneyweb staffing and one of the keys, yes, we had the digital disruption in the 2000's, it started maybe late '90's but before Google really became so powerful, so what is happening now is we
10 see Google dominating within the internet space, it actually has become in many ways, the internet, the way people use it, you would go and your landing page on your computer would be Google and from there you start to search and you get the information and when AI also kicks in, as was explained by Charlene, it will reduce the dependence on going to a specific news site to get the latest news. There are a few exceptions and I will get to those. We invest heavily in news content in journalism. We are a small publisher, we cannot compete with News24 for example on breaking news, there are other publishers as well, Arena and the likes, they've got many more staff
20 members than we do, so the only way we can compete is to write and produce on our other platforms, podcasts and the like, unique content. Unique content that is relevant and that will give in theory at least people the incentive to come to Moneyweb because you cannot get that information anywhere else. Now just a brief introduction to Moneyweb, we're one of the, and I think we are one of, the oldest

online platform, pure online platform in South Africa, we started in 1997, it was founded by Alec Hogg, a well-known journalist and through the years the platform has changed, the focus has changed but the current editorial focus is the generation of unique business, financial and investment news. That is what we focus on, that's what we're good at. We don't cover many stories or do radio interviews on other topics, our main focus is business, financial and investment news. We have a small team, believe it or not we only have two fulltime journalists and we have a production team of eight people and that is on the web side, of course we have a few other technical people looking after the website and hosting etcetera and then we, on the radio side because Moneyweb also does a lot of radio, we have 11 people working on that section or part of the business. The bulk of our editorial content comes from a network of freelancers and there are 19 freelancers which we use regularly. Sometimes we use ad hoc people as well and we are in that context, very, very dependent on freelancers and the reason for that is because they are more affordable, you don't need to pay a monthly salary, you pay per article and you can manage how many articles those freelance writers write and it hasn't or it wasn't always the case, when I joined Moneyweb in 2011 there was a very substantial, experienced news team of around 15 people and due to cost pressures and revenue pressures, we had to change the model to depend on freelancers and that is purely from a cost perspective. As I've said earlier, the creation of content is expensive, we spend, well editorial expenses represent more than

70% of Moneyweb's cost base. It is a significant investment in the generation of content and the balance consists mostly from the acquisition or the procurement of data services and also for the hosting of the website is pretty expensive to host a website in a secure environment especially in this building it seems. Our platforms, as I've said, moneyweb.co.za is our flagship website, it's been around since 1997, we have five radio shows which we produce on a daily basis, two of them on the SABC, on their radio stations, SAFM and RSG and we also have another community station [inaudible 02:37:37] where

10 we produce a FM radio show and then we have two of our own livestream news shows, one is in the morning and one is at midday and we control it, we livestream it then we repackage the interviews as podcasts and then we distribute it through various platforms. We also focus a lot on podcasts, we believe that is one of the growing news consumption platforms in the country. We are close to 200,000 downloads a month which I think is pretty substantial. We have our Moneyweb mobile app which we launched with the exclusive, well not exclusive, but with the main goal of being able to give our audience very easy access to our audio products. You give them a phone and

20 one or two clicks and you can listen to a livestream of any of our shows and access the podcasts. FYI regarding the comments or the question regarding the usage on the app, we see at Moneyweb a significantly higher usage of the app from our user base. The time spent on the app is around seven minutes in comparison on the website it is around 3½ minutes per session, 3½ clicks on the website versus around eight

clicks on the app. So if you can get somebody on the app you can, the activity increases quite significantly. We also have other platforms, newsletters, digital magazines, we also do some print, we supply the city business insert in the Citizen with a print insert and we do some video although those are mostly marketing related. One of the ways we diversify, Moneyweb has a very, very comprehensive data offering, investment data, share prices, prices of unit trusts, market information, exchange rates and we have a basic offering which is really good and then we have a more in depth type of tools we market.

10 Tools, comparison tools, analysis tools and it delves down deeply into what an investor would like to see and we put that behind a paywall a few years ago, just the additional data or the more in depth data element and that is growing. We also put behind the paywall our archive, now we have a very interesting model there, we offer our audience a free access to our latest articles and after a week it goes behind a paywall because that archive, we regard that as the archive, that archive is really valuable. Very, very valuable and people subscribe to our service to access our archive as well but we cannot afford to put our latest content behind a paywall, our traffic, it will drop significantly and currently we need that traffic to monetise it through advertising. So that pretty much is our model. Now if I look at our revenue model, we have a different, we have two big divisions within Moneyweb, one is radio or audio and the second is obviously the website. Now we sell campaigns across both. So a typical campaign would contain a radio element and a web element and I will get to

display advertising a bit later which has just completely fallen away and we offer that as a type of added value. Most of our advertising revenue comes from content marketing, I am sure you have seen on our website they say sponsored content or advertising or promotion or whatever the case may be, that is people paying for that content. Now I can tell you now as a journalist, I would like, on my website, the most recent, best news I can offer. So that is the way to monetise it. It's moving away from the model where you actually just have display advertisements, print model, but the content marketing is our main revenue stream at the moment and there has been a significant shift from display advertising, those normal banners you would sell, those ad's I think that were referred to in the News24 presentation. It's typically those banner ads, a few years ago it was the mainstay of revenues for many, many publishers. Now that has disappeared and I will give you a few statistics here. The total revenue from display advertising in 2023 was officially 30% lower than in 2018 at Moneyweb but remember we also sell some of the display inventory as part of an integrated campaign, it's not a direct sell, so in reality it could be a lot lower, we don't split it out and if you dissect this more, our total display advertising revenue as a percentage of our total advertising revenue in 2019 it was 43% and last year it was less than half of that and that has shown you how the whole market or the way revenue flows to publishers have changed, we believe it's a significant change.

MS. PAULA FRAY: Less than half of 43%?

RYK VAN NIEKERK - MONEYWEB: Yes, I was told by the lawyers I may not mention the exact number. Now let's get to Google ads because I think that is one of the key points of this enquiry. Moneyweb didn't allow Google ad's on our site because we were afraid that the CPM rights, the tariffs at which we can sell the advertising would be decimated. We have a high CPM rate and if we would allow google to come in, it will drop significantly and I will give a few figures just now. In 2022 when we launched, around 2022 when we launched our app we decided to try Google ad's on our app only just to monetise some
10 of the pages, we kept it off the website but a while later we discussed it again because it seemed to be, you know, generating at least some revenue for us. So we allowed Google ad's on some of our secondary pages, not the front page, definitely not in primary positions on our most popular pages but if you click through to an old archive article Google ad would be, would generate some revenue for us and whilst we have our prime positions to sell ourselves as part of our integrated campaigns. Now I want to just stress that the Google revenue is not additional revenue to what we do or what we sell, it is replacing the advertising we could have sold and because we are seeing a
20 significant drop in people just coming to the site and say listen, we would like to advertise through banner ads on the site, so it is reduced revenue we got from the traditional model and it does not, it's a lot less than what it was. I've spoken about the subscription model and that is a growing and a focus for us, News24 has more than 100,000 subscribers, we have a fraction of that but again it's a very specific

sell for people who are interested in the investment market. A question here from the enquiry was how does Moneyweb target market consume business and financial news? There has been a big shift in the way how people access news. In the past and if you go back say to the 2000's and before the internet, people would go, they trust the Star newspaper for example, they would buy it and they would read it because they believe that the editor would have curated the content so that they can know what is going on in the world and they trusted that publication for giving them all they need to know. This has
10 changed, well that is called a pull model, the brand pulls you to it. Now that has changed significantly especially for smaller publishers to a push model. People don't come to Moneyweb, type in and say listen, moneyweb.co.za I want to see what Moneyweb has on offer today, ja, we've got a few of those but that number is declining. We need to push out our content on social media platforms, the aggregation by Google and several of the Google products and then we, through that exposure, hope we can get, obviously a response back, we send close to three million emails ourselves and via one of our contracted parties to send out emails to a distribution list and we have significant
20 response from that. So you push it out and hopefully people come back and that's why you will also have seen at many websites the bounce rates are very high, people would read that article and then jump off again. As Media24 has said and I agree with it 100% and I think it's the case for most publishers, when Google aggregates content and they, you don't always get the benefit of a click through,

in fact News24 said 5% click through rate, so 95% of the content does not come back to their website, I think we are around 4½ also to 5%, so very, very similar but I'm sure you have consumed news on such aggregative sites. You get a picture, you get a headline and you get a blurb and in many cases people get to know exactly what they want to know about that story just from the headline. For example we've just heard that the South African economy missed a technical recession and if you see it in the headline you've got the gist of what's going on and you don't click through. 95% of the value of the consumption of aggregated news is on the aggregator's platform, not
10 on my platform or Moneyweb's platform and I think that is a critical point. If there is revenue attached to showing just a blurb and a headline, I think that is something of concern. Another thing we do is if we have a trendy story, so we write a story, it's really popular, we can see there is a lot of interest, we actually pay social media platforms and Google to try and boost the reach so that we can get more content. There was a question to Adriaan regarding, you know, your stories doing well, getting the clicks because that is a measurement of it. Sometimes you will see that 20% of your stories
20 give 80% of your traffic and it's just difficult to identify the 20% when you conceptualise news and ask a journalist to write it because there is an expense involved of course and the number, the budget we have for that is pushing it and boosting content online is in our confidential submission and we regard it as quite substantial. The role and importance of video and audio, now for us radio is a big, big focus

area. Of course the revenue model is different if you want to go pure. Radio, we try to sell integrated campaigns. Now what we do is, well what I believe is that podcasts and live streamed audio will grow faster than the other type of news types or platforms. So we invest heavily, five radio shows, we cut up all of those individual interviews or most of them and transcribe some of them which is quite an effort and we publish it on the website and as I've said earlier, close to 300,000 downloads of podcasts via various platforms, I think is substantial and I think the monetisation model is to get it from the direct perspective
10 sponsored as to having a type of programmatic or a Google or a centralised ad strategy which you get. So if you go on a platform, they would pay you a CPM rate for your podcast, play an ad at the beginning and the end and we believe that will grow quite significantly and I also don't think the format of news content is that critical. You would consume the news you want to consume in the best possible format. So if it's a statistical or a breaking story which if somebody said, you know, a big development, a website would be quite ideal, social media will be quite ideal, if you want an in depth piece, again you get more in depth type of publications where that can be
20 published and some people would like to see that in print and then if you have more personalised stuff, you know radio is a fantastic medium for it as well as for the explanation of things and for hearing comments from senior people. It's more powerful if you speak to the Minister of Finance on radio than to have a write up in a news article because it comes from the horses' mouth. And again if there are

visuals, visuals are really important, I think video and TV content, the way you cover it is a lot better and I think most people, they don't go to a website, they say oh, I want to listen to podcasts. You want to see what the news is and then you consume it in the best possible format. Unpacked the impact of Google and Facebook on our CPM's, now the content featured on Google News and Google Discover represents around 43% of our traffic from Google Search represents around, let me start with Google Discover, it represents around 74% of our, from the traffic we get from Google. From Search I think, I can't
10 find it now, it is written here in my notes, I think it's around 22%. It is a lot less so Discover is definitely the main feed. You know 43% coming from Google, that is significant and we need to ensure that that grows, obviously traffic is the game for any website looking for advertising. One thing that really frustrates us is that Google changes the algorithm on how our stories are, and content, are featured on their platforms. They change it without notice, they don't really explain what you need to do to fix it. A while ago they changed the algorithm and our traffic plummeted. I know of several other websites, big news websites with experienced technical teams where this has happened
20 as well and then we need to appoint somebody from outside sometimes to do a SEO audit and then we need to adapt our systems to ensure that we get the traffic we really dearly would like to get and it would have been, I think, good for Google to maybe appreciate the main stream news websites or content providers as to changing the algorithm and it affects everyone. In fact when they do it, it doesn't

only have a traffic implication, it also costs us money. Now CPM rates, as I've said, we've only allowed Google ads on our site recently and there has been and it was, not in desperation but just monetise some of the pages where we don't have advertising. What we've done, I just want to add, we are allowed to block certain advertisements from certain clients, so obviously, we are a financial website, we are very focussed on getting advertising from the financial services industry, the banks, the insurers, financiers, etcetera, etcetera. So you can go and block, you can go and block Standard Bank, FNB, Investec, First

10 Rand from advertising on Google ad's because the moment you do that, you will lose them as a direct client, but that is just for display advertising. If you then expand it to an integrated advertising campaign, it changes the field but it will be very, very dangerous for us to do that, to open it up to those type of clients as well. One of the things that really irritates me the most is when you open a YouTube video about an American football game and there plays an FNB ad, you know in many ways I think that could have been spent on the South African media but be that as it may. The split between, the [AdSense? 02:57:03] split is 32% for Google and 68% for Moneyweb.

20 We don't have a contract with Google, this, if you want to subscribe to this service you get the Ad Manager, Google Ad Manager and then you can have a few settings but that's how it is served on the site and there's no negotiation regarding the commission. If you look at the split of 68% Moneyweb and 30% Google, if you sell a million rands worth of Google ads, Moneyweb will receive R680,000 of that million

and Google R320,000. Now that R320,000 relative to Moneyweb's R680,000 is 47% which is really, really significant. Another way to look at it is that Moneyweb's direct sales house, their commission is around 20% which is pretty standard in the industry and that 32% is take it or leave it and I think that is very, very high. Just as a matter, I'm going to give you this number, the average AdSense revenue we've received, revenue per thousand is around R8.15, that was for the past year and our normal direct display advertising rate is north of R100 and as I've said there's very few people, clients who actually go that

10 route because it is expensive relative because they can see on Ad-sense what they pay for ad's and what we charge. So that has been the migration away from [inaudible 02:58:55] selling direct advertising, you know, packages. Facebook and I can probably group Facebook, X, LinkedIn together, it's not big in our life. We get from Facebook I see between 3 and 4% and from LinkedIn and X, LinkedIn 1% and X 1.3% of our traffic comes from them. So they are not a big focus for us for traffic but what our focus is, is to market on news and to keep it top of mind for people who consume it. We've got big followings and I don't know what the other publishers click-through rates are but it is

20 pretty low and it's also very, very good for engagement, especially Facebook. So we would publish all our top articles there and especially on the radio side, there's a lot of interaction, debate of what was said and that engagement is very, very valuable to us. Just on, I have spoken about the 32%, 68% model, I just want to make a few concluding remarks. I was asked to discuss the Media24 court case.

Moneyweb and Media24 were involved in, a few years ago it concerned copyright, a brief background of that case is News24's business model was totally different then, they would look at, they had content creators, that was the term that was used and they would look around the internet and see a great article from somebody else and then they would take it and they would rewrite it and say they got it from Moneyweb. Totally rewritten in different phrases, we believed that was unfair because invested in appointing a journalist to go out and write that article, it sometimes take two or three days, it may cost
10 anything between 2½ and R5,000 for that piece of content and then somebody, a junior person just rewrites it and published it and we had very few click throughs coming back from that content. So we went to court, there was a technical decision where [03:01:19] brought it to a halt and it was unfortunate that the merits of the case wasn't heard. Now I believe what Google is doing with the aggregation is exactly the same, in fact I think it's worse because they take the verbatim headline blurb and publish it on their platforms. What News24 did is they changed it, they rewrote it and if you look at copyright legislation then copyright resides in the wording, not the facts of content. So you
20 need to rewrite it, there's a difference between copyright and plagiarism but most definitely on the copyright side, if you rewrite it, it's more difficult to prove copyright infringement and that's why I believe there may be a copyright case with Google as well. Then we didn't appeal the judgement, it was too expensive and News24 changed their model and as you've heard today, they have a team of

some of the best investigative journalists in the country and they are making a big difference as mainstream media should. Just lastly a few remarks, I just want to re-emphasise Moneyweb is also facing financial challenges, not only News24. I think most publishers are battling especially mainstream publications investing heavily in content because it is expensive. We are very dependent on Google for traffic and to extend our reach but we are in the Google ecosystem and once you are in there you really cannot get out and even if you can get out, you might as well close your doors. They become so

10 dominant in controlling internet traffic and what is displayed to their audience to not be part of that system and I think that is the critical point and then the reality is, you know, we create content, we spend a lot of money to create it, it goes to Google, it goes to their platforms, they earn a revenue which is not shared with us. I think it's unfair but it is critical but we know how much revenue and profit makes from our content and that information needs to be disclosed. The big publishers are fighting with Google about that. Ishmet earlier said that the pie has been submitted and I've seen some of the letters that went out. So I think we need that transparency, I don't think the media can

20 negotiate, especially not somebody like Moneyweb which is a flea versus an elephant, have any power to try and get that information but that is the base from which any, I think, commercial solution can be based, future commercial solution.

MS. PAULA FRAY: Thanks Ryk, just for a quick question of clarification. After you opened up your website to Google, did your

CPM drop, did any existing clients note the difference in costing and demand a better rate from direct sales versus via Google?

RYK VAN NIEKERK - MONEYWEB: Not directly because those ads we allowed were not in the most prominent positions. The leader board on the front page which normally had a big ad at the top, that's the most valuable one. The ones on the sides, on the front page are maybe now indicator page where we have our data, basic data's offering, so not from that perspective and we also blocked some of the major players in the financial services industry with the hope that

10 we would be able to [03:05:22] confidence maybe, that we would be able to retain them on the main website. But as I have said, we may have a high CPM officially on our rate card, it's a totally different story than achieving that and selling it and in some cases, most cases it forms part of an integrated package over the website, the radio site, maybe even newsletters.

MS. PAULA FRAY: Thank you, you give quite a bit of detail regarding your business model but if I understand it correctly, I mean you've got multiple sources of income. You've got a paywall that's staggered. You've got subscriptions, you've got sponsored content. Could you

20 just speak a little bit about that but also touch on your partnership so your content is also I understand in the Citizen, I mean it's on SABS, it's on different partners. Could you speak a little bit more on the business model?

RYK VAN NIEKERK - MONEYWEB: We have the website at the centre. We have got one news team consisting of freelancers and

fulltime journalists working on the website, that is absolutely the key, that's our primary product on the digital side and then from there we can repackage that content, we can take that content, publish it in the Citizen newspaper for example as we do. Some of it goes to the Citizen website, we can repackage some of that content, it's been sent out in newsletters which is a revenue opportunity as I've said earlier, we send a lot of newsletters, that's a big source of traffic for us and to a lesser extent revenue, it is not that significant but at least there's an opportunity and it can be automated in many ways. We also have an
10 external partner for newsletters who sells advertising into that newsletter. Then on the radio side, the relationship with the SABC is a revenue share model where Moneyweb sells advertising or our sales house sells advertising and then we pay the, according to a revenue split formula, we pay some money to the SABC, sometimes significant amounts of money and then obviously we retain a percentage thereof. On the online streaming side, obviously it's a Moneyweb product; we pay a commission to the sales house, similarly with podcasts. So yes, we try to use content more than once because then we have more than one advertising opportunity.

20 MS. PAULA FRAY: When you started your presentation you noted Media24's presentation earlier on and the challenges that Media24 has and you said that for Moneyweb those challenges also exist but they were more because you were a smaller entity. Could you be more explicit about what challenges smaller entities, niche publications like Moneyweb, [03:08:22] etcetera serving smaller niche publications

quality content. What are the particular challenges you would identify in the internet space?

RYK VAN NIEKERK - MONEYWEB: Well first of all it would be a death nail in our coffin if we closed off all our latest content. The drop in traffic would cannibalise our advertising revenue and that would be a lot more than the additional revenue we would get from our subscription type of services. The other thing is, you know, there's such a fight for online advertising. If you have Google Ads there is not always clear segmentation of where those ads are placed as Media24
10 also said, you sell an audience and you sell impressions and if you have a big publication like that, a bigger share of that will go there. The way Google treats us is listen, take it or leave it. I don't know if Media24 has any more leeway in negotiating but I think that can become a significant concern going future. For us the business model is, listen, create content, create audiences and then be very creative in the way you monetise that content. The biggest or one of the biggest revenue streams five years ago was banner advertising and that has become, in many ways, irrelevant in our lives and we need to replace it and it's not easy to do.

20 MS. PAULA FRAY: I ask you the question about your audience, how much data do you have on your audience and how easy is it to get that data from Google for example?

RYK VAN NIEKERK - MONEYWEB: We don't get a lot of information from Google, if we use Google Analytics to measure the traffic on our website the only information we capture or see from the audience is

anonymous data, so we don't know who those people are, we don't know, and that is the best practices under POPI but we know their activity, what they do on the site, we know where they come from, we can see continents. We can see listen they came to the front page and then they clicked on two other ads, we can see they came directly to our data pages or they come directly to an individual news page, how long they stay on the site, how many clicks they have during a session, how often do they come to the website during the month. So that is the type of information we get from Google. If you look at our
10 subscription service and we've got a free subscription and a paid for one. When you subscribe you do get a bit of additional information if the individual is prepared to share it with us but the reason why we get that it try and influence the choices of articles we will commission. So if there is a big story, Adriaan said if there's a story about steak, it's really popular, for us if you put Discovery in the headline it's really, really positive and some other companies as well. So that guides us but we can see which stories are really popular and then conceptualise news that add on to it and hopefully can generate more traffic.

20 CHAIRPERSON: My sort of rough understanding is you get a lot of demographic data potentially, anonymised as you say but when you survey your own audience, what are you interested in that you think will help you sell advertising direct other than demographic?

RYK VAN NIEKERK - MONEYWEB: Well other than demographic, you see the advertising audience, well the audience we need to create

to be able to sell advertising, you need certain appeal to advertisers and most of that appeal refers back to demographics. How much money do they earn, how well are they educated, at what part of their life stage are they, are they under 30, under 40, under 50 because your financial needs change as you move through the life cycle and those type of, I think that is the key of the information an advertiser wants. Many clients would come to us and say I want to target a specific audience and you need to go and look which part of that audience fits that profile because if it's not too significant and any
10 campaign will then have a lot of wastage to another part of the audience who is not part of the actual core segment the advertiser wants to reach. If I think aloud I would love to know from the audience exactly what I prepared, do they need to buy a car next week, do they plan a holiday, do they want to take out an RA, so their absolute needs of what they're going to do in the near future. That could be incredibly valuable however I don't think it will be easy to get that information.

CHAIRPERSON: Ryk we, I mean we heard yesterday from [inaudible 03:14:25] and we heard from Media24 and you, the production in numbers, you've raised this issue of freelancing and I suppose one
20 level the media may be impacted by having fewer people to cover stories and having to reduce the stories and select stories they want but what is the impact of freelancing on journalism as a profession and in the long run as well, because that is another way you try and control your ongoing costs by having a bearable cost?

RYK VAN NIEKERK - MONEYWEB: The freelance industry is a very

tough one from a freelancers perspective, you sometimes battle to get work, sometimes the payment per word is very low, I don't think it has changed in many years significantly and so from our perspective the contracted freelance, we contract some freelancers, not everyone to commit to a certain number of articles so they know there is a certain amount of payment due and then they can supplement that income with other activities. Let me just make the following point and it will lead on to freelancers. The AI disruption that is happening will reduce the number of journalistic or journalism positions. The same with
10 what's happening with the financial pressures publishers face. Adriaan Basson from News24 said it, I'm going to echo that, newsrooms are getting smaller, newsrooms are getting more junior, there are fewer positions. Now for a healthy future media you need to have a steady stream of journalists becoming more senior because if you look at the mainstream media, the really excellent content, the investigative content predominantly comes from your journalist with 10, 15, 20 years of experience. Now, due to the fewer number of journalism positions, fewer journalists get into that chain to move up to become senior journalists and I think that will have a significant
20 impact. Many of the newsrooms retrenched or made positions redundant; many of those people have gone into the freelance positions. I can't think of a junior person going in to a freelance position now voluntarily, rather get full time employment but they can't get it and now suddenly freelance is the only option, when they get something else they will jump and take on another opportunity. So to

answer your question and having thought aloud, I think community of news freelancers will become smaller and less significant especially for example in Moneyweb's life in 10 to 15 years because you know there is not the steady stream of young journalists becoming senior journalists.

MS. PAULA FRAY: What do we lose in a newsroom of junior reporters, freelancers?

RYK VAN NIEKERK - MONEYWEB: What do we lose?

MS. PAULA FRAY: What do we lose?

10 RYK VAN NIEKERK - MONEYWEB: Well we lose institutional knowledge. You know, if you start as a journalist you know really very little and once you've seen how the process works, if you've seen how other senior journalists work, you get experience and you start to know what you're doing. Old school perceptions, you know if you do a beat for three to four years, you will start to know what you're doing and then you can use that experience in other sectors as well and if you really want to build the networks you need to be a good journalist and get information nobody else can, you need to build those relationships and it takes many years, sometimes a decade or more
20 and if you look at the really good journalists in South Africa, they have those networks. You don't get that from spending two years in a newsroom and then jumping somewhere else.

CHAIRPERSON: I was interested in your arrangements with the media and why I'm just going to ask this question is juxtaposed to how your relationships are with the digital platforms but freelancers you

pay per article so it wouldn't be an ad share or it wouldn't be a, I mean SABC you said was revenue share but I assume you would have negotiated that? You also, I mean Paula mentioned that you put content in the Citizen so again is that ad share, is it on risk...

RYK VAN NIEKERK - MONEYWEB: No there is a commercial arrangement.

CHAIRPERSON: Because it seems it has a difference in how risk is shifted and bear the cost because I assume if you pay for an article, you've got to use your expertise to monetise that and make sure that
10 you cover your costs, if you just pay the share of ads, you have less risk, I mean I don't know, if you want to comment on how media arrangements with media differ to the other commercial distribution arrangements because the Citizen is still a distribution arrangement, SABC is a distribution arrangement.

RYK VAN NIEKERK - MONEYWEB: Yes, I think the revenue models for each platform is different, for example on radio there is, from our perspective the revenue share the SABC is facing financial difficulty, our model actually ensures that we pay for airtime which is an interesting model. If you look at the Citizen, it's a commercial
20 arrangement, we've been doing that for many, many years but again you can monetise or remonetise an article that went on to the website and be repackaged on to the citizen. If you then repackage that into a digital magazine which we also sometimes publish, you will have a third opportunity to do that. If you then speak to the journalist on air, on radio, he will have a fifth, a fourth opportunity to do so. Every one

of those revenue streams are different but if you look at the main streams, radio, but we give a significant portion of that Moneyweb to the SABC. On digital, the digital revenue is under pressure, Google is disrupting the traditional online model where digital will display advertisements worth a significant part of that, you know, revenue offering or the revenue product we could sell and if you, and that has forced us to do other things, again sponsored content, or content marketing, that has become very mainstream and ja, I think many publishers have adapted to that model. But every avenue, every
10 product we have has a different revenue stream and if you only depend on one revenue stream or two revenue streams in a publishing industry, it's going to be very challenging.

CHAIRPERSON: You have said that you also pay to get a boost to stories that are not popular, I mean and this is maybe an unfair question but in a sense of how much of your traffic may come from when you've paid versus when you haven't paid...

RYK VAN NIEKERK - MONEYWEB: Now there's a spike, there is a spike, for example on Facebook and X, that's where we boost those posts so they are displayed to a much wider audience. The reach is a
20 lot wider and the reaction is relative to the investment significant and how we know it, we can see from our real time data feed how popular a certain article is. For example if, and this is not Moneyweb's case study but if you have normally around say two or three thousand people at any given time on your website and suddenly it's four thousand and one story has two thousand readers on it, you know that

is popular. If you expose it to a wider reach, you will actually boost that content or it will attract more traffic. It doesn't happen often but when it happens you need to hit it as hard as you can because as I've said already, 20% of your content generates 80% [inaudible 03:23:52] principle.

CHAIRPERSON: Interest in how much of your overall traffic do you think comes from a promoted post?

10 RYK VAN NIEKERK - MONEYWEB: I don't know that particular statistic, ja [speaking simultaneously] I don't think that is that significant.

CHAIRPERSON: Ja, I think [inaudible 03:24:16].

RYK VAN NIEKERK - MONEYWEB: Ja, it's not 10% plus, definitely not, probably less.

CHAIRPERSON: So just a last question from me, you've raised the issue of podcasts certainly and you say that's the future, I mean how do you monetise and which platforms do you push those through, is it just your app but just a sense of audio being monetised, we will hear from radio later in the week as well. Just to get it from your sense?

20 RYK VAN NIEKERK - MONEYWEB: Ja, I don't think it's the future, I think it will grow faster than some of the other type of content types. The biggest one is sponsorship, you can go out to a financial services provider and say listen we want to do a podcast series on retirement for example, and then they sponsor a range of those, or, and this is the model I prefer, you create an podcast with total editorial discretion, so we conceptualise, listen we're going to speak to crypto specialists

every week and we choose the guest, we choose the talking points and then you go to one of the big crypto platforms and they sponsor it because they believe in education. That model I believe is pretty sustainable and I think it will become more prominent in the future. We also have a, but to answer your question about the distribution, we post all of our audio content on Iono which is a podcast version of YouTube and it's a significant player in the South African market and from there it is distributed to all of your major podcast players, Google, Player, Apple, Spotify, etcetera, etcetera, so you can access it from
10 anywhere and the Moneyweb app so you can access that podcast anywhere and it goes back to Iono and that's where we capture the statistics. And then also on Iono there is a programmatic approach as well where you can get a certain CPM on advertising they sell or get through programmatic and the CPM on those podcasts is around R700 if I remember correctly, it may vary from client to client and campaign to campaign but I'm sure, hopefully that is not a sensitive revelation.

CHAIRPERSON: So they've got a bit like I understand YouTube, they will sell it for you or you can sell it yourself and put it in the package
20 but if you do that, are they taking any revenue share or are they just a distribution?

RYK VAN NIEKERK - MONEYWEB: There will most definitely be a revenue share but remember we do 180,000 downloads versus the total traffic on the website of between four and five million, so that's why the rate is higher because the consumption is lower. If you can

get the downloads up, I think the viability of it will be more significant but since we repackage it mostly from radio and from internal staff, there's not a direct cash cost involved, it is a supplementary use of that content and it's a way to monetise.

CHAIRPERSON: Sorry, one last question. I mean we heard yesterday, we heard this morning and you've even commented on you know, the value of the media and the mainstream media but you're a financial and business media, just to hear from you, what is that value, public interest value and other value that the financial business media
10 bring?

RYK VAN NIEKERK - MONEYWEB: I think the financial media in South Africa and I hate to use the terms, "the media" to describe mainstream media but your major publishers, Arena, Media24, hopefully Moneyweb, it's a shrinking part of the media offering. If you look at News24, they have sport, they've got politics, they've got in depth voices about many topics, they've got business, they've even got a wine editor which is a very, very diverse offering. We only focus on one part, Business Day or BD Life in many ways focus more on the political economic stuff but it has shrunk. I have said earlier about
20 the newsroom, I managed or edited it many years ago, if you look at Business Report for example, forget the politics of it but they had one of the best financial publications in the country and I don't know how many people they had but it should have been or it must have been north of 60 people. A very, very good product. If you look at Business Day when it was still in the print form, really, really popular, they also

had a massive journalist base and that has shrunk. Now if you look at the importance of financial media in South Africa, of course the JSE listed companies, the coverage of that from an investment perspective is absolutely critical and I think most of the publications cover them really, really adequately. One thing that is, I think, a big, big challenge for this media and a problem and which needs to be addressed, there are at any given time around 300 financial investment scams, Ponzi's, pyramid schemes or the like in South Africa and they get very little coverage. People are losing money and there are just no resources
10 to fund that and it can only be advertising, you can't expect financial institutions to fund investigations into scams. I've tried that before, it doesn't work. So there are more and more holes maybe, I don't know what the right word is in the financial media offering which needs to be filled and as the industry or the financial media industry continues to "shrink" in quotation marks, those holes will get bigger.

CHAIRPERSON: And I suppose government agencies and such as ourselves and treasury and all of that is also part of the financial and business media in terms of holding to account.

RYK VAN NIEKERK - MONEYWEB: Absolutely, absolutely,
20 you know, look at the financial position of the parastatals; it is a big focus area.

CHAIRPERSON: Alright, thank you very much Ryk for making time to come in and for making the time and all your submissions, I know also with the smaller media you don't have the resources to also respond to us so I think we really appreciate it when you make the time and I

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think you've give us incredible insights and it's been a very useful session. So thank you so much.

LUNCH ADJOURNMENT

CHAIRPERSON: Welcome to the afternoon session on day two of the Media and Digital Platforms Market Inquiry. This afternoon we've got the Centre for Journalism and Liberty at the Open Markets Institute in Washington DC and then following that we will have the
10 GIBS Media Leadership. So may I welcome Dr Courtney Radsch, I hope I've pronounced your name reasonably okay but thank you for bringing your expertise to our Media and Digital Platforms inquiry. I think those who are following this topic globally will know your work and know your inputs and different legislative and other initiatives. So I think we're grateful for you to make the time. Courtney, I'm joined here, I should have said I'm James Hodge and I'm joined by Paula Fray. Please call us James and Paula. But we'll hand over to you to do a presentation and then we'll have questions for you.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND
20 LIBERTY: Alright, thank you. Okay thank you so much. My, as you said my name is Courtney Radsch. I'm the director for the Centre for Journalism and Liberty at Open Markets Institute and thank you for the invitation to appear today before the competition. Having spent my career as a journalist, scholar and practitioner writing and speaking and working on tech policy and news for the past 20 years,

I'm really delighted to be here to speak on this important topic. As the director of the Centre for Journalism and Liberty at Open Markets Institute, I produce and oversee cutting edge research into news media market structures and the way that technology impacts the information eco system and over my two decades of experience in the media sector, I have never received any funding from any of the tech platforms for my work. So up on the screen you'll see a description of how we think about the information ecosystem and the role that technology platforms play in a diverse media ecosystem and essentially how all of this is related, and so I want to focus in my remarks on trying to illuminate some of the various ways that the market for information and communication systems affects key stone species like public interest journalism. Because we know that tech companies play an infrastructural role in the journalism field, I want to lay out some of the policy approaches in specific countries that they have adopted to address the platformisation of and the importance of news media bargaining codes and finally to reconceptualise how we think about the value of news platforms. Especially if we think about AI and large language models as the next generation we're looking at. First, I think it's really important that we address the fact that the crisis facing journalism is not a problem of the news industry's own making and it affects all news outlets, not only digital ones and not only news on a specific platform. The crisis is a result of legal regulatory frameworks that fail to hold tech platforms accountable, for their role as intermediaries in our information communication system

and perpetuate serious imbalances in market power between platforms and news media, despite the latter's fundamental role as a core institution of democracy and gives tech platforms unfettered power to control the infrastructure of the public sphere. So you know big tech platforms like Google and Meta are not optional for media. They play an integral and inescapable role throughout the entire news value chain and so there is no option for journalist and news industry to opt out of using these platforms. I'll just briefly cover why this is not realistic as something to consider in the competition inquiry. First, they

10 set the publishing protocols such as Facebook's instant articles or Google's accelerated mobile pages which publishers must adapt to and which can be changed on a whim by the platform with significant costs to publishers. And to implement as well as repercussions for visibility and monetisation of their product if they don't use them. Big tech platforms own and control the tools and services journalists use to do their jobs including email, webhosting, messaging, archiving, cloud storage, cyber security services like Project Galileo with Google, and of course now the AI infrastructure. These platforms determine the rules for reaching audiences while also controlling the

20 most popular online spaces those audiences use, such as Facebook, Instagram, YouTube and Search, meaning that they shape the business models, editorial strategies, production, and dissemination throughout the news industry. Furthermore Big Tech monopolises the entire digital advertising ecosystem from ad servers to ad exchanges to auctions as well as the app stores, where news outlets around the

world like other business sell their product and they have followed out in many places local businesses that want supported advertising in local news outlets. Furthermore, they have failed to pay their fair share of taxes in countries where they operate. Publishers face a coerced set choice when it comes to platforms, one that is compounded by a lack of interofferability and a lack of data portability between platforms, even where alternatives exist the challenges of switching platforms, whether rebuilding followers, developing technical expertise, rebuilding content libraries creates path
10 dependency for journalists and news organizations alike. Furthermore, digital platforms alter their terms of service at whim without any timely notifications, public oversight, or any of that. Given their sheer size and influence, such decisions become de facto game changers for competition in the media market, often leaving competitors at a disadvantage. And these tech platforms have created a coercive surveillance advertising system that has damaged journalism through appropriation of ad revenue, theft of intellectual property, compromised editorial independence and loss of diversity. Yet despite the fact that American big tech companies are
20 infrastructural to news media around the world our laws and regulations have not caught up with this reality. Unlike the information communication technologies of former eras, today's tech corporations enjoy unprecedented exemptions from libel law, and anti-discrimination requirements and privacy constraints and perhaps most consequentially for the news media globally platforms claim

unparalleled rights to use copyright protected material like journalism without license or compensation under the guise of fair use. The unregulated protected and financially thriving tech industries are built on data, benefit from intermediary liability protections and are building the next generation AI on the theft of international policy. So luckily policy makers like yourselves and competition authorities around the world are finally waking up to the fact that these tech monopolies form the backbone of the modern media system and that the generative AI revolution could further exacerbate the crisis facing news and so they're exploring ways to make big tech pay for news. And there's a few, there's a legal regulatory taxonomy that you'll see and while journalism needs a range of public policy support regulation of the relationship between tech and media is important because it can correct for market imbalances between platforms and publishers and rebalance incentive structures so that they can have broader ramifications on the market. So Australia's pioneering 2021 news media digital platforms mandatory bargaining code gave publishers the right to collectively negotiate while requiring designated platforms to negotiate with them for fair compensation and by establishing final offer arbitration. These empowered publishers including smaller players because the competition commission established the fact that some compensation is due. So the starting point was about how to determine the value and provided a mechanism for asking for data and information that would allow publishers to figure out their value while ensuring the negotiations would be reasonable and not endured

indefinitely. So although no platform has been designated the mere existence of this legislation has resulted in more than \$189 dollars paid to Australian news media by Google and Meta including to small localised and specialised media. It's led to hundreds of new jobs and job ads for journalists are up 46%. Now the terms of these deals are not public and this lack of transparency has been criticised because of the very limited data available to publishers that would allow them to be, to make a determination of value and also then the difficulty of learning value across the news industry. So Canada as you'll see from

10 this map also recently passed the online News Act to allow publishers to collectively bargain with large digital platforms by providing a five-year safe harbour and have a ceiling on the amount Google will be allowed liable for. Facebook has censored news in Canada rather than comply with this democratically enacted law. Publishers that produce news of public interest employ two or more journalists in Canada and follow a code of ethics eligible for compensation. Digital platforms are prohibited from discriminating against news publishers' content or giving preference to any bargaining entity including itself. Under the Australian code, cover digital platforms can be exempted

20 only if they broker deals with news publishers and meet a list of criteria such as making fair contributions to the Canada news market, which is what Google did agree to contribute, \$73 million, \$74 depending on the exchange rate. We're talking US dollars here. Though the government reserved the right to revisit the deal and revise as needed, especially as more countries adopt bargaining codes. Just

last month Indonesia enacted the presidential regulation on publishers' rights, which includes compensation frameworks and other cooperation that requires platforms to prioritise news content so this is a very interesting addition. So they are required to prioritise news content produced by verified media outlets as determined by the press council, and direct government agencies to redirect their advertising to news media instead of digital platforms. A very promising development. Enforcement is delegated to a committee which would ideally have greater independence from possible political

10 influence than it does in Indonesia. Several over counties and EU member states are actively exploring or enacting legislation to address fair compensation according to our tracker, our map here. So you can see New Zealand, their fair digital news bargaining bill creates a safe harbour and compels platforms to negotiate though it does protect existing agreements such as Google News show case. In India reforms to the IT Act and possibility the Competition Act are expected to include a news media bargaining framework, rescind overly broad intermediary liability exemptions for platforms and intermediaries and address copyright protected uses of news. Brazil's

20 copyright reform is seeking to do the same and the EU directive on copyright in the digital single market is being transposed to international law in all member states which is creating a right for news publishers to receive remuneration. So collective bargaining and platform data access and transparency requirements and regulatory framework, increases the power of local and smaller news outlets.

Importantly this type of legislation creates a forum for a negotiation to take place and this is a really important but often overlooked type of legislation and it is especially important for independent small and niche news organisation that can collectively bargain that have access to a mandated forum. Authorities considering this type of legislation should ensure that the definition of platform and use of publisher data is broad enough to include crawling, scraping and the use of news publisher's data in AI systems including large language models, the use of data, for training, finetuning and alignment and AI applications like Generative Search. So unfortunately publishers have bought into a narrow conception of value and one of the biggest challenges that that this type of legislation faces is that small publishers feel like they won't benefit which has allowed tech companies to divide publishers. They are right if we acquiesce to how tech companies like Google and Meta have narrowed the discussion to focus on click through rates and the value of the traffic, they provide to publishers haggling over figures and value amid vast information asymmetries. The fact that large news organisations benefit is not a bad thing because they do employ thousands of people, create jobs, conduct expensive investigations, and generate and receive the most traffic from big tech so it's not surprising. Looking narrowly at the value of news traffic to platforms and news publishers focuses on audience and engagement metrics and thus will tend to favour large publishers over small ones because of the nature of the value proposition on audience traffic. A myopic focus on the value of referral traffic

disregards the way that journalism improves the platform itself for all users even if they don't click through on a headline. Behavioural and econometric approaches that account for the role that consuming news plays in user experience on a platform seek to isolate the contribution that news content makes to be overall value of the platform which can be determined by its digital advertising revenue generated in the specific jurisdiction. A recent study for example rightly hypothesised that people might engage in different types of behaviour if their search results didn't include information from publishers. So researchers in Switzerland found that the value of news is far higher than policy maker or publishers think it is at least on Google Search which accounts for the majority of Google's 280 billion dollar annual revenue. US economists applied a similar methodology and built on the well-established concept of additional value created through the complimentary transactions between tech platforms and publishers. That is publishers and tech platforms would evenly split the resulting value created by digital advertising and they found that Google would owe US publishers more than \$10 billion a year, for the way snippets and headlines of news articles appear on its Search and that Meta would owe just under \$2 billion so that's 17.5 and 6.6% of ad revenue respectively. And that these were actually conservative estimates because they lacked the data to make more specific ones. Furthermore a narrow concept of value ignores the public interest served by journalist, the tax that is imposed on the public when local businesses can't survive civic life is reduced to

engagement metrics and corruption proliferates because there's no watch dog holding those in power accountable. So I think you've probably already heard about the global [audio drops] is [audio drops] I just wanted to conclude my remarks by noting that we, I would hope that any competition review of the relationship will include a review of how journalism is a particularly valuable source of training –

MS. PAULA FRAY: Sorry Courtney we lost when you started recommendations, so if you could go back to recommendations, please.

10 DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

LIBERTY: It is full screen on my – let me start over, let me try to – [discussion about sharing] just to conclude I would say that the competition inquiry about platforms and press, the relationship should really include a review of journalism as a particular valuable source of training for large language models. It is, we know that from an important data set that Google used to train some of the most popular large language models including ones that are used by Google on Facebook. News makes up half of the top ten sites in the training data and it includes content that was put behind paywalls and is intended

20 to be restricted to paid users. In fact Chat and Bing had to stop a new product partnership because users were able to publish to bypass publisher paywalls and in order to do this, lawmakers should require that AI companies, tech companies provide information about the use of IP protected content in foundation models, training and processes, and AI applications so there are three aspects of AI where news

media is used. We need to make sure that media outlets are able to improve their data collection and analysis but also that tech companies are required to provide more traffic data as well as how that relates to revenue and monetisation. The ability of news media to collectively negotiate or join existing marketplaces is important because otherwise they will lack the market power and direct unilateral support of media outlets by tech platforms is not a replacement for legal regulatory frameworks that seek to create a level playing field so as journalism is facing an existential crisis among

10 technological shifts, having never recovered its economic footing in the social media age the syphoning off of valuable content by some of the wealthiest companies in the world to make their products more valuable whether that's Search, social media or AI is not fair use. It wasn't fair when the [unclear] that built the world's most valuable companies of the internet age and it isn't fair in the age of generative AI. Now we see the same tech titans are once again redefining the economy through the deployment of generative AI and without legal regulatory frameworks that shape what we as democracy has won for our state, our country, and much less the world, we are held hostage

20 by the titans of tech who are at the forefront of the AI revolution so news media bargaining codes are an important part of a more comprehensive approach to regulating the digital economy and disrupting dangerous imbalances of power that undermine the independence and viability of core democratic institutions like journalism. Thank you.

MS. PAULA FRAY: Thank you very much Courtney. That's very interesting. A couple of things I want to pick up on and perhaps get some more detail for clarity. In your better approaches you said we need to value the prisms that news provides to all platform users regardless of clickthrough or engagement. Could you just expand a little bit more on that concept and also just talk about how we would define the news and who a news provider would be in the context of what you're talking about?

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

10 LIBERTY: Great. In terms of thinking about value I think there are a few different ways. So if we look at the behaviour of users on a platform, or giving a service when there is simply the presence of news or not the presence of news. So we know from the behavioural study in Switzerland that people did an experimental study where they had users do a Google Search without any news results in it. What they found is that people changed their behaviour because of that. They went directly to news sites. They didn't enjoy or get as much value out of Search. So we know that even if you're not searching for news, people are getting value out of the [audio drops]. If you're trying
20 to find out what baby formula should I buy, that's a product which they didn't even account for. You certainly want to see the local news story that may have covered the fact that there was a recall on that baby formula or that it was tainted or whatever. You want that local news. It provides value regardless of whether the people are clicking through on it or not. We know it provides value despite the claims of the

platforms that it makes up only a small percentage of what people want. That's because they have doubled down around the world on fact checking. They want that on their platform because they recognise that a bunch of crap is not helpful to people. People want good information. If you look at how large language models without access to really good data would be really problematic and you see this is in the New York Times suit against open AI as well as by comments from Sam Altman the head of open AI, and the head of Microsoft as well about the importance of quality information like news

10 in these products. So when you've searched for something with Generative Search, if you want to get an updated query response, that large language model is not dynamic. You need essentially an AI plug in to quality information to get that value. So it's going beyond just did someone click through to look at again how news shaped the experienced in a platform. With respect to how to define news in media, so I think that is the really the crux and biggest challenge in some of these frameworks. I think it's important that it be defined in a way that provides as much distance as possible from political or private power and so that should ideally be done through self-

20 regulatory mechanisms. In Indonesia for example there is the press council and there are also professional bodies for digital journalism and for broadcast media etcetera. So when you have independent self-regulatory bodies and I would say professional bodies, standards bodies for example if you have a society of professional journalists or you have organisations part of the ethical journalism network that's a

good indication that they are journalists. And I would say that most countries are using a definition that is, many of them are using a definition about public interest news, so some of them are restricting the type of news or organisations that can be covered. Other frameworks are not, they're saying any news, not just public interest so for example Australia does not limit what type of news can be covered, whereas in Canada there is a more narrow definition. Similarly they're looking at the number of full-time employees, so they are requiring at least one full time employee, including frameworks in
10 the US that a currently consideration and they're looking at where a news organisation is based, the geography is important both in terms of where the news organisation is based. Physically in terms of its people and or the audiences that it serves and you the importance of geography varies depending on whether you're trying to focus on the audience served or the location of the news organisation. In Canada because they have other benefits to the news media, for example tax credits for hiring full time employees, there's already a list of media that apply and because they have that set out in the tax code that criteria , it's open, it's transparent, there's a list of news organisations
20 and those that are not on that list can apply for application. I think that there is a concern in some of these laws, how do you avoid funding misinformation and propaganda. You do need to think about what is the difference between a journalistic or news media site and another type of platform and part of that is public interest orientation. There is usually some sort of publishing threshold either daily or weekly. Most

of them are at least weekly but in some cases they're also covering monthly magazines. There is some great reporting done by magazines and they are required to review organisations that want to be a part of the bargaining codes but you could set standards for example you have a public editorial collections policy. You publish your mast head. You adhere to the professional bodies in your country. I would suggest however that having a membership to a single body is not sufficient and risks capture and influence and so you could have a variety of bodies whether you have officially
10 recognised press council or unofficial standards bodies. Does that answer your question?

MS. PAULA FRAY: Yes, it does and given certainly a lot more food for thought. I wanted to stay with the approaches you suggested and ask you to expand also on your point of the role of journalism as a supply solution to disinformation. Could you just expand on that please?

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND LIBERTY: Sure. So when we are increasingly inundated with mis and disinformation, we need to have quality information, information that
20 is not mis and disinformation to balance that out. So right now we're focussed a lot on cleaning the bad stuff. Let's get rid of mis and disinformation, force the platform to get rid of it, let's get it off of social media but you need something to replace it with. It's hard to know what is mis and disinformation in some cases unless you have journalists and journalism to do the reporting, do the fact checking,

10 speak to the people involved etcetera and essentially do the work of figuring out what is and what is not accurate or not, And it's not just about accuracy. The role of information is also part of our communication rituals about the way that we create community and so having local journalism contributes to community building which is also part of resilience against mis and disinformation because that can build trust. So with journalism they are supplying the supply side of the disinformation equation and I think as we move into the era of generative AI that's going to become even more important. Not only
10 for the fact checking but also for the real time generated results. If you don't have a supply of quality information your contemporary Generative Search is not going to be valuable. Similarly when there are information voids for example, we see that as the place where misinformation often flourishes. Journalism can help supply the information that is missing from those voids. So we saw that with Covid for example there was very little written about Covid or covid vaccines because Covid and the vaccines had never existed. When new things are happening especially in areas that have these information voids we malign actors filling those voids with information
20 and we see a particular need for journalists to make sure that there is accurate, reliable reported information out there to counteract misinformation because if we don't have a supply of quality journalism then it doesn't matter how much we clean up misinformation, you're still going to have an imbalance.

MS. PAULA FRAY: Courtney some of the compensation efforts that

you noted had unintended consequences and you noted the fact that Meta is censoring Canadian news. I wonder if you could give us your thoughts on that and what could be done, just to ensure that that did not happen.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

LIBERTY: I think it's unconscionable that a technology company that

has benefited from being created and growing into one of the most valuable countries in the world because of being embedded in a

democratic country have decided to censor news instead of comply

10 with a democratically enacted law. I think that could be avoided in a

couple of ways. One is by designation and another is to not allow that

company to do business in a country if it does not carry news. These

are must carry provisions, requiring that information platforms

operating in a given context carry news as part of the information that

they allow on their platforms prohibiting discrimination, so not allowing

Facebook to discriminate against news, which is essentially what they

are doing in Canada. They're saying if you are a Canada news outlet,

therefore you are not allowed to use our service that should just not

be allowed. There are several ways to mitigate the potential to do that.

20 Certainly it is a negotiating tactic that is aimed not just at Canada but

at the world. They're trying to send a message but it really again

doesn't make any sense because despite Meta's protestations that

people don't want news on their platform, they're spending millions of

dollars to directly fund fact checkers to clean up all of the

disinformation and harmful material on their platforms. They do care

about news, they just want to control what that news is doing on the platform and directly fund as opposed to having some other type of formula for compensation. So I do think there are mechanisms such as must carry non-discrimination and potentially even common carrier that could be implemented in order for them to mitigate the potential for them to censor news in South Africa if they were to pursue this legislation.

CHAIRPERSON: Hi, Courtney, it's James. Just to indicate in terms of our inquiry you know, we're not at the point of remedies. We're
10 happy to discuss because we're looking at the evidence gathering and South Africa has, I think its own challenges and its own difference. But as you are involved in this, we thought it's useful to engage you as Paula has already started. I just want to step back for a moment, just following Paula's last question, I mean does this not require a rethink about Search and social media. I mean social media says they're different and to be fair there are differences to Search and a one size fits all approach doesn't seem to maybe recognise that difference, and another interpretation of what's happening with Meta is they might say well we don't benefit from news. We told you we
20 don't and so we're happy to take it off. I know you've told us your view, you think it's strategic but those are both plausible. So I mean, are you and others in the US, starting to look at how we distinguish and is there a difference in not only the role of copyright or misinformation that may be greater in one and lesser in another and how we deal with them separately rather than together and we just lump everyone

together.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

LIBERTY: Yes, I do think that would make sense. The search if we

look at the market share that Google has in search it's upwards of 90

percent in many countries. That is a monopoly for all intents and

purposes. I think looking at Search, Google Search as a form of public

utility requiring common carry principles could be interesting. That's a

pretty big step but that is something I think looking at and the value

that news provides to Search is differently determined than say news

10 provides on social media platforms so yes that makes sense and

similarly different from the value that news provides to foundation

models like large language models and two generative AI applications

like Generative Search. So I think it does make sense to separate out

the review and also the data needs to establish value. I mean they're

just, we've really lacked the data that is held by the platforms to

establish that value and so I think that thinking about the transparency

requirements is going to be really important, access to data and

transparency requirements because, really what we're seeing is that

even despite the helpful frameworks for negotiation I think a lot of

20 media don't really know how to establish their value because they

don't have access to data. So thinking about what kind of data is

needed from different types of platform in order to provide the raw

information that publishers need to negotiate is another aspect of this

but I don't think, Facebook can say that people don't want news or

don't need news but the fact is we have no idea, they keep throwing

out this percentage but nobody but Facebook has access to that information which is why it's very interesting to see these behavioural studies that are trying to say alright well let us try to figure it out on our end. I do think it should consider how the value, how these, the role that these platforms play in your specific information environment for example Facebook may be much more infrastructural to the communications system if most people are using Facebook as the internet, or most people are using their services to communicate then that could also open up an array of additional type of interventions
10 that again look at these platforms as common carriers versus independent commercial platforms that can do whatever they want.

CHAIRPERSON: You've mentioned common carriers a few times and I was looking at your submission to the US senate committee on AI and you make a point there around de - indexing the sites from crawlers is not the solution and you've made a similar point now that then in fact the AI models might be undermining public interest goals by reducing the quality of information. You've mentioned must carry a few times but are you not in a sense saying must carry must pay which was the old public broadcaster sort of debate. And I'm not sure if
20 you're familiar with that in your work but I mean that has in itself a lot of controversy. You know must carry is one thing but must pay is combined with must carry, some people have concerns. So maybe just to hear you on that.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND LIBERTY: I mean I think that we have to be more active in shaping

the information system that we want to create, so you know, we are seeing the scourge of misinformation become even greater. I'm sure you're having the same discussion about that we're having here in the US. We know 57% of the internet at this point seems to be generated by AI. A European organisation estimated that it's going to be up to 96% by 2026. So you know yes, I think that we want to think about must carry provisions for journalism, news and information. It's kind of like saying you need to put nutrition labels on food. Because it provides an opportunity for people to inform themselves. If there's no

10 must carry then you do have the potential that Facebook will say okay, we're just not going to carry any news and I think that's problematic. With the must pay, you know, if they continue to own and operate so much of the underlying infrastructure and there is no structural separation between that and publishers are constrained and essentially compelled to use those platforms but it is necessary also that they be carried then yes there is also a must pay provision. No legal regulatory system is perfect but I do think that we need to try something new. What we have is not working from the social media age. We know that journalism is suffering around the world including

20 South Africa where there have been hundreds of job losses over Covid, and in the wake of Covid. So I think we should be trying something new like this, especially because there is precedence that we can learn from in the prior media era and try to improve how those policies are designed based on the lessons learned about some of the negative externalities that those proposals or those frameworks.

CHAIRPERSON: And I think at the moment you participated in the California law process and as I understand the federal law has not necessarily gone anywhere yet but maybe you could update us but I was reading about that and a few things struck me. I mean the one was put on pause I suppose and I think there were debates from both sides and you mentioned do you pay for traffic or do you pay for journalists, so that was certainly one aspect that is interesting that this concern about promoting big media versus small or entrenching the incumbents rather than allowing entry. So that's one if I could ask you
10 to speak on and the second is just, I was interested this one particular article was interviewing an assembly member who seemed to recognise that this might well result in Meta shutting down news in California but didn't seem too concerned and it struck me that was a bit unusual so I think my second bit is just how are people thinking about this because they're walking into that with their eyes open and saying so be it, that I find an unusual approach.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND LIBERTY: I think there is certainly a sense in the US that Facebook is just less popular as a platform, and that may account for some of
20 the reason why there's just less concern about Facebook claiming that it's going to not allow news on the platforms, in California. I think that the fact that they are based there, is also going to I think people just feel like maybe that's not really something that they're going to follow through on. It would be very odd to sensor news in California where these platforms are housed. The, in terms of the status of some of

these laws, the California law was made into a two year process because they really wanted to get it right and I think one of the points that they're focussed on is how to make sure that the law benefits journalists and humans and rather than also facilitating the transition to an AI era where there are no more journalists so it has requirements around full time employees and requirements around spending for example 70% going to pay for full time employees. So that's one way that they're trying to address that and that's one reason that they made it longer processes so that they could do more stakeholder
10 consultations and ideally design the law as well as possible. One of the really important things to also remember is that the way that the revenue is generated or the contribution or collection requirements on the platforms does not necessarily have to be the same formula for distribution and so there is this effort to think about well if it does end up being on a traffic criteria maybe that is the way that the money is brought in in terms of traffic and the link to advertising revenue of that platform in that jurisdiction but in terms of how that is reallocated or distributed to news organisations could be different. You as public policy makers can decide we really want to support the smaller
20 independent media, local media. Canada and Australia have both included their public broadcasters in receiving compensation so I think that you can look at different ways to collect versus distribute. Did I answer all of the points of your question?

CHAIRPERSON: I definitely think you have. And I suppose you were mentioning earlier the difficulty on the geographic as well, the

geographic considerations around that too. I did have an interest in I suppose again just in the context of what's happening, the persistence with the news bargaining approach and arbitrator bargaining. You'd put up a host of other considerations there. But I'm interested why there is a persistence with that, when we do have this unended, but of course Meta has announced they're no longer going to pay for news in Australia or the UK or Germany. So the bargaining approach and this maybe goes back to my question about Search in social media, but the bargaining approach at least on that side of the equation
10 seems to be broken so just to get your perspectives on that. You may feel it's not broken and explain to me why but let's get your perspective.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND LIBERTY: I think it's too early to say that is broken. I think as you saw from the map, I put up there is this increasing momentum for this type of legislation. I think that is scaring Facebook which sees that it could be open to this type of legislation around the world. As it is also trying to figure out what it as a platform amid declining usage by young people. I don't know if that's the case in South Africa but that is the
20 case in the US and I think some of the other countries where it's saying this and it's turned towards AI. And I do wonder, I don't know but I wonder to what extent the fact that it's saying we're not going to carry news on the platform, we'll just get out of the news business is because it is doubling down on AI and XR the metaverse. Thus far, the vast majority, none of these laws, these competition frameworks

have really addressed the use of AI. They might just be saying look we're just going to get out of the battle, the fighting and current and last year's issue to focus on the future. I don't know and I don't work at Facebook. I think it's also really problematic that this platform, especially in a year where you have more than half of the world going through elections that they're saying people don't want nor need news. We're not going to carry news. There just is this inconsistency between what it says about news and what it is doing to try to comply in some cases with requirements like in the EU to address

10 disinformation, election integrity etcetera and you know, and then what they're saying about these news media bargaining codes. I don't think that these frameworks are solvable at all. We also need to address the monopoly in the ad tech infrastructure. Again the role that data plays in creating value for these companies. There are many policy issues that need to be done. However I do think that news media bargaining codes are an important aspect of the broader framework, for the reason I mentioned that they create a forum for negotiations. I did interviews and a survey with more than 300

20 journalists around the world in countries that received development assistance and virtually none of them can ever get a meeting with Facebook or much less sit down at a table and negotiate with them so creating that forum I think is important and I think it can create that framework to apply to the next battles we need to fight which are around AI. So if it's structured right, and this is part of the analysis on the tracker, you can see by each country we've looked at whether it

addresses AI. None of them explicitly address AI, but most of them could potentially cover the crawling and scraping of data from news websites on AI. So that's important. I think especially for a country like South Africa where you have several minority languages where that data could be really valuable. I also again have a real concern about Facebook if it's making those threats in countries where it is essentially the equivalent of the internet. I think that should not be acceptable. I don't think if you're a major information communications platform you can just decide not to carry the news and so we do see
10 for example in Indonesia that there is what seems to be a type of must carry, not so much a must carry provision but a visibility requirement for news and I think that is something we should try. I think what I like about the Australian approach is it specifically built in a review into the process to see how things are going but I would note that in Australia where we've seen these threats none of the platforms have been officially designated. The simple existence of news media bargaining codes has prompted platforms to negotiate with the press despite not doing that through the framework itself. Just having a code in place prompted negotiations that included small local speciality
20 news outlets.

CHAIRPERSON: A lot of the focus has been Google and Meta but you mentioned in the US that younger people weren't necessarily using Facebook as much and that may have been a factor but they're probably using TikTok and X is also an interesting platform in the sense of at least pitching itself to let's say influence people who

influence people, politicians, celebrities or journalists for that matter.

Has the debate there sought to look at that aspect too?

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

LIBERTY: Yeah so, I think you can see in the EU approach for

example with the very large online platform designation and the gatekeeper designation that there should be broader than just Google

and Meta. Right A I don't think you should write legislation or regulations simply for two companies, but you know in order to

address the changing nature of the platforms people use as well as

10 the value proposition there, we should be thinking about how to

accommodate these shifting ways of use of these platforms. But then

you also need to think about what is the value that news provides to

the platform and how is that value created for the platform itself and

for external users. Twitter for example you can look at the responses

of advertisers getting off of the platform, saying they don't want to be

on the platform, because it is more vitriolic, there is less quality

information on it, there is more hate speech etcetera. So you know if

you have news go back, you would probably see advertisers go back

so again you can see this relationship between digital advertising and

20 the existence of news. I think your earlier question about how do we

think about these platforms differently is important so thinking about

social media platforms of a certain size. I do think we're talking about

these very influential platforms that are building the value of their

platform in part on news but also you want to see what is their role in

the country, in the information environment that you're focussed on

so if TikTok has become a really important information platform then thinking about how do we make sure that news has a place in that platform and how do you ensure not only that news has a place on that platform but that news can exist in order to publish on that platform. I think it makes sense and so we should be looking at a wider view but to define what the threshold is. Because you also want to encourage competition and creating new opportunities and that's why I mentioned also data portability and interoperability. If you have data portability and interoperability requirements for social media for
10 example that could mitigate the power of any one platform and then maybe use say we end up not needing that on social media. But we don't have those frameworks yet so I do think that creating the opportunity for platforms that play that central infrastructural role and derive value from news content and this is where for example this legislation is not affecting Wikipedia. Wikipedia is a non-profit organisation. It is not selling digital advertising and creating value for itself next to the content of news providers. But I do think it's a very real concern that social media is not there to showcase the news and we see that people, there is declining trust in news, there is declining
20 use in news so we do need to think about how do we give journalism a fighting chance to be sustainable in this environment.

CHAIRPERSON: Courtney one last question, we started a little late so hopefully you have time. I thought the other thing that was raised in that submission that was interesting was the comment that was made to say if we look at music streaming it operates on a very

different basis to ad share revenue. You pay per play and that's the model and I suppose I think your point may have been that ad share revenue is something that need not be the benchmark for this. It may have been specific to AI but I think you also raised in your submission to us in respect of YouTube and their switch in business model to reward content creators with a revenue share has certainly served them well as well. So at the moment a lot of those value assessments are based on ad revenue. If we were to take what you are saying and say well do we look at it differently. Just maybe give us some context
10 to the reason you put that in your submission and how you're thinking about it.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND LIBERTY: I would say there's two reasons that's in there. One is because in music streaming for example, you're not required as the artist to go out there and figure out and allow or not allow streaming to use your content for it to be on the radio you don't need to give permission etcetera. So music streaming they've built a system using collecting societies etc these bodies to enable artists to get compensated when their content is used without having to go out
20 there and either get it themselves or take proactive action to prevent their data from being used which is the opposite of what we're asking publishers to do. So the publishers are, just put robot.txt and don't allow crawlers on your site. But we don't require for example musicians to say you're not allowed to play my song. That's the point of copyright to allow the use of material in the public interest but then

also to compensate the creators of that material. Also including streaming, it's not the perfect analogy because in fact individual musicians and labels have really suffered under the way that value has been established and to some extent the way that revenue is shared has further entrenched the dominance of a handful of recording studios, of these really big corporations and we don't want to do the same thing in media. I think we really want to try to design public policy that encourages a pluralism in the media environment that's even more important potentially and creative industries. The

10 other thing with respect to music is they I think have been much more at the forefront of figuring out and exerting their rights to content and the rights to be compensated and by exerting those rights have forced tech companies to develop technology and policies that enable those rights to be exerted so for example, in response to the digital millennium Copyright Act which is the US Copyright Act that applies globally because of these platforms being based here. They developed notice and take down systems, they developed content ID and hashing and filtering systems to identify this content. So we can see how legal regulatory requirements can prompt these companies

20 to create the technical solutions to implement that and that can be really important. So if we're saying you know we're worried about the rise of misinformation, we're worried about provenance and authenticity and safety in AI, well requiring that they be able to trace and compensate rights holders would do a lot of things in addition to compensation. So does that answer your question?

CHAIRPERSON: Yeah, it certainly does Courtney and I think we're out of time. We must thank you, you've got up a lot earlier than we have. Thank you for your contribution and making time for these public hearings and we also look forward to getting your input as we proceed through the process. It always helps to bring in academic and other associations into these sort of debates and not just leave it with the parties. But it has been certainly interesting and useful for both of us and thank you very much.

DR COURTNEY RADSCH - CENTRE FOR JOURNALISM AND

10 LIBERTY: Thank you for the opportunity. I appreciate the opportunity to bring this expertise to the competition authority and I think it's important as well that you're hearing from a wide variety of voices and experts including those who receive no tech funding for their research and analysis. So thank you again for the opportunity to bring this expertise to the competition inquiry.

MS. PAULA FRAY: Thanks Courtney

CHAIRPERSON: Our next participant in the hearings comes from the GIBS media leadership. Hi Michael.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

20 Good afternoon James and Paula.

CHAIRPERSON: Thanks Michael for joining us. I know you're rushing from something else and apologise we're a few minutes late. We just joined Courtney a little late this afternoon. But thank you for coming to make, contribute to the participation in the public hearings. I don't know if you've prepared any opening remarks before we have

questions for you.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

James, despite your comments praising Khadija for not having a PowerPoint. I have a PowerPoint and so I hope it doesn't prejudice me but I would like to present it if that's possible.

CHAIRPERSON: You'll be excused as you do work from a business school and I'm sure PowerPoint is an essential tool there.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Can you all see that. I just want to go from – my view. Okay.

10 CHAIRPERSON: Please go ahead.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Thank you very much, thank you very much and really thanks for the opportunity to make this presentation. I know that you've got a lot on your plates and it's a highly complex inquiry. James and Paula, I just wanted to just go through quickly the outline of the submission just a quick background on the Think Tank. I also want to reiterate my support for the Joint submission of SANEF and the partners. I won't go into detail there because I know they did present in detail yesterday and their key submissions. Then dive into a conference that we held
20 in Johannesburg last year which predated the announcement of this inquiry by a couple of months and led to the adoption of big tech and journalism principles for fair compensation. Then just a little section on valuing news. Some interim submissions that we did make as a joint submission on revenues, I hear you that you're not really at that stage yet but it's quite hard to address the issues in this inquiry without

at least thinking a little bit ahead on revenues and then I just want to discuss briefly with what I'm calling the Meta optout if that's okay. So I will just proceed. Just very quickly just my background before I set up the Think Tank, I've been in the industry for many decades. I've been in the private sector at Primedia for 8 years. I worked in a private media and news channel, eyewitness news, I worked at the regulator, ICASA, the industry regulator and lastly more recently was on the board of the SABC. So I'm a fairly broad perspective on the media in South Africa through my different experiences. We set up the Think

10 Tank a couple of years ago in the middle of Covid but we realised there was a need for an independent, advocacy platform for stakeholders in the African news media and audio-visual content industries. The goal is really to generate innovative research and policy solutions for government, industry and civil society, and primarily focus on media sustainability, mis/disinformation, internet freedom and competition in the digital economy and I think this issue really almost traverses three of those issues most directly, this inquiry. As I said I just want to reassert full support for the joint submissions made yesterday led by SANEF and the various partners. We also

20 strongly support the oral submissions made by SANEF yesterday. We were asked by SANEF and others to focus on some of the elements that weren't covered directly by the principles and the background of the principles and I'll cover a range of other issues. But I also just want to say that I think the importance of a broad-based alliance and collective positioning on an issue as complex as this is not only

strategic but I think it's underpinned as I think you are aware by strong professional advice at the intersection of economics, competition law and democracy in the media, which I think this inquiry sits in the middle of. I think if you look at that joint submission there is a fair degree of differentiation with the partners, one being a public news organisation, the other being a self-regulatory body, others representing journalists and ourselves a think tank and I think there's a lot of value that we gained in putting it together and trying to think ahead trying to solve some of these very difficult and complex problems. I won't go into detail here because this was dealt with yesterday but just to reassert the access to credible news as a public good should be dealt with as a basic human rights issue, not only as a commercial competition issue. Fair compensation for news should be based on the value and I'll get to that later. Again we believe in the prioritisation of credible news by tech platforms and that was attempted to be defined yesterday and then I think which Guy Burger dealt with in some detail is the transparency and sharing of data and algorithms related to news content is absolutely crucial and it's crucial on a number of levels which we will deal with. Just to give a bit of background on the conference that we put together in July last year, we really believed at the time there was an acute situation for media not just globally but particular in the global south and this motivated us to organise and convene a predominantly in person conference last year in big tech and journalism, building sustainable future for the global south. We brought together 70 participants, including

journalists, news publishers, media organisations, scholars, activists, lawyers, and economists from 24 countries and we discussed solutions to the crisis of the sustainability of journalism and its intersection with the role of the major tech platforms. Let me just jump a slide there. We then presented principles which were adopted at this conference and it has subsequently, these principles have subsequently been endorsed by 101 individuals and organisations from 28 countries. I'd like to think that not only is this commission really leading the way in the world in terms of the comprehensive nature of this inquiry but certainly on a sort of civil society and advocacy basis we went ahead and drafted what we thought could guide measures going forward in the future, on how to actually devise mechanisms and measures and we were very careful not to just use bargaining code language but any measures that would assist a country which is seeking to address media sustainability, whether through competition or other approaches, from looking at these. Now I won't go into detail. These are on our website but they are very very easy to understand, basic principles, in the public interest that the mechanism should support and invest in public interest journalism and that's been defined elsewhere. On plurality any mechanism should support plurality in the platform on publishing markets. Obviously, we don't want to see any mechanism lead to further concentration and lack of competition. We also believe that any mechanism should support diversity in the news publishing market and have a net positive impact on the range of content, voices and

languages represented in the news market, sustainability they should support sustainability in the news publishing market for individual publishers and the sector as a whole by ensuring they receive fair compensation for the use of their intellectual property and content. Fairness, I think it speaks for itself with the mechanism to ensure fairness in terms of engagement between the platforms and the publishers and not allow individual publishers to strike preferential arrangements, doesn't mean to say everyone should get the same amount of money. But it does mean that the basis for payment and
10 usage deals should be the same for all publishers. That goes with the challenge of coming up with the methodology that deals with the question of value. Again on the question of collectivity, small and medium size publishers be allowed to coordinate the effort which may include collective bargaining and I know certainly from a competition level one has to get some kind of allowance for this collective bargaining to not be caught up with any kind of cartel or laws and transparency and I think this has been dealt with a lot, the mechanism should have the highest possible degree of transparency, that goes to the deals that are done, but also to the data that needs to be shared
20 in order that publishers are able to do deals in their best interest. I think many have said already without that data on how the news is performing on these various platforms, it's very difficult to negotiate and therefore there's a huge asymmetry of information in these negotiations. I think that mechanisms we believe should not inhibit the freedom of publishers to include journalism to hold platforms

accountable for their actions. We don't want a situation where now all of a sudden because you're getting funding, you're not covering the platforms, and that goes without saying, it's a common principle across media but I think you also questioned that the other day on the issue of philanthropy. You know everything, there are times where funders will always come with some conditions but it's up to the ethical leadership of the media to ensure this doesn't influence their reporting in any way. And obviously the mechanisms should be outcomes orientated with the principles of public interest, plurality, diversity, etc
10 being the main goals. That's really in a nutshell the principles. There were some themes that emerged out of the conference. I'll deal with a couple. I think we also need to understand, and James you made this point, this thing keeps jumping. You made the point that we see all these developments around the world. We're very aware of them, in Australia, Indonesia, Canada, UK etc but we do have to develop a solution within our legislative context and taking into account South Africa's particular situation. Some of the colleagues who were from countries where there were repressive or dysfunctional governments raised questions about the suitability of our approach in some other
20 countries, I'm just giving that for information. Obviously, we fully support this inquiry and we do think it's a suitable approach. So those were some of the common themes that emerged. Then just quickly and I think you focussed a lot of your questions on this. There's clearly a factual and conceptual dispute on the value of news to platforms and publishers on either side of the table. You're probably not going

to get the platforms to agree with the publisher's way of valuation but again and I know this was dealt with by News 24. Without the data about how your product is performing on these platforms it is very very difficult to negotiate fairly with these platforms. You, I'm sure, are aware of research by consultants in Switzerland. I think it was referred to by Courtney as well and [unclear] Columbia University has shown that a linked tax or something that is really just covering referrals back to the publisher does not fairly cover the value of news to the Google ecosystem in particular and social media in general. It has been
10 shown by research that news has a stickiness that even if people only want to see the thumbnail and the photograph and the headline, that news got them onto the platform in the first place. I think that having said all of this, I think there is a need and I'm not sure whether the commission plans to do this, is to conduct independent research to attempt to resolve this dispute about value of news in the South African context. One would hope obviously it wouldn't exponentially delay your programme but I do think it would certainly empower the commission if it did conduct independent research, taking into account all these submissions, in order to have its own view what the
20 value of news is or at least a range of news that it would be comfortable with because this obviously could feed into any remedies that it may or may not want to impose. I just have to say that there are many voluntary agreements between platforms and publishers and a lot of them would be new to the South African industry and I know it's reported that many of these have not been signed off yet but these

are short term survival measures that don't address the endemic anti-competitive conduct at the root of the digital platforms and the news relationship. Just moving along we put this in our joint submission chair but I just thought it's worth repeating because it does tie into some of the comments made by Guy Burger and others on transparency because yes, it is very early days in the inquiry and remedies are not being looked at in detail now but it is hard to look at this issue without considering some of the potential remedies. I'm fully aware that a market inquiry doesn't of itself impose remedies but

10 certainly could recommend remedies and just to quickly relate some of the interim submissions that the joint submission led by SANEF has put forward that we should get an auditable information on the flow of news on their services with breakdowns including any algorithmic penalisation for the inclusion of links to news content, the role of user recommendations require a platform to provide auditable information on the corresponding link between advertising placement and news content, investigate whether ad tech products and services need to be unbundled and require that any bargaining between news publishers and platforms should entail greater symmetry of

20 information between the two sides referred to already and it should be fully inclusive of all relevant news publishers in the country, and should allow for collective bargaining by small and medium publishers, and that any agreements struck should be made public at least in general terms. I know there's a big debate about this but there needs to be some form of transparency so we can establish the

efficacy of these agreements. In my understanding if the competition commission finds adverse impact on competition, by the platforms maybe on different bases we understand remedies could include recommending an investigation which could lead to fines or behavioural orders including collective bargaining and data sharing and these would be obviously in line with many of our recommendations already. I think it maybe a trite and obvious point but I think it bears repeating that the competition commission and most competition authorities around the world particularly in the global south do not have access to the full spectrum of remedies available. I think it's important to note that only the federal trade commission in Washington DC and the EU in Brussels can play what one can call the breakup card. Breaking up these corporations and often you find that criticism of proposals for fair compensation from either on the progressive side of the argument are against this and really are focussing on antitrust break up as the bottom line solution for this problem. That's academic for us in South Africa and most of the world we can only focus on what we can focus on. We simply cannot afford to wait for the FDC to break up these companies which could take a decade if I looked at the Microsoft experience so I think it bears noting that one only has a range of remedies and these should be implemented taking into account our special context. And then lastly just to allow for more time for questioning and I want to say that I've paraphrased this. This is not exactly a quote from Meta but I feel it reflects what they say. They're saying dear journalism we are just not

that into you anymore. Thanks for the memories and all your data. Okay. Now it might be a humorous take on it but it surely cannot be correct that a company with over 3 – 4 billion users after decades of unfairly benefitting from quality news content can just coincidentally as the regulatory heat starts rising across the globe announces a unilateral opt out of news content and social commentary and some of the words that they use were direct quotes. We will be deprecating Facebook news and we will not be, we are not going to amplify news on Threads. I just want to ask the question, surely this deprecating
10 deamplification and blocking of news as in Canada is actually not legitimate conduct from a platform that is in arguably dominant in in its respective markets and one of the largest companies in human history. So I was interested when they did block the Canadian news content, Canadian publishers launched an antitrust complaint in Canada. I'm not sure of the progress of that. Perhaps the commission could follow up and I don't know whether they dropped the complaint after coming to terms with Google on the new legislation but I do think it's an interesting and correct in my view that the response of publishers to the blocking was an antitrust complaint. Because it's
20 effectively blocking the ability of news to operate and trade on a platform that is held by a hugely dominant player and I think there's further research needs to be done on assessing the lawfulness of platform responses like blocking news content. So James, Paula that's it for me. I just thought I'd just go into it quickly and leave more time for questions. Thank you.

MS. PAULA FRAY: Thank you very much Michael. A lot packed in there. I just wanted, I have a question of clarity regarding your principle of independent oversight and enforcement. If you could expand a little bit more just in terms of who or how, everyone thought about that.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Well I think that one would regard the competition commission as falling within that independent definition, an independent regulator or whether a bespoke fund is set up. There's been a lot of work on
10 national journalism funds, the global form for media development so mechanisms that could be set up that could help fund the media through funds that come from the platforms and others. So I was including the competition commission as an independent body but there are bespoke structures that could be set up.

MS. PAULA FRAY: I know that you also presented the principles in Nairobi at the media festival there. I just would be interested to hear what the feedback was from African colleagues.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Just correction Paula, I was actually in Addis Ababa. I didn't go to that
20 Nairobi conference but I did present in Addis Ababa on the sidelines of the recent AU summit to the AU media fellowship and there was a lot of interest from African colleagues on these principles but also feeling and I took the point, when we referred to as collective bargaining within the South Africa media environment, we are really looking at collective bargaining between publisher associations or

news organisations getting together. But I think it's fair to say there are other parts of our continent with the news industry not being as big as South Africa there would maybe need to be collective bargaining from countries. I think in order to leverage some of their strength it might not be easy for a small country with a small media industry to try and take on the platforms in the same way as is being done here or at least the inquiry is being done here. So I thought it was quite interesting feedback that the principle of collectivity or collective bargaining should not just apply to media companies but in
10 the African context should apply to groups of countries or regional groups of countries as well.

MS. PAULA FRAY: Thank you Michael. James?

CHAIRPERSON: Thanks Michael. You have been engaging with some academics and others globally and we've just heard from Courtney as well. In those engagements, you have a rich history what would you say are the key differentiating features of South Africa's media landscape and its context as a young democracy but also incomes, consumption of use. This inquiry should factor in because obviously we can learn from foreign experience but we must look at
20 our own experience. What would you single out as the key factors and how we should, would think about them?

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

That's a good question James. I mean South Africa's unique in many ways in the sense that on the bad side it is the most unequal society in the world and apparently still so. But a sort of positive corollary to

that is that it's also the 25th most free media environment in the world, ahead of the US, ahead of the UK and even Australia. I don't know if it will stay like that but it's certainly something to be proud of. So what we have in unique is incredible disparity of wealth but media freedom is protected and also we have 11 languages which most of the countries and I think you mentioned it the other day, a lot of these solutions are coming from, developed economies, possibly with Indonesia being the first from, what's traditionally called the global south or developing economies, with fairness, Indonesia has as yet to

10 check in and there's still a lot of details to follow up there. But I think your point is well made that the main international examples, Australia, Canada, the US, it's on a state level that they're trying it but certainly the point is made it's coming from developed countries. So I think any solution in SA has to take into account disparity of access to information, in terms of universal access. I think the language issue other people brought up, at the moment the SABC is the only broadcaster which broadcast in all official languages. Which broadcasts news I think in most of the official languages and it will be good to hear what Prof Mariate talks about tomorrow in terms of the

20 developing a local AI solution or African languages but I do think it makes it unique in the sense that it's not just about replicating a bunch of English content and preserving English or Afrikaans only media. Because I think it's quite telling that 30 years into democracy the private sector broadcasts predominantly in English and Afrikaans still and not just broadcast but in terms of other publications as well. So I

do think we need to take into account the fact that there's not a homogenous language situation as there are in the other countries that we've mentioned. I don't know if that answers the question.

CHAIRPERSON: Maybe just to pick up one other area, I mean the disparity of access to media and also just access to the web and let's say affordable access, just to that. I mean, the consumption, I think I raised yesterday consumption patterns in South Africa also seem to differ quite a lot to other countries, between Search and social media and where you go to. But also between mainstream media and
10 community media, also there's quite lot of disparity. Is that something we should factor in? And how would it influence us?

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:
I think we should factor it in but it also made me think of a particularly interesting jurisdictional point potentially. ICASA doesn't really have jurisdiction over the platforms. Its law is very much in terms of telecommunication operators and broadcasters. Despite best efforts to get the law upgraded and I served there on a panel of experts a few years ago to redraft the broadcast legislation which unfortunately still has not happened. But the point being that your digital platforms,
20 your streamers etc are not currently regulated by industry specific regulators because the law just has not caught up. And the competition commission therefore sits quite in an interestingly unique position, no pressure but it seems to me the only regulatory body that does have a jurisdiction and that jurisdiction is founded on competition law and its jurisdiction over the whole economy and that doesn't

matter whether someone is regulated by a sector regulator or not. So that's my first point is that the commission has a role to play regardless of esoteric debates about broadcast frequency spectrum etc. It doesn't matter. It's about economic activity. And I do think that you know, any solution in South Africa without dealing with disparity of access within the realms of whatever remedies that you can impose, it should happen. I mean it needs to take that into account and I do think specific support should be given to the uplifting of news in all our languages across platforms.

- 10 CHAIRPERSON: Just on some of the algorithm changes, Facebook would say well we were listening to our users. Our users were saying they want more interaction, they want less politics. And so those algorithmic changes were not, there apart from obviously stopping news in Canada, but the algorithmic changes from 2018 onwards have been about refining for the users and what they want. And so that listening to what people want has meant less news. What's your response to that because they would say that's my business, I'm listening to my audience.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

- 20 It's very hard to comment on that James without seeing the basis on which they determined that that is what their audience wants. We just have to take their word for it because we're not seeing any data and we don't know that this is a particularly self-serving situation because they've been very quick to mention and I think it's quite interesting and Courtney made the point, spending a lot of time on fact checking

because it's quite clear that the better moderated platforms tend to make more money so while they might want to colloquially break up or unfriend the news industry they also realise that there is still a lot of information and content that is carried on their platforms and because they're an advertising based business they have to deal with that. Just to get back to the question I don't know what to make of the ... this is what our audience wants the argument because it does seem to be more than just a little bit coincidental that soon after the rumble in Australia, that all of a sudden this change started taking

10 shape which culminated in the recent announcement in Australia that obviously you're aware of and obviously what happened in Canada. I remain unconvinced until I see a more detailed report and transparency on the data that Meta used to make this determination that their audience was no longer interested in news. You yourself James when you talked about the latest research in South Africa, I don't know what the reference was whether it was the social media landscape report but the ones that I've used show that most people get their news off the platforms. Off social media, whether it's Google social media. It doesn't matter whether they're being deamplified or

20 news is being deprioritised or censored to some extent, people are still going to the platforms for news. Certainly in our country. So if that's what the people want maybe it's not the South African people because South Africans are still going to the platforms to look for news.

CHAIRPERSON: I think you raised exactly the stat that is puzzling

me at least is you get surveys that say people are going to social media for news and in fairly large numbers but at the same time then we are told that it doesn't represent much. I mean, you know one way of trying to square that is it may not be a large part of all the content, because there is so much content, but more people are focussed on that content than they are on my last TikTok post.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Is that a question?

CHAIRPERSON: How do you square those two statistics, we're told
10 two or five percent and I think the last Reuters was 56% go for news on Facebook in South Africa.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

I think they cannot be squared and I think that the good thing is that the commission is, does have the legal authority and power to access all necessary information in order for it to be able to come to its decisions, whether it is in the market inquiry or investigation a complaint of anti-competitive conduct. Therefore it's in a better position to get this answer. I'm sure these questions are being asked of the platform, but it does seem to me to be incongruous, to not only
20 say that people are interested, that it's dropped to three percent in terms of content. Then it goes to how are they defining news. I'm not sure how they are defining news. They seem to include social commentary. I do think it presents, they have not been taken on outside of Canada. I do wish we could follow up on that antitrust complaint to see what became of it and perhaps if we could possibly

get the original complaint if it's fallen away to see the basis on which Canadian publishers have challenged this blocking of news, this three percent, the three percent number would seem to also seem like a potential deamplification. Is it just how it ended up, that they ended up at three percent or is it because this deamplification started a lot longer ago than we've been told. We don't know that. We simply don't have that data unfortunately.

CHAIRPERSON: Michael, I think maybe it's a last question from me. I was interested that the Reuters institute survey does have a bias to,
10 I think English speaking educated urban young, whether there has been any domestic research which has looked at where people had access to news from say rural, lower income, less educated people. Because that seems to be a gap as well. I mean even amongst that biased group it was 56% but we lack information on the rest of the country.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:
When I was on the SABC board, and I'm still even though I'm not on the board I'm still a huge supporter of independent public broadcasting in South Africa but I was quite interested to note and I
20 know News 24 call themselves the most trusted news source in the country, yes but I would argue that if you looked at that Reuters report, you said it James. It's based on English speakers in urban areas who were surveyed on a telephone. I would argue even on that basis, SABC is the second biggest online news source in the country, according to Reuters. People look at the SABC as this old fuddy

duddy public broadcaster. It's simply not true on the basis that it's already a multiplatform news operation and the second biggest online news source. To go back to your question if you had to add in other languages and rural areas I would posit, I would guess that SABC could be the biggest online news source in the country but obviously that research was not done taking those factors into account.

CHAIRPERSON: But in the digital space outside of SABC radio and television ...

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

10 I am talking about the digital space, because if you look at SABC YouTube, SABC's Twitter handles, the streaming on YouTube which is all free, no paywall, SABC can currently stream its 24 hour news channel on its own app so you don't have to have a subscription with Multichoice to get that news channels so there are many ways that people can digitally access SABC news outside of the television and radio platforms and that's the basis I think that Reuters also use to determine that SABC was the second biggest online news source in the country.

20 CHAIRPERSON: Michael thank you very much. I think that's all the questions from Paula and myself. Thank you for making yourself available. And the submissions we have received, through the collective, and we hope you continue to engage the inquiry and as we progress from here. But thank you for all of your assistance.

MICHAEL MARKOVITZ - GIBS MEDIA LEADERSHIP THINK TANK:

Thank you very much.

MS. PAULA FRAY: Thanks Michael

CHAIRPERSON: And with that we bring to a close the proceedings for day two. Tomorrow we'll be hearing from Med8 community media professor Mariate from University of Pretoria. That's a two-hour session to educate ourselves and the public on AI. And some of the intricacies of AI especially in the South Africa context and as you heard from Michael also from a language perspective. And Mail and Guardian. Sorry. Mail and Guardian will be in the afternoon. Thank you.

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END OF PROCEEDINGS ON 5 MARCH 2024

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