

**COMPETITION COMMISSION OF SOUTH AFRICA**  
**In the matter of**  
**MEDIA AND DIGITAL PLATFORMS MARKET INQUIRY ("MDPMI")**  
**held in hybrid format at**  
**Dtic Campus, Sunnyside Pretoria and virtually via MS TEAMS**  
**on 08 March 2024**

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

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PANEL MEMBER:

Ms. Paula Fray

Day 5:

Arena Holdings

Daily Maverick

START OF PROCEEDINGS ON 8 MARCH 2024

CHAIRPERSON: Good morning and welcome to the fifth day of the public hearings in the Media and Digital Platforms Market Inquiry. I thought before we start this morning's proceedings where we have Arena up first and then Daily Maverick after them. Just to announce that we are releasing the schedule for next week's hearings, so next week we have a range of different players but we start to get into the AdTech and the platforms so on the first morning we've got Group M  
10 who deal with the advertising side so we can understand what the advertisers are looking for and how they're viewing this perspective, we also have an AdTech stack third party Dentsu[?] and the public broadcaster is coming in the afternoon. That evening we've got Microsoft, so being in start and then on Tuesday morning we've got Google Search and Google News. We've then got a mix of media companies as well as the Reuters Institute and AIP so we've got Kagiso Media, Caxton Prime Media and Independent as well. The  
20 third week, just to say we won't be sitting on obviously not on the 21<sup>st</sup> but also not on the 22<sup>nd</sup>, so it is a truncated week but that does mean we do overflow and we are only going to end on the 27<sup>th</sup>. So on the 26<sup>th</sup> we'll have YouTube and on the 27<sup>th</sup> we'll have Meta and for the third week we'll release that as soon as we've clarified slots and times. That is for next week, right now we are honoured to have Arena Holdings joining us represented by the acting CEO Pule Molebeledi. Welcome you have brought a team, thank you very much

for that to bring their expertise. I would ask you to introduce your team and their positions and then you have some opening statements and a presentation, not PowerPoint luckily [laughter] but please go ahead and then the panel will have questions following that.

PULE MOLEBELEDI - ARENA HOLDINGS: Thank you very much Commissioner James Hodge and Paula Fray, good morning. We promise you we're not going to kill you by PowerPoint, we just happen to be word smiths. Allow me to introduce my colleagues, I've  
10 got on my left Robin Wheatley who is our head of legal, next to him is my MD of news and media, Nadeem Joshua and next to Nadeem is Bongani Siqoko, group content officer for Arena. We appreciate the time and the privilege that has been offered to us to assist the commission with its historic enquiry into the media and digital platforms market. Arena Holdings is a South African news and media organisation that publishes some of the country's oldest and respected newspapers. We thought we would just put some context just to get some of the people to understand the depth and the gravitas of these publications that we have, for example The Herald  
20 first published in 1845 which means it's 179 years old. It is yet to even miss a deadline. The Daily Dispatch was published in 1898, it's 126 years old. The Sunday Times, you know our most loved weekend newspaper, Sunday paper was started in 1906. It is 118 years old today. Financial Mail, slightly younger, 65 years old, it was started in 1959. The Sowetan, you know also slightly younger, it was

started in 1981, it is 43 years old today. Business Day is the youngest of our publications, it's 39 years old, it was started in 1985. So our newspapers Commissioner are each with South African and world heritage. Our brands through the pen and photography have extensively and credibly captured our complicated and exciting story and as it unfolded in front of our eyes. Newspapers like the Sowetan for example have played a critical part in South Africa's transition and road to a democracy. These newspapers are owned by Arena Holdings which is a proudly South African company managed and operated by South Africans. We employ over 700 individuals directly and a whole lot more indirectly. To ensure that Arena Holdings continues playing its critical role in a democratic society it must deal with the existential imperative of transforming a large news and media organisation to compete effectively and efficiently in a digital economy while still recovering from the sudden crippling impact of Covid which worsened an already existing declining trend in physical newspaper circulation. The chances of succeeding with these efforts are significantly hampered by operating in a debilitating anti-competitive marketplace. This is because the South African digital marketplace is distorted and it is flawed. Although other factors contributed to creating an imbalanced digital marketplace, we are sad that it is predominantly the duopoly of Google and Facebook that poses the biggest threat to the viability of Arena titles and other independent traditional media organisations. Let's take for example the fact that digital advertising makes up to an estimate of 81% of

the 12 billion to 14 billion total advertising spend in South Africa and it is growing at an estimate of 31% year on year. Of this, Google and Facebook secured near monopolies in the most critical advertising categories with 99% of paid search revenues going to Google and more than 80% of social media advertising going to Meta. When banded together it means more than 80% of the total digital advertising revenue is secured by two companies in a market with more than 100 independent news and media brands. It is common cause that advertising revenue is the single biggest source of

10 income for news and media organisations. The consequence is therefore that almost all major news media organisations are making losses with advertising revenue having been disproportionately shifted to Google and to Facebook. The rate of this shift is also accelerating in line with the South African digital commerce market that is rapidly growing towards a one trillion threshold. The large digital platform companies that compete in the South African digital space, be it Google, YouTube, Meta, Facebook, Instagram, Microsoft, LinkedIn, Search, Twitter, X, whatever you call it, were set up and built in the US. Over there they attained an almost

20 insurmountable technology. Facebook and Google have used up substantial financial resources to build unparalleled technological expertise and infrastructure through mass data storage, supercomputing, virtualisation, algorithms and AI to gamify the entire value chain stretching from content presentation, discovery, engagement, pricing and trading to display. Their power to

determine winners and losers is significant and it is created through their use of technology to attract and engage large volumes of users. Efforts to address this through competition law and anti-trust regulation remains an ongoing effort by the US law makers. The borderless nature of the digital marketplace allowed to operationally export their platform business models to other countries where they have created similar and equal anti-competitive digital marketplaces in a winner takes all approach. Consequently several countries outside the US have introduced commissions of enquiry and pursued these anti-trust challenges, notably the EU, Canada, UK and Australia. So South Africa should be commended for following this lead. The digital platform companies have used their technology head start and substantial financial means to distort the South African digital marketplace where they outcompete local news and media organisations. This runs the risk of foreclosing and eventually bankrupting Arena and other traditional South African news and media organisations while having no transformational agenda for the country through ownership, supply chain management control or investments. Their contribution to taxes and other benefits to the country is marginal compared to that of the South African news and media industry. The efforts of the enquiry are therefore welcomed from this perspective. In the spirit of fair competition and in recognition of the benefits that healthy competition brings to consumers and the country, Arena does acknowledge the role that the large digital platform companies have played in growing the

## Media and Digital Platforms Market Inquiry

South African digital marketplace and economy including the introduction of innovative business models and new technology and establishing direct, efficient and consumer friendly channels. As such, the best outcome for all stakeholders will be a model where the South African news and media companies can leverage the social media platforms, search engines and news aggregators as distribution models to get greater reach, more cost effectively but wherein they are adequately compensated for their content generation and advertising revenue that the content generates for the digital platforms. Our responses to the questions to the commission are in line with the sentiments and we will elaborate on the following summaries in greater detail and we try to address the points made by Facebook, Microsoft and Google in which they defend their business models and the ad revenues that they generate from the larger user communities within the ecosystem traps. They do so by exploiting and marginalising the role and contribution of traditional media and news origination and the importance that this plays in a social democracy. It therefore needs to be challenged at a constitutional level and ultimately addressed through compensation law, sorry through competition law and regulation where appropriate. We dispute the claim of the aggregators or platforms that the bulk of their fees and search returns is user generated news or that it is merely more relevant and therefore attracts more views and engagement. Trusted sources of journalism give credibility of the aggregated content on their

platforms. This is where [inaudible 00:22:37] of uses are ceded with articles from trusted newspapers to give a façade of legitimacy to all the untrusted and unverified accounts and content. Furthermore, there are claims that trivialise the content from trusted news sources present a serious underrepresentation of the role that the presentation algorithms play in creating fees or aggregated content. It also does not reconcile with traffic volumes to online destinations and related data points. Greater transparency is therefore needed on the effect of their algorithms and some of the operational and financial data behind their operations. The fact that one must infer Facebook and Google Share of the digital advertising market is a case in point. We request for greater data transparency and independently facilitated framework for compensation is created to give the platform companies and content creators to address the asymmetry and imbalance in the market. This would also seek an independent audit of the recommendations of the algorithms to reconcile with royalty or revenue share payments for content. It also seeks to compensate media companies fairly for content used in search results. This has been done internationally, was enforced by regulators and has had a significant revenue impact on media companies in those countries. So it's not a pipe dream this suggestion. In almost all the other industries and markets it would be an unacceptable leap of faith to blindly accept the feeds of what a trader or seller claims a buyer owes them for a product or a service without the buyer having the means or information to verify whether



the asking price is reasonable or that the goods have been provided yet Meta is expecting South African advertisers and content generators to do so on Facebook. We recognise that these organisations need to protect their IP and commercial strategies but a more transparent regime can be created through more direct data sharing with news and media stakeholders or disclosure via an appointed independent third party. Most importantly aggregated user and financial data to allow regulators to monitor the competitive health of the digital marketplace should be a minimum. We also ask

10 that consideration be given to labelling mechanisms of content on digital media platforms to inject greater transparency and accuracy into the data that needs to be used to monitor the health of industry and inject transparency into commercial arrangements between the digital platforms and their news and media stakeholders. This will also help to address the increasing threat of misinformation and disinformation. Misinformation and disinformation dissemination which is very much prevalent in this space. Trusted information needs, trusted information needs to be labelled as such and information that does not originate from a trusted source or that is

20 clearly misinformation equally needs to be labelled as such. This is not a novel project we're proposing, neither is it technically impossible or logistically and financially burdensome. BBC, CCN and other news organisations have introduced fact checking capabilities to label misinformation. Multiple online platforms including South African entities do not allow anonymous

contributions to feeds. Twitter which is now X verified account handles at [inaudible 00:26:27] before prior by the takeover by Elon Musk. Taking this further, serious breaches can also be escalated to the Press Council for example as per the current processes. Penalties can then go further towards a fund that sponsors and promotes journalism for underrepresented indigenous languages. We also raised sharply the point of plagiarism which is very, very serious. Copying digital news or media content without compensation for the originator is not dissimilar to music piracy or theft. While passing it on equates to benefiting from a trade in stolen goods. The scale of the platforms acts as amplifiers in that they redistribute any content for free, receiving and recycling endlessly with little or no regard for the original. As such, plagiarised or content shared without permission is distributed widely and quickly with significant opportunity cost to the original content owner. Mechanisms to detect and stop this on online platforms are wholly inadequate and a compensation model for when this happens does not even exist. Although not a focus of this enquiry, several issues raised by the enquiry relate to this matter while mechanisms to address them could be covered by some of the remedial actions and interventions stemming from the enquiry. We must also prepare for a future with AI for example. The digital marketplace is likely to get disrupted and distorted even further with a greater adoption of AI especially by the large digital platform companies who have sunk immense resources into research and adoption thereof. The South

African digital market and content landscape is unprepared for what's about to unfold and it is underdeveloped to deal with the impact. As I conclude, the known anticipated impact of using South African online content to train AI models without compensation to writers, journalists, scientists and content creators needs urgent attention before this content is exploded at scale. The ability to create misinformation and deep fake content especially informants like video, audio and e-measures that are typically trusted by unsuspecting consumers can cause havoc in a charged and fragile political and social environment like South Africa considering that we are even going into an election, this becomes even much more important. There are known and unanticipated impact requires a multidisciplinary forum to help shape the laws, regulations and policies to ensure South Africa has a fair and competitive digital marketplace with AI and that the stakeholder community is adequately prepared. Chair we cannot and should not render the future of our [inaudible 00:29:31] and constitutional democracy to boards and to trolls. I'm going to ask my colleague Bongani just to give us a sense from the impact of the digital platforms insofar as our newsrooms are concerned insofar as you know the impact on you know investigative journalism and the trade-offs that we have to deal with on a day to day basis. Thank you.

BONGANI SIQOKO- ARENA HOLDINGS: Thank you Pule. Morning Commissioner Hodge and Commissioner Fray and your colleagues.

CHAIRPERSON: Bongani please just James and Pule [laughter]

because I'm not even a commissioner [laughter].

BONGANI SIQOKO- ARENA HOLDINGS: You are insistent that we address you as commissioner. Thank you for the opportunity, so with that we will make some remarks you know on news content and journalism in particular and why journalism has been rescued and the role that journalism plays in strengthening democracy. In the ever evolving landscape of media consumption, the role of journalism remains paramount and I think all of us, we agree. At its core journalism serves as a beacon of truth striving to illuminate the

10 world with verified information amid a sea of noise and misinformation. I'm raising this, colleagues because there is a misconception out there that anyone who has a smart phone and because of the opportunities that digital platforms like Facebook, X and YouTube, and I'm sure this argument has been made here, can produce journalism. That is not our view as Arena Holdings. We believe that only journalists can produce journalism. Journalism scholars Bill Kovach and Tom Rosenstiel, in their seminal work, essentials of journalism aptly describe journalism as a discipline of verification. If journalism is then the discipline of verification, it

20 therefore follows that we cannot just take any information, put it out there on social and digital platforms and describe it as journalism. These scholars argue that it is only trained journalists that can produce journalism. This is because these journalists possess the tools of verification that many people who have smart phones out there do not possess. This ethos underscores the fundamental

principles that guide journalism, their pursuit of truth and accuracy. The essence of journalism lies not only in presenting facts but also in uncovering the truth about those facts. Kovach and Rosenstiel advocate for a scientific-like approach to gathering information emphasising transparency, humility and originality as pillars of journalistic integrity. Transparency demands that journalists reveal their methods and sources empowering the audiences to assess the validity of the information presented. Humility reminds journalists of the fallibility of human perception and the importance of keeping an

10 open mind by recognising the limits of their knowledge and exercising modesty in judgement. Journalists can enhance a precision and incisiveness of their reporting. Originality underscores the importance of first hand reporting and independent verification. In an age where information proliferates at an alarming pace, journalists must prioritise the integrity of their work over expediency. Relying solely on secondary sources without conducting due diligence can lead to inaccuracies and undermine public trust. So if we agree with the above definition of journalism then we must all agree that the urgency of protecting journalism as a vital institution

20 cannot be overstated. As journalist and commentator Walter Lippmann argued in the 1920's, the health of any society hinges upon the quality of information it receives. Journalism serves as a cornerstone of democracy, holding power to account and empowering citizens with knowledge. Without a robust and independent press, the fabric of civil society is at risk of unravelling.

In the face of evolving technologies and shifting societal norms, the principles espoused by Kovach, Rosenstiel and Lippmann remain as relevant as ever as we analyse the past, the present and the future of journalism. We have to reaffirm our commitment to truth, transparency and accountability. The preservation of journalism is not merely a matter of professional integrity, it is a safeguard for the health of our democracy and the validity of our society. This is why we are here today, standing before you not just as journalists but as guardians of truth, defenders of democracy and the voice of the voiceless. Our profession, once revered and respected is now under siege and if we are to rescue journalism from the brink of extinction, we must first rescue it from the clutches of big deck companies like Facebook, Google and YouTube whose rise to the top has been fuelled by our own news content. It's evident that platforms such as Facebook, YouTube and X as Twitter is now known, have thrived on the back of news content yet they haven't taken steps to compensate for this content. Despite the role that news play in fuelling the success of these tech giants, we have not witnessed funnily enough the rise of Facebook journalists or an Instagram photo journalist or a YouTube video journalist. This can be attributed to a straight forward reason. While these companies heavily depend on news content to attract and retain audiences, they are reluctant to invest in compensating creators like ourselves, creators of content like ourselves. Their platforms thrive on the content created by our courageous journalists who daily risk their lives to report from the

front line of conflict zones all around the world. It's time to recognise and celebrate the unsung heroes of journalism. The ones who brave the dangers of war zones, they confront tyrants and add truths that shake the very foundations of power. These are the journalists who don't just report the news but they live it, there are journalists who don't capture moments but embody, but embody the relentless pursuit of truth and justice. That is the story that I want to bring before you today, a story of resilience, of struggle and ultimately a story of hope. I want to introduce just two of these journalists to you

10 this morning. I want to begin with the tale of one Bareng-Batho Kortjaas a stalwart of sports journalism in South Africa, for over two decades Bareng has been the epitome of dedication, tirelessly covering the highs and lows of our nation's sporting events. From the electrifying atmosphere of the Soweto derby to the quiet moments of triumphant defeat, his pen has danced across the pages of history weaving narratives that have captivated audiences far and wide and yet despite his unwavering commitment to his craft, Bareng finds himself at odds with the very platforms that claim to support journalism. I'm yet to meet a Facebook sports journalist, I'm

20 yet to meet a Facebook sports journalist who can match Bareng's expertise in covering football. While he pours his heart and soul into his work, his efforts are met with exploitation and indifference from big tech companies like Facebook. It is a travesty that a veteran like Bareng with his wealth of experience and knowledge should find himself marginalised by platforms that prioritise profits over

journalistic integrity and he is not alone in his struggle. Across the industry journalists are facing harsh, are facing the harsh reality of a profession under siege where their work is commodified and their voices silenced by the relentless march of big tech. James Oatway, an award winning photo journalist whose powerful images have also graced the front pages of the Sunday Times serves as a poignant example of the toll that big tech's influence has taken on our profession. In 2015 James' picture of the gruesome murder of a Mozambican national by the name of Emmanuel Sithole in  
10 Alexandra sent shockwaves around the world, it must have been shared a thousand of times across the different social media platforms. What James captured with his camera was not just a moment of raw brutality but a snapshot of a nation grappling with its demons. While these pictures won him major photo journalism awards, James has spoken about how the experience exacted a heavy price on his wellbeing. Months after he took that image he wrote in the Sunday Times, and I quote, many people have asked me, are you okay, well I don't think I am but I think I will be. I seem to have lost my joy, I can no longer laugh without limits, I drink too  
20 much alcohol, I struggle to appreciate beauty, I have to force myself. I sometimes feel very lonely even around my wonderfully supportive and loving family, I've been very moody and bad tempered, dark, gloomy moods. People don't really know what to say to me. Many have said well done, journalists I meet mention the awards I should win, some people have said, nice pictures, strangers have



approached me and simply said, thank you for what you did. This is a sobering reminder of the human cost of an industry in decline. Where talented journalists like James are left to fend for themselves in a world that no longer values their contributions. I'm yet to meet an Instagram photo journalist but I know James Oatway, he is a visionary story teller whose lens has captured the essence of our nation yet his talents are squandered by platforms that value clicks over content, engagement over empathy, When he took those images he was part of a thriving photographic department at the

10 Sunday Times, today, the once thriving photo department has been decimated, its ranks depleted by the relentless onslaught of big tech and let us not forget the countless video journalists whose voices have been drowned out by the cacophony of [inaudible 00:42:20] videos and clickbait. These journalists pour their hearts and souls into their craft only to be met with algorithms. As news media companies we invest in content yet we reap no investment. We dream of employing hundreds of journalists yet are forced to retrench them. Victims of an industry held hostage by big tech. A snapshot of our own newsroom shows that newsroom jobs at Arena

20 Holdings in just under six years, sorry it shows that in just under six years we've lost almost 50% of our newsroom. In June 2017 we had 455 newsroom staff across the Sunday Times, Business Day, Sowetan, Daily Dispatch, The Herald and The Financial Mail, this number is made up of journalists, editors, photographers, subs and content producers. As of the end of last month, February 2024 we

only have 260 newsroom staff across these titles. But despite our newsrooms shrinking, we continue to publish exclusive and relevant news content that sets the agenda. In the first two months of this year alone our news team has published just under 20,000 articles across our different news websites attracting an average of 10.2 million visitors during the same period. But enough is enough, we cannot allow big tech companies to dictate the terms of our profession. We cannot stand by as our voices are silenced and our stories are commodified. We must reclaim journalism from the  
10 clutches of big tech and restore it to its rightful place as the cornerstone of our democracy. Despite the challenges that we face, there is hope on the horizon as journalists, as story tellers, as guardians of truth we have a duty to fight for the future of our profession. We cannot allow big tech companies to dictate the terms of our industry. We must reclaim journalism from the clutches of big tech and restore our profession to its rightful place. So we urge you commissioners and your colleagues, we urge you, fellow South Africans who are listening and watching this morning, to stand with us in solidarity as we wage war against the tyranny of big tech.  
20 Stand with us to demand accountability, to demand transparency, to demand fairness and fair compensation. Fight with us as we fight for the future of journalism. Fight with us as we fight for the future of our democracy. For journalism can be saved but only if we have enough courage to fight for it. Thank you so much.

PULE MOLEBELEDI- ARENA HOLDINGS: Thank you chair, thank

you Bongani. I want to just ask Nadeem then to show us, take us through the e-commerce implications from our perspective.

NADEEM JOSHUA- ARENA HOLDINGS: Hi, morning everybody and thank you for the opportunity. I think as it's been articulated quite well by both Pule and Bongani, it's quite clear that as a media organisation or media in South Africa and globally we are challenged. Revenues are on a continuous decline and we see it happening year on year, month on month, day by day. Our revenues continue to be eroded and the challenges get harder and harder. We  
10 are content businesses, we create content, we invest in content. Sometimes there is opportunities for us to reinvest but technology doesn't allow that to happen. Because we are facing enormous challenges, I think the question for us is, are all these big techs really a wolf in sheep's clothing. I think that, for me, is a question that we need to answer. When we look at the abuse of tech organisations, we have got to ask ourselves, what have they developed, what ecosystems have they developed that has made us so reliable on these tech giants. Their business models are about creating a complete value chain that just absorbs and absorbs and  
20 absorbs all revenue stamps. There were some questions put to us around how do we see snippets that are used on Google Search, Facebook, Twitter. When you look at that, that is the push and pull factor. We are providing and we are spending time and energy, we are investing in creating this content but we are not the ones that are benefitting fully from the revenue perspective. When you go deeper

into that, what you find is that on Google Search you will see a Times Live snippet, that's engaging content, that keeps people on Google Search's platform. You cannot have an audience of that nature and not keep them engaged. We as media organisations sometimes hope and we do this in the hope that we can drive traffic to our site so that we can benefit from that advertising revenue but here is the scenario. The snippet stays on Google Search, the longer that individual does not click on that link and be shifted to our website, the more money Google makes but in doing that, if by any chance that user clicks on that, comes to a Times Live website, Google is making money there as well. That's the scenario, that's the ecosystem that they have built, that's the reliance that they've built. Over and above that, the services and the tech that we use, we are paying for, licenced and guess what, Google, Google Ad Exchange, Google Analytics and the Google Ad Manager systems, we pay for these services. So a scenario is simple, the erosion continues, it doesn't work in favour of media organisations, it's clear, we are driving engagement because our content does that, we create great content that keeps people on a platform, that keeps people engaged, that keeps people coming back but we are not benefiting from revenue. Google in its report claims that the news content only accounts for two to three percent of their overall revenues and what they do. How true that is, I'm not sure because when you go on to Search and if anybody does that now, there will be news articles that will pop up, I think in the previous, by Media 24

they clearly articulated and they demonstrated that and that holds true for all of us. What we need to get to and where we need to be, big tech also needs to be a lot more transparent. The transparency levels just don't exist. I'll give you an example of a video that we did on Oscar Pistorius, YouTube claimed that they would pay about R37 per thousand for views, per thousand views. The Oscar Pistorius video on our platform reached 11 million views, so if you do the maths of the R37, we should have received over R400,000 in revenue. The uncertainty and the confusion comes in as that that

10 video only generated us R54,000. So when you recalculate it, the average CPN that YouTube says of R37 has become R4. So this is where the confusion comes in, there is no transparency with big tech and that's just one example of how we don't know from one day to the next what's going to happen. We spend millions and millions of rands on developing content, on developing our newsrooms and we're not seeing the rewards. We invest in the technologies to keep us in play, to keep our audiences engaged but the revenues are not supporting it. So we are still, again I ask, is big tech the wolf in sheep's clothing, the promise of greater and better in a digital age, is

20 it really in existence. Our newsrooms continue to invest and continue to develop and we've got to keep, trying to keep up with the changes in technology. Another great example is this algorithm. The algorithm is all over the place, one morning you wake up and the algorithm changes without any notice, it then takes us more time now to reengage, to get back, we've seen last year and for the last

two years how our audiences on our digital platforms have just plummeted. We don't really have answers as to why. The algorithm is something that there is no openness, there is no transparency as to how this is being used. They give us guidelines, yes, fantastic, they give us guidelines on what they think we should know about how to manage the algorithm but it changes from day to day and it changes quite often. So we're always back at the drawing board, we're always looking back, trying to fix up, trying to catch up because the advertising revenues, when your audiences start declining, your engagement starts declining, your advertising revenues that is supposed to support that also starts declining, so you're always on the back foot when it comes to that. We talk about some of the fast loading tech and Amp is one of them, a Google product. The fascinating thing about Amp was, we all had to play and get up to speed with this tech and the advancement that were bringing to the table. We had to spend millions and millions of rands investing in this tech with them to say one day, actually we are removing certain parts of it that makes your capability outdated, redundant. There is no easy replacement to that. They're not forgiving on the fact that we've spent five, six years reinvesting in trying to keep up with these capabilities and one day we wake up and it's not there. So it's a challenge I think all around, it's a challenge that we try and navigate on a daily basis and it's quite scary for us to be always on the back foot when we know that we are spending millions and millions of rands on creating the content

that's keeping audiences engaged and that they are continuously abusing and not willing to compensate fairly and I think the answer or the question to Google and to the big tech companies is, firstly, engage with media organisations openly, transparently. Don't have the big brother approach and we're going to just do, you're going to do as we say. We do add value, we see it, we see that we add value. Engage us on it and let's find a win win solution going forward.

PULE MOLEBELEDI- ARENA HOLDINGS: Thank you Nadeem.

10 Chair I am going to ask Robin to just give us one of, a number of remedial actions that we are proposing and then we can get into questions.

ROBIN WHEATLEY- ARENA HOLDINGS: Thanks Chair and to my team. We've just got a few remedial actions based on the context, in the context of the powers of the commission or items that we feel the commission should address in their remedial actions and that's been elaborated on by our team. Our first issue is data. There is no doubt that data is a new currency and very important to us. Arena's submission to this enquiry and studies conducted in other  
20 jurisdictions and in this instance the UK Competition Markets Authority found evidence that Google and Facebook enjoy significant data advantages in the provision of the user effacing and advertising services and to this end it concluded that these advantages are self-reinforcing in their nature and they currently exist in such a scale that they are insurmountable without regulatory

intervention and what we also, the studies conducted by the other markets or other jurisdictions serve as good precedent for us in that the UK CMA and their information's officer which is the equivalent of our information officer, they produce a joint report on data sharing competition issues and we feel that a similar intervention could help. There is a defence that's put up, you know in relation to [inaudible 00:57:25] we have looked at issues relating to data sharing, we believe there could be greater data sharing with compliance to POPI. We don't believe all the data amounts to what's described in  
10 there as personal information and we believe to this end the commission should focus on a joint collaboration possibly with the information regulator and look at these sorts of things. We believe then that the data sharing could increase competition in the digital space. Nadeem touched on the opacity of the market both in relation to information but this information is not data but information on how their system operates, whether the deal was fair and then also in relation to pricing, Nadeem touched on that. To this end we believe that there could be an industry code, we know the Consumer Protection Act speaks of industry codes and we haven't fully  
20 considered whether this fits neatly but considerations to that extent on an industry code that could govern these markets. Pule touched on the taxes and News 24 on the arrangement that Google as a group has and extracting the majority of the fees that's earned in this country to itself in another jurisdiction and the issues that were touched on by our team is this just compounds it that we are a



struggling fiscus and large amounts, substantial, are just extracted from the country. Then Pule also touched on our copyright enforcement, a consideration on a mandatory industry code to be implemented, to govern take down processes on digital platforms operating in South Africa. This we believe will assist us in enforcing our copyright and protect our content on the digital platforms. And then lastly is a topic that sits squarely in is the abuse of dominance and that's been thrown around or the term, not loosely thrown around, but we appreciate it's a very complex exercise, defining the

10 markets and complexity that sometimes favours these digital platforms but we do think the commission should dive deep into that. You know there can be little doubt that even if you take the digital platforms as a whole, as a market that Google is dominant. The indicators of their dominance are in issues like substitution, the lack of suitable alternatives, barriers of entry, their market share, their financial performance and again this opacity that we, all are indicators of market power and where this leads us and hopefully one doesn't have to get to that is that we know the law would need to find a prohibited practice before we could even get to private

20 damages if we ever have to get to a, so the commission would need to find that Google and these guys have committed, if eventually we want to proceed with private damages in terms of the compensation act for their conduct and we feel that those issues, broadly speaking, you know they are very detailed, that the commission should focus on in their recommendations, their referrals and ja, in their final

report. Thank you.

PULE MOLEBELEDI- ARENA HOLDINGS: Thank you Chair. I'm going to ask Bongani just to touch a little bit on multimedia and investigative journalism because Nadeem touched on that point but just suffice to say we are a for public good institution and we are not hapless victims, we invest understanding our mandate and our responsibility and we take it very seriously and that's why we invest so much because accuracy is very important. You can never build a nation on the basis of disinformation but as a bigger point as well, as

10 we're looking at the digital point and the point I was trying to make earlier about sighting the newspapers and their history and why they are still existing because other media organisations have been forced to move into the digital platforms neglecting the actual physical distribution of newspapers. Neglecting to appreciate where they are existing. We are operating in South Africa, it's an emerging country. Not everyone has access to broadband, not everyone has access to cheap data and what have you. There is a fear that we also have if one day we were to lose newspapers and what have you to say we're going to leave the bulk of a lot of people behind, it's a

20 significantly worrying thing because you know, these papers are shining the light in dark corners, in dark areas where you know, you know especially the authorities on who want us to play in, also there's an issue of education that we play because you know newspapers are not just only about investigations, they also play a very important role in bringing other people who are left outside into

the mainstream economy in one form or the other. Bongani, if you can just touch on the multimedia quite quickly and investigative journalism.

BONGANI SIQOKO- ARENA HOLDINGS: Thanks Pule, ja, this was one of the issues that we were asked to touch on when we were invited to come for the hearing. So investigative journalism is in our DNA as Arena Holdings, you can go across the different news platforms you know from down at the despatch, you know, Sowetan, Financial Mail, The Sunday Times, we are known for our  
10 investigative journalism as a news group. We are not in any way anti-tech as a group. We believe that multimedia actually enhances investigative journalism. You know, providing a dynamic platform for story telling in a way that engages audiences in new ways that were not there before, you know, multimedia allows us to blend traditional reporting techniques with new modern technologies, you know, it allows us to blend audio with video, interactive graphics, QR codes and all of that. So it really, really enhances investigative journalism because we now have to tell the story in different formats, we have to distribute your news content in different formats, you know,  
20 through multimedia we are able to break down intricate details and present them in a way that is easier for audiences to understand. For an example, instead of describing the intricacies of a financial scandal, what was the latest one, the one that FM really, the Steinhoff story, you know, through text, I mean in the past we would have told that story only through text but you know journalists these

days are able to use multimedia elements such as interactive charts and graphs and all of these things making it easier for the readers, for consumers to digest the information. So we are fully invested in multimedia, we use it across the group, the thing is, you have to invest in these things again but there is just no, we are unable to monetise some of the content that we publish on these platforms. Video for an example, we create a lot of video, video content as Arena Holdings. Last year, I have not checked this year, last year, in fact we stopped, we did an exercise because we wanted to try and understand YouTube as a platform, you know, what else do we need to do to monetise our content on YouTube and all of that. We have a number of channels as a group on YouTube and we wanted to first check the amount of video content owned by Arena that is sitting on YouTube, we stopped at six million hours of content. We stopped counting. We then went to our finance guys to then say, how much have we in the ten years, we went back ten years. In the ten years that we have had that content, how much have we received from YouTube? That content had only brought us about just under 400,000 in ten years. So despite the investments that we have made, we have to buy equipment to be able to incorporate these multimedia elements in our reporting, we have to buy equipment, we have to buy software, we have had to invest in podcast studios. We have had to invest in you know, cameras and other equipment that is needed for you to be able to do this but we are just unable to monetise but we do journalism, investigative journalism as a group

as Pule says because it has to be done, that's what we are known for, that is our contribution to deepening this democracy in South Africa. We've done a lot of investigations, you can go as far back to 1977 when Steve Biko was killed in police cells, that investigation was published by our reporters right up to the early '90's you know, you know in the early years of this democracy our investigative journalism, you know some of the guys that reported extensively on the arms deal for an example, we've done stories about the quality of water, we've done, we've investigated the health system, your  
10 own colleague, I mean she used to work at the Daily Dispatch when the Dispatch did a story about why young babies were dying at Frere Hospital in East London and that story led to the axing of the then deputy minister of health because she agreed with what the newspaper had found so our investigative journalism has really, really led to a change in public policy and we are very, very excited by that. So there is space for investigative journalism, as Arena Holdings we are going to continue investing in investigative journalism, we are going to continue employing and building investigative capacity within our newsroom because it is in our DNA.  
20 Thank you Pule.

PULE MOLEBELEDI- ARENA HOLDINGS: James back to you. I am struggling to call you commissioner James, James.

CHAIRPERSON: Ja, thank you and thank you, I think what has been so important is to bring home the real importance of journalism for everyone in the country for a democracy and I think some of those

stories, you know, certainly they live in my memory and have had big impacts on society so thanks to Arena for the role they play. I don't know Paula if you want to just pick up on some of that?

MS. PAULA FRAY: Thank you very much, I am sure that James is going to have lots of questions around the tech and revenue but I wanted to start with the journalism and Bongani, probably start with you I mean, you know listening to you speak about the shrinkage in the newsroom to around 216 reporters across all your titles, I think many people who are listening to the hearings will say well you know  
10 this is a business and so why, why are you special, I wonder if you could articulate, you know, what makes media critical in the context of a country like South Africa?

BONGANI SIQOKO- ARENA HOLDINGS: So as I have said, you know, we have a very, very critical role to play in deepening democracy in holding power to account both in the public sector and the private sector. Financial Mail for example, most of the investigations that they have done have been in the private sector in particular in the financial services sector. We hold the powerful to account across the spheres of government, it's very, very important.  
20 The problem with the shrinking newsrooms now is that focus has tended to be on the national government, on the national stories and because we don't have enough resources, no one is focusing on what is happening on the ground at local government level, at municipal level. The bread and butter issues that, for an example, newspapers like the Dispatch in our group are known for, you know,

because you don't have those resources, no one, I will just make some silly examples, in the past you used to have reporters who are just going to go around the different beaches and collecting water samples, you then send it out there to be tested and are able then to report about the quality of water in that locality, who has those resources now because the little that you have in your newsroom, you now have to prioritise and say which stories do I cover and most of the time we are not necessarily covering stories that the audiences, the local audiences want but stories that we think they are interested in because we no longer have those resources, so

10 journalism if practiced right Paula, if we can have the right resources and if we can do it right, journalism can also be a change agent. Like I am saying, some of the stories that we have done, I will give you another example now, so I am going to give you another story about the Daily Dispatch because it happened when I was down there but like I was saying, most of our stories have actually led to a change in public policy, for me that's very, very important. I will give you a story just now, back when I was still at the Dispatch, I think I was a news editor at the time, we had a reporter called [Zeena George?

20 01:13:11] who was covering education and she was covering a story around food and nutrition programme yes, you know, and we had been covering this story, covering this story when she comes back everyone then says, but how do we tell this story differently, every week we have this story and the photographer comes back, back in those days every reporter who went out, went out on a story with a

photographer, these days you can't afford that, reporters have to use their own cell phones to take photographs. It was not even the reporter who came with the angle, it was the photographer who then said, as we were approaching, the guy was Chinese, so as we are approaching the school the kids saw him driving the car and then they said to him, do you have food for us, I'm like ooh, as our angle, a picture of this kid who was asking, do you have food for me. So it was a human interest story, we zoom in on the kid and told the story of how this entire food, nutrition programme had collapsed. That story sent national ministers down, it sent the president, back then I think it was President Thabo Mbeki, even wrote about it in his weekly Friday newsletter. It led to government changing how this food or school nutrition programme functions but without a newspaper like the Dispatch in a semi-urban area or rural area that it serves. Without a newspaper like that, like the Dispatch, that would not have happened because it is the newspaper that brought that to the fore. So I am saying journalism has a role and if done right, journalism can also be a change agent in South Africa.

PULE MOLEBELEDI- ARENA HOLDINGS: Paula if I may add a bit because there's another aspect of content thread that we're having, you know we have both Business Day and Financial Mail, those are specialist publications, business publications. You don't just get normal run of the mill reporter, you must really invest a bit in getting top-notch writers who can at least analyse and read a balance sheet and it's significant because if you look at the story of modern day



South Africa, there is public sector corruption but has been private sector corruption which has been enormous and it can be peaked through those meticulous analysis of people reading balance sheets and seeing corporate governance breeches that you wouldn't ordinarily see so that skill-set as well is fast diminishing because we are struggling to retain that type of skill-set, we're struggling to train and keep re-sharpening and all those other things but the pernicious effect of that loss of skill has an impact broadly because many people have a misconception that the monies that are being  
10 invested in the Johannesburg Stock Exchange is just monies for institutional investors but where do those institutional investors get money from, from pension funds, but whose pension funds are those, are those people that Bongani is talking about, you know, it's your teachers, your army people, your nurses and all those who are not fully represented in there, so they don't have someone who is safeguarding their investments and exposures and the like. So there is a wholesome potential impact, you know, on the loss of this public good service that newspapers continue to play and we pose it that as much as the traditional business model is disrupted, the baby  
20 should not be thrown out with the bathwater.

BONGANI SIQOKO- ARENA HOLDINGS: Just one last contribution on this issue Paula. You know everyone knows the role of journalism as that of being a watchdog and I think as journalists in South Africa or our journalists in South Africa, I'm a former journalist [laughter] let me say journalists and not include myself but I think journalists in

South Africa have played that role very, very well over the years. They have played very, very well, but I think there is another role that I don't think we have fully understood and that's why we have not yet started playing that role very well. I call it the guide dog role. I will give you an example of what happened in a small town in the US, I don't remember the name now, so news editors they come into the editors' conference in the morning and they pitch their stories, what the paper, I don't know if James knows this but it's called a diary, so this is when you collect the list of stories that people are  
10 working on. They then come to the editors' conference and they pitch the story and the editor rejects it, it's like I am tired of carrying stories about yet another law enforcement officer has been killed on our streets. I am not interested in it. They went back, the news editors felt strongly that the story needed to be told and then at the midday conference they come back with the same story but they want to tell it differently. They then want to make a call to the community to say, join us at this community hall, we want to have a discussion with you, this is the newspaper now because you have just murdered constable so-and-so and we want to understand why  
20 do we continue killing the very people who are supposed to be protecting us as a community, so the editor was excited and say fine, let's do that, the story was told but there was another call that then says, can you come, can we have a conversation as a community. In that town hall the meeting was facilitated by the same journalist trying to understand what is going on, in the hall where

business people, community leaders, faith leaders and all of that, there were young and old people, the old people would say, no it's the youngsters who are doing this and the youngsters will say, ja but we have nothing to do, a businessman sitting in the room, he then says okay, if there are no extramural activities in the area, I have got a warehouse that I am not using, I don't have money to revamp it, somebody says okay fine, I will be responsible for that, I will do this, we can turn it into an indoor sport centre. To cut a long story short, a year later when the newspaper went back on that story, because  
10 what then happened right throughout every milestone, they kept reporting about this story, the sport centre is now being painted and this and this. When they went back a year later they found that the crime rate had gone down. It had gone down because they had started a conversation in that community about why is our crime going up, why are we killing police, what can we do, these are the problems, okay how do we solve these problems. So the newspaper moved from just reporting to actually facilitating a dialogue with the hope of finding a solution for that local community and that's what I call the guide dog role and I think if we can, you know, with all the  
20 problems that we are having in South Africa, journalism can really, really play a part in helping us find solutions to some of the social ills that we are facing. Thank you.

MS. PAULA FRAY: Thank you Bongani.

CHAIRPERSON: Ja, shew, I think that is important and I think that's what makes it so important in South Africa. I mean we have seen

action in other countries but I think the reason we started this in South Africa was because with a young democracy it matters a lot more and Pule I'm glad you raised the issue of also holding private to account, I mean our former chair of the tribunal used to say, part of the value of the commission when it started was shining a light into those dark corners and I think it's right, it holds people to account but I think it also starts to deter people from doing harmful things because they will be held to account if they do and the weakening of the media probably means that more harmful conduct  
10 can thrive. So ja, that changed that deterrence effect. I just want to cover one thing, addition on sort of what is lost because I suppose it's the stories we're not covering, the people who should be held account, whether private or government that are not being, but also as a country, we are part of a continent that is looking for integration and I think we've seen the demise of bureaus and reporting and I'm certainly noticing a lot more of the international, at least some of the news is coming from other bureaus that the big ones globally. I mean have we lost something in South Africa in terms of our reporting in Africa and our relationship with the continent.

20 PULE MOLEBELEDI- ARENA HOLDINGS: Let me take a bite on that one and this has been my bugbear in the organisation. Sadly yes, I mean when 10/15 years ago an organisation like ours would have a London bureau, three, four people. One or two in the US, you know, sadly the rest of the continent, psychologically and ideologically has always been a problem, we've never really had a

lot of bureaus in the continent which has been sad because it created that misunderstanding and the xenophobic things that we've had and the mystery about coverage so it's been an area of passion for me and we've been trying very hard and we thought with this digital landscape because digital is now borderless, content is now borderless, we want to go into that environment however, it requires investments, so you not only are having to invest in the technology, you must also invest in the stringers because then as well the issue of quality, of content that you also get that you source, also very

10 important. Sadly we no longer have the London bureau, we no longer have the US bureau, embarrassingly when the World Cup was recently held in France we could not even afford to send one of our own understanding that rugby is a big passion, we tried to innovate obviously and we got a private partner to, you know, Jonssons Workwear, I've mentioned them, to basically help us to send a reporter and we're very grateful for that because he did an amazing, amazing job capturing that historic win. Can you imagine we would have had to rely on Reuters or AP to capture that historic moment. Someone will say ag well, so what, but it's not a so what

20 because it's history. All the content that we capture goes to the archives and the archives also are our archives, it becomes our heritage. We can reflect, we can research, we can recycle. We can do all sorts of other things in that space and I will also show you another limitation that we face also on monetisation of that archive. We had a picture of the death of former president Nelson Mandela

and we had a picture that was taken by an external person and we captured that as a Sunday Times, we put it out there, not too long ago when everyone is moving into the NFT's and what have you, we wanted to take that page, put it out there and see if we can commercialise it in one form or the other. We were blocked by that photographer because it was not our photographer. So we're sitting with, again, a historic archive that essentially has been rendered, you know, redundant, cannot be used precisely because of those other elements and these are the dangers of what's going to happen

10 when our archives essentially moves from being safeguarded by us, moving into these spaces that we don't own, we don't control and we can't even recycle, we can't even retell, we can't even re-optimize those stories and these are our stories. So from that perspective the archives also are a very significant component of this because as you saw, I said the first publication that we had was in 1800's and that's our history, you can never find it anywhere and the beauty about speaking for Arena specifically because you've gone through colonialism, gone through apartheid, we've gone through all sorts of other things. At least one thing that I can vouch is that our content

20 can never be found wanting as much as ideologically maybe there were one or two things, our content has always been trusted content. We have always practiced journalism in Arena and accuracy has always been our key focal point and that's one thing that we really continue to pride ourselves as a business, ja.

CHAIRPERSON: Maybe just picking up that archive element, I mean

we have heard this week from a professor from the University of Pretoria, Vukosi Mariate who gave us an education on AI and AI crawlers and web scraping and, I mean his view was that archives are probably scraped already but that South Africa is not necessarily woken up to this in the same way so I just wanted to find out from [Mariate's 01:28:52] perspective, I mean what has been your approach to AI, the content and the use of that content, what is your view?

PULE MOLEBELEDI- ARENA HOLDINGS: We value, we place  
10 enormous premium on our archives, we are proud of it because it's not just content, it is also photographs that can never be found anywhere. The Kaiser Chiefs, Kaiser Chiefs just did a thing about Kaiser Motaung. I met, I spoke to Jessica, the daughter, and she was saying she went into archives and she was surprised by the enormous library that we had about her father. It's that detailed, it's that enormous but I sleep with one eye as the accounting officer because of what happened with the UCT library when it caught fire. I sleep with one eye because we have not sadly managed to digitise our content, our archives are just sitting there, if it catches fire a  
20 significant institutional history of South Africa will be gone in a blink of an eye. We have tried, we have put some of our, just to try and safeguard the situation we've gotten into partnerships with some of the universities to see if they can assist in this regard, so some of our content is there, some of it is over there and the likes but it is this struggle of a trade-off, a redirection of resources, you have to

make a trade-off, what are you going to do, what are you going to do first, you have to keep the journalist employed, you have to update your technology, you have to safeguard your content and then the archives become an afterthought, but it's a worrisome thing but it's due to lack of investment and lack of resources that we have not really done well in this regard but it's a worrying thing and if you were to think about what AI and the likes are going to do, think about the fear, the threat of misinformation and disinformation content that is out there because what AI does is going to fetch and reproduce  
10 what is already existing. If part of our, I would say original authentic reliable and relevant and credible content is not there, AI will give you what is existing and you can't blame AI for that and unfortunately it will reproduce this skewed dangerous under-cooked thoughts that are going to be reproduced and recreated and recycled as opinion or as thought in our country.

MS. PAULA FRAY: I don't know if you've got any more questions on AI, I just want to divert a little bit to community media, that's fine. In your submission you highlighted community media as being particularly vulnerable in this particular moment from a digital point  
20 of view and that really, in order to survive in the future you needed these big companies, scaled companies that were, with multi-channel strategies, could you speak a little bit about your three Eastern Cape community media and why you think that they are even more vulnerable than a Sunday Times or Financial Mail?

PULE MOLEBELEDI- ARENA HOLDINGS: I think, you only hear



how at a community level there is still that active journalism that takes place and in the Eastern Cape our three titles play exactly that role. We are still holding the local municipalities to account and what you will find in that space is that that journalist or editor that's running a specific title is really entrenched in that community and is part of that community and is really unpacking and unearthing what's actually happening at that level which sometimes does not necessarily get the attention of a Daily Dispatch or the Herald but within our business we are able to integrate that right, so because

10 we own those community titles we are able to take those local, local stories, hyper-local stories and highlight that and bring that to the fore. There have been instances where the local paper, for example Tall of the Town that looks after the Port Alfred region becomes that charitable foundation as well, so when there are issues in the community, it's their office where people go and drop off clothes and food etcetera to help the communities that have been affected by any disasters that have taken place and that for us is a major concern and when we look at it from our perspective, the investment needed to regurgitate or reengineer that entire business, it is

20 enormous, they rely on that local publication, they have got four or five local journalists, young journalists as well, so it also is a nice training ground but to really digitise that business, to really take it to a level where they actually start making money and not reliant on those retail inserts which they all, all community titles are reliant on is going to take enormous amounts of investments from our side and

that's the prioritisation that we as a business always got to look up. Do we keep these businesses alive, how do we keep them alive, how do re-look at it, how do we resource, how do we reinvest in those local communities so that in 10, 15, 20 years' time these local community titles are still relevant, are still part of those institutes that they have been grown with. Queenstown Rep is what, almost 100 years in existence. So that's how far back these community titles go. It's not fly by nights that come up today and then gone in six weeks' time, they've been entrenched in those communities, they're part of

10 the DNA. People understand them, people know them, people know their local editor, people know their local journalist and that for us is a critical part of why these keep community titles alive, we also try and build partnerships, one of the partnerships that we work on quite closely is on the AIP side and they've been talking to us to assist them. If we as big media organisations are not going to also try and assist and guide and support and be mentors and coach, they're not going to survive in the next 15 to 20 years because of the dominance of the big tech and they're only solely reliable on advertising revenue.

20 BONGANI SIQOKO- ARENA HOLDINGS: Maybe to add there Paula, the challenge for community newspapers is the existential thread of being squeezed out by also national papers because national papers are being suffocated, they are now forced to really also become a bit more provincial or even a little bit more regional and at some stage they will become a whole lot more local yet the

local community newspapers are also faced with the same problems that the national papers are faced with so whether it's paper increases, I mean we've had to take savage paper increases. The price of petrol has been enormous, I mean think about the distribution costs for a community newspaper, again they have the same challenges of rates and services that all of us are subjected to, so there's no I would say, better, I would say, you know, calmer and a bit more forgiving economic model for community newspapers. They are just reliant on retail advertising and if that retail advertising  
10 doesn't come, they are dead and these ones are having even a particular challenge especially those that are independent on their own. They are having specific challenges because they also have to comply with other press council and other regulatory bodies, they must be authenticated by the ABC's, it costs money for them as well to get to that level. So it's a dynamic struggle for them on a day to day basis but for us going back to the Pan Africa situation, it is still the same situation, we are being forced deep inside instead of actually looking upwards to ensure that we give the citizen of South Africa and of Africa, information. You know, it bothers me that  
20 sometimes you have international guests coming to Namibia or to Botswana, a president of significance coming to the region and we just down in South Africa we don't even know, we don't even care, what was that president doing in Botswana, we need to know, we need to tell our audiences. What is happening in there, we need to know, a railroad being built from the east to the west to circumvent

Richard's Bay, our audiences need to know, our business people need to know, our communities need to know what is happening, so we can't even get into those stories in detail. The diplomatic stories of what's happening at the AU in Addis, I mean we're not even beginning to scrape, you know, what's the story, I mean we had the Chinese ambassador leaving not too long ago, I mean I attended that press con, well I attended that session, we had half the cabinet there but I didn't see the stories being written about to say what was happening, I mean why was this ambassador so popular with half of  
10 that cabinet, what was the significance of half the cabinet being in that room. So there is a big challenge in terms of our ability to keep telling and informing our citizens or at least making our citizens to be more informed so that they can cherish and live through the ideals of our constitution which says you have freedom to information, freedom of expression and the likes.

MS. PAULA FRAY: I was going to ask you, what gets lost when media are in [inaudible 01:40:09] but from what you're saying we're already losing out on the variety of stories, the depth of stories, the range of stories from across the continent. We've had a number of  
20 people come here and say that the state of the media is really perilous, it's really difficult and I am wondering, is that overblown?

BONGANI SIQOKO- ARENA HOLDINGS: I don't think so, I think it's correct because we are doing the most with the little that we have. We are stretching our resources, human resources, technical resources. It's actually terrible what we are expecting of our

journalists, it's terrible and after Covid we've had instances of people also having mental wellness issues because we were really, how do I put this, extracting too much out of our colleagues because we are no longer in that era Paula where you know you had bloated newsrooms, it's literally, now it's worse, it's fewer but you are also expected to report in multiple platforms. There's a podcast that is expected of you, there is an analysis that you must write over and above having written a piece. You must also maybe appear on our TV product where you can also come in an opine. So it's a race to  
10 the bottom but the issue is that the resources that we have, have been rather re-prioritised and be put into this digital ecosystem that has promised so much but has under-delivered. A full page ad is still much more valuable, we have more people who come into our digital platforms, we've got millions but we make peanuts in that space. So it goes without saying that for us if we could, you know, be compensated fairly for the content that we've been doing, we can do more and we can hire more journalists. We can even serve big tech better because it is to the advantage that they will obviously scrape this content and get more audiences, so it's not a loss-loss for them,  
20 all we are saying is be reasonable, be a partner and help these business models that have been disrupted negatively because the issue was that, and Google came, they were just going to be a, not even play in the advertising space and look at what they've done and that's why what Nadeem was speaking about on the wolf reference, I agree with it, I think it's actually that scenario and it's

scary for the future and that's why I was deliberate on iterating the years of these newspapers. If a nation without a memory is really at a loss.

PULE MOLEBELEDI- ARENA HOLDINGS: Can I maybe just add one more thing. I think one of our biggest challenges, I think the internet has really, really destroyed our traditional model, we know that, I mean it's wreaked havoc. But I think one of the biggest challenges, or one of the challenges that it has created is that we are now trying to sell our product to an audience or a generation that  
10 is used to getting things for free on the internet. So I have a 20 year old son and about eight years ago, he was only 12 at the time, so I'm on my laptop and I'm buying an album on iTunes and he's sitting next to me, so he then says to me, dad what are you doing? Like no I'm buying music, he says ja, no I see that but why? I was like no I like the artist [laughter] and he said buy why are you paying, you know...

#### ADJOURNMENT

20 CHAIRPERSON: Welcome back, day 5 of the Media and Digital Platforms Market Inquiry. We are now joined by the Daily Maverick and Styli Charalambous, welcome and thank you for making time to join us and give the Daily Maverick submissions. So I'm just going to ask you to make your submissions and then Paula and myself will have questions for you and I believe Branco will join us later.

STYLI CHARALAMBOUS - DAILY MAVERICK: Thank you James and thank you to the commission for asking us to participate in these enquiries, we would've liked to have done this in person but we've already been travelling this week and our families and environment appreciate the opportunity to present virtually. I also understand you've heard a lot of testimony and submissions this week so I hope we can provide new insight today, if we cover anything again that's already been covered in depth, please excuse us. That said I am the co-founder and CEO of Daily Maverick, my name is Styli  
10 Charalambous and we'll be joined by our founder and editor in chief, Branco Brkic who will also be available for questions after this. Our format will be I will run through questions that were posed to us by the commission for these submissions and to the public hearings and I will address them in one go and be able to respond to them in the format that was provided. I will start with a brief overview of Daily Maverick story and a little bit about the evolution of the digital news space. We were founded in October 2009 by Branco Brkic and we had just five people working full time on the effort back then. The vision was to create the digital reincarnation of Maverick magazine  
20 which was the monthly predecessor to the Daily Maverick, it was a glossy monthly with irreverent feature writing and the vision was to create the digital reincarnation of that as well. We started as a fore profit in the hope that legacy print advertising would move online and we would be able to build the sustainable business off the back of this transition into digital media. We raised investment capital

from friends and angel investors in the hope that we would soon break even from advertising sales but that never happened. But as the years passed we did grow an audience to the website and we did this by focusing on providing high quality feature length journalism to online audiences and newsletter subscribers. At the time when we were starting out most newspaper publishers focused their efforts on their print publications because that's where all the revenue and profits were being generated from. We didn't have that concern to protect legacy revenue streams so we could invest all our efforts into digital technologies and platforms without worrying about cannibalising any of our existing operations because there weren't any to cannibalise. It's been extremely challenging since day one and the first decade of our existence especially was a miracle that we survived given the market failure that was playing out around us. But even in those tough times, every time we were able to make a leap forward and to make incremental gains, we chose to invest in our newsroom. We could see the impact of the market failing around us and we understood that we were playing a bigger and bigger role in the defence of truth and the journalism industry itself. We believe journalism should do two things. The first is to protect democracy as asked of us by our constitution, and secondly to help the people of South Africa navigate life. Our vision is that people will know more and know better after consuming our journalism and we do that with our mission to defend truth. We also believe that for the truth to have impact it also needs to have reach. We have chosen not to put up a



paywall and we have rather instead pursued a voluntary membership model. We've learnt a lot over the last almost 15 years of being in this business/cause/mission but we never anticipated how hard it would be to sustain the kind of journalism that we want to create and that we need to create and the personal toll it's taken on us as founders and our colleagues around us to keep the pursuit going. In our time we have seen the news industry evolve and shrink simultaneously. Digital platforms have broken down the barriers to entry that kept competitors from entering the news market or making

10 inroads into the news markets. Every industry experiences disruption and every organisation must innovate or die. Because the news industry with its oligopolies managed to stave off disruption for so long, it came from outside of the industry and it came for the entire global profession within the space of a decade which is quite rare. Its clear journalism and the news industry have been disrupted and news publishers do not have the right to advertising revenue, the question we must ask is whether the disrupter is active in any way that deterred healthy competition which I guess is why we are here today. We started out as a digital native and the internet was

20 full of promise back in 2009, there was a stench that a viable business model could be built if advertising budgets moved online and while not necessarily at the same rate as print per unit, in terms of advertising costs, but close enough to be sustainable, that was the hope in which we started this operation. Because Maverick magazine had stopped publishing the year before, Daily Maverick

could start as a digital native but lean on the magazine's reputation in order to build new audiences online. The early years were marked by difficulty in selling online advertising as back then it only commanded a small portion of advertising budgets and allocations, and of that small portion, that was mostly dominated by large media houses like Media 24 with multiple properties and included the biggest news publisher in the country, News 24. In short it's been an uphill struggle to put it mildly. For the majority of the 14½ years we've been around, there were many months when we as founders

10 would forego salaries and take incredible financial risks to keep the organisation afloat. It's clear to us that there is a market failure of journalism and it has played out. One of the responses to this market failure has been to start a non-profit arm to fund efforts like our investigative journalism, our citizen reporting and our climate journalism. In 2018 we turned to readers for support with a voluntary membership programme because even the philanthropic side of our efforts wasn't enough to sustain us. You may have already heard about the market for attention and advertising, news publishers have been competing for each of these, sometimes against the same

20 players within the industry and sometimes against completely foreign actors like the big tick platforms. Because the attention economy is set up to incentivise engagement and engagement is often fuelled by strong emotions, we have seen the news space and the information space or people presenting themselves as news organisations pushing extreme views because of these incentives.

The other side of the coin is that as a news and quality journalism became harder to monetise, less and less labour was indeed invested in boots on the ground journalism which in turn made it less attractive to support through reader revenue efforts as well. The rise of aggregators means journalist are now expected to push out 15 pieces of copy a day, rewriting or work of other publications or writing stories based on posts from social media. Neither of these developments has been good for the industry or good for the public at large. The incentives are perverse contributing to declining trusts

10 in news sector, less public interest journalism being created and contributing to the overall market failure of journalism. Some of the trends in news media and revenue generation in news media and the AdTech stack now follow, the trends are that South African media is in terrible shape, I'm sure from the submissions you've heard through this week, that has been a theme that has come through quite strongly, not only in South Africa but journalism around the world is in trouble experiencing many similar, many similar aspects of the impact of the failure of journalism. We are worse off than most developed markets because of the compounding

20 problems of a failing state, a stagnating economy and a business sector that doesn't seem interested to help with the unfolding crisis. Before Covid a report was published estimating the decline of journalist numbers being around 50%. Since then we have suffered more losses and expected to lose more and so we can probably estimate that around 70% of our industry colleagues have departed

from journalism since Daily Maverick started. If you take into account the number of journalists per capita or journalists per economic activity from 20 years ago, we are even worse off when we take these adjustments into account. Revenue generation for most publishers has been about trying to replace lost legacy revenues with digital advertising and this has been unsuccessful. As a result many publishers are turning to paywalls as a way to counteract this problem but that in itself is a problem in the context of a country like South Africa with the highest unemployment rate in the world and

10 the most unequal society on earth. Our experience for the ad tech is that issue has been somewhat frustrating. We adopted DoubleClick for publishers as ad survey in around 2010 which had been bought out by Google three years earlier. At the time other ad servers were available still because DoubleClick was offered free to small publishers like ourselves. It would take a lot of work for other ad servers to compete or start-ups like ourselves to choose an alternative product that we would need to pay for. DoubleClick allows anyone who sells display advertising on their website to monitor the traffic and the engagement with those advertising

20 campaigns and to report on the efficacy to advertisers. The acquisition of DoubleClick was a master stroke that allowed Google to dominate the display advertising market and would eventually be the tool that would allow it to have a stranglehold on pricing. Once we were big enough and able to connect to the advertising exchange we were able to allow programmatic advertising to be

displayed on the site under the premise that better quality demand programmatic advertising could be accessed through these channels. The conundrum here is that programmatic advertising is sold at a much lower price than you can sell, that we could sell directly but we have all this unsold inventory that we somehow needed to monetise. Without any sight of the upstream mechanics of the programmatic marketplace, we were unsure if Google was somehow channelling higher value advertising to its own properties as being claimed in other jurisdictions that have looked into the anti-trust practices of Google. The downside is that as programmatic channels grew in demand through advertisers and media buying agencies, less budget was available for direct buyers placing more downward pressure on advertising prices per unit. This coupled with the data available through programmatic channels meant the downward pressure has only increased over the years. Websites that list their inventory on the open exchange do not see who get the share of the total spend by buyers on the other side of the inventory that is sold. What that means is, if R100 is spent on buying inventory through programmatic channels, some tests have revealed that only 30% of that end with the publishers themselves. We don't get to see how all the different players in the value chain take a share of what is ultimately lost on the way to delivering that advertising to publishers. The lack of transparency in the ad tech stack has been extremely frustrating. We don't know the amount of volume traded, we don't know who the beneficiaries are and even for ad's delivered

on our site, we also don't know how much ad fraud is taking place and where the market prices are being manipulated as it has been claimed in law suits around the world. Can you imagine the stock exchange operating in a similar fashion where you offer to sell something but you don't know who is profiting off your offer or whether the person acting on the exchange is acting, whether the person acting as the exchange is acting in your best interest because they are also acting as the broker and buying and selling their own stocks at the same time. There is no scenario in the world  
10 in which we would allow an exchange like this to operated, so why are we doing that with such a big industry as digital advertising. The lack of quality controls by both Google and Facebook allows bad actors to advertise on their networks with pretty much impunity. We saw this play out how democracies have been hacked in Brexit and US elections in particular because of the ability to target, it is impossible to see who is delivering what advert with what kind of message to certain people. It's hard to track if someone is delivering a lie and paying to promote that using these systems. Even today you can jump onto YouTube and see AI generated versions of Elon  
20 Musk or Trevor Noah encouraging people to join Ponzi schemes. These platforms have been allowed to get away with egregious lack of quality control for fraudulent and bad actor advertisers to play in their space. In traditional media and even with the likes of digital natives like ourselves, we have to vet advertisers and if something slips through the net, reader complaints would alert us to responding

and to taking these things down. If you've ever reported any of these ads on YouTube, Facebook, X or Instagram, you will know what a fruitless effort this is to have any kind of response to these things, to these bad actor advertisements. Again one can only surmise that there is no real incentive to clamp down on this because of their dominant market position and that they earn massive amounts of revenue from bad actors themselves. If there were healthy competition and a healthier market, this would be damaging to their brand as a destination and they would be more likely to act. One last

10 example worth mentioning is the failed project accelerated mobile pages by Google that was released a few years back, I think this was around 2015 or so. Accelerated mobile pages was supposed to speed up and improve the mobile experiences for publishers by serving a lean version of a web page from Google servers instead of our own because of the speed, the experience would be better for readers and more advertising could be generated because page speed does indeed equate to longer session times which equates to more advertising revenue however the project was canned after a

20 it was discovered that Amp was indeed faster but only because they were slowing down the delivery of non-Amp pages to make Amp seem faster, this was claimed as one of the biggest reasons alongside data and privacy which contributed to low adoption rates. These are the kinds of practices that we have had to endure over the years. In terms of news consumption in South Africa and how it's

changed since digitisation, consumption has definitely changed on multiple levels in the move to digital. For example the newspaper has been unbundled from what we used to know, people were previously offered a basket of journalism and adjacent content, all of which has now been broken down into individual bits and consumed on smaller devices. The impact of all these factors is that most people only click on those items that strongly interest them and a feature of the transition is that bad actors have been able to hijack this and manipulate the attention for gains, monetary and otherwise.

10 The majority of traffic we see nowadays is sideways which means it is accessed through a link on social or Search or shared links and not directly to our home page or our newsletters. Our single largest channel these days is Google Discover and combined with Google Search this brings in more than 50% of the traffic to our site. We have never seen major traffic from Facebook or X and luckily we never came to depend on them so when the big algorithm changes happened we weren't that affected as some of our other colleagues. This has advantages and disadvantages, the reliance's on algorithms means you have no insight into the mechanics of what  
20 drives these referrals or how quickly things might change in future. The advantages are that you can get significant amount of traffic if you work hard at promoting and curating and optimising pages for these distribution channels. In terms of reader attention spans, we are definitely seeing shorter attention spans with many people bouncing off articles before reaching even halfway. A lot of people



also only browse headlines and retain just a superficial understanding of news events. If people mainly get the news from social media it's often hard to distinguish opinion from reporting and to distinguish gender driven people or bots looking to influence others from good quality journalism. Again in this democratisation of the information space, a person in their bedroom commenting or providing their opinion on news events is valued by the market and has a potential to travel further than a professionally created piece of journalism. This can be both good and bad. It's important here to  
10 distinguish between content and journalism. Content can be anything made by anyone but journalism has processes and standards that it needs to follow before it can be published. This obviously comes with additional [audio stops 00:20:55].

CHAIRMAN: Welcome back, apologies we've not had a good day for tech, it's been all the sporting infrastructure I think that's let us down but I think you were talking about the sort of shorter attention spans and the consumer behaviour. You just talked about the rise of Google Discover and various other things, so if we could pick up there.

20 STYLI CHARALAMBOUS- DAILY MAVERICK: Ja, did I start, did you manage to get anything about the business model, I think I may have started moving on to that.

CHAIRMAN: No we haven't [speaking simultaneously].

STYLI CHARALAMBOUS- DAILY MAVERICK: Okay, alright great. Is everything good to go James, can we kick off from here?

CHAIRMAN: Ja, go for it.

STYLI CHARALAMBOUS- DAILY MAVERICK: Okay great, so I will pick up a little bit about the business model and the rationale for choosing the different strategies that we have with regards to monetisation. I mentioned earlier we started out as a fore profit with aspirations of becoming a mostly advertising and sponsorships driven business. We hypothesised that advertising spend from traditional channels would migrate to digital and that trusted publications would become and compete for a fair share of  
10 advertising market spend. We believe that attracting a desirable audience to our site and keeping them engaged with high quality and long form journalism would attract advertisers seeking to reach those audiences but that didn't work out as planned and that meant having to start a public benefit organisation in order to access philanthropy especially around investigative journalism and with our work on the Gupta Leaks in 2016 and 2017 we were able to kick things off there. But even that wasn't enough to sustain us as the amount of philanthropy in South Africa on the whole is limited and even less so for journalism in particular. This is why in 2018 we  
20 launched a voluntary membership programme to keep our journalism free even for those who can't afford to pay while being able to access financial support from our readers. We believe this is especially important in a country like South Africa because of the high unemployment rate and the inequality that we experience. I mentioned earlier for the truth to have impact, it also needs to have

reach and so the voluntary membership model works well for us because it allows us to pursue the vision of know more, know better which deals with our mission to defend truth. We need a full range of financial support from philanthropy, commercial advertising and sponsorships and reader revenue to try sustain ourselves and to try and grow through these tough conditions. To our knowledge in the time that we've been going we have created more jobs in journalism than any other single publisher with the now 100 or so people that we employ. I used to think this was a minor miracle given the  
10 circumstances but on reflection I think we can upgrade that to a major one. Our views on revenue models in digital news distribution, the reasons for not adopting paywall, I mentioned some of these earlier but let me elaborate on some of the similarities and differences between the different types of reader revenue models that a news publisher can pursue. The full extent of these is wide ranging, you can start off from donations to memberships and different kinds of memberships to paywalls and different kinds of paywalls within that each publisher needs to determine which model works best for them taking into account various factors including  
20 how they are funded, their vision and mission, the political and competitive environment. There are similarities across these types of reader revenue but the one thing that is constant is that news publishers need to be creating journalism that is worth paying for. The difference is how you ask and execute each form of different paywall or reader support through each publication's strategy. In our

estimation paywalls are easier to implement than a voluntary membership programme that we've adopted because you can simply put up an access control gate preventing access to articles and through to journalism. Membership is about more than access, it is about building a community around the relationship with news publishers rather than just paying for access to content in journalism. When you do not restrict access to journalism you give it a much stronger, you need to have a much stronger cause for people to buy into and often it's because it's the right thing to do. For

10 paywalls to be successful publishers need to have journalism worth paying for and it requires an investment in the newsroom. Before the newsroom was seen in many publishers as a cost centre, people came to the idea that the product is journalism and not just the ad spaces beside that. The pursuit of reader revenue has had one big impact and that has been people understanding that in order for the readers and the public to dip into their wallets to support, we need to invest in our newsrooms again. Membership sits in the middle of donations and paywalls. Donations are simply financial transactions with no expectation of anything in return and paywalls as I've

20 mentioned are a gate on access to journalism. Membership has made us; I believe better news publishers and has greater retention rates that most paywalls didn't see around the world. So we're happy with our decision as well as being able to keep our journalism free for those who can't afford to pay. Because it is cause driven and because we spend so much time on engagement and building a

community, we also see much higher retention rates in our membership model than many retention rates we see from paywall publishers around the world. So while fewer people join at a slower rate than let's say a paywall model, we are seeing people stick to membership much longer and with more stickiness than most paywall models we see around the world. If we had chosen a paywall model however, we wouldn't be able to access as much philanthropy as we do and it would go in the face of our vision which is for people to know more and to know better. We also understand

10 in a country like South Africa it would be a great disservice to society if journalism was only available to the benefit of the select few who could pay. The rationale for the effectiveness of the initiatives and the campaigns to improve engagement and maintain sustainability, as a start-up you have to try many, many different things to be sustainable, this includes events, display advertising, ecommerce, native advertising, custom publishing, book publishing, documentaries, video advertising etcetera, the list goes on and on and we've tried many of those in our pursuit of being sustainable. We've settled on three major categories of revenue for ourselves,

20 philanthropy, commercial advertising and sponsorships and finally reader revenue. It's our view that a general news publisher, especially with a national focus and with ambitions of serving your country at large needs at least three categories of revenue and ideally fixed individual revenue streams to be sustainable, minimum of those. Our migration from a fore profit to a hybrid organisation

helped fuel our growth and the latest piece was adding the membership model five years ago. Having the consistent and recurring financial support of readers has been a game-changer for us. It's allowed us to continue to invest any games in our newsroom and other supporting areas of the business to fuel even more growth. We owe this to our foundational commitment to pursuing public interest journalism that creates value in people's lives which attracts philanthropy and readers to support us. Sometimes we have to be explicit in communicating how that value is created for readers

10 and you may have seen some of our regular written appeals asking readers to join our membership programme and to join the cause. Growing the membership programme has been the cornerstone of surviving these turbulent times. Still there have been occasions when philanthropy and soft loans from shareholders and other supporters have helped us through difficult times, most recently in Covid and now as things have become tougher. Many people have asked us why we still choose a growth path when we could be profitable and our answer to this is because as we've recognised the market failure of journalism in South Africa and around the world,

20 we've seen the severe job losses of our colleagues and the impact that it has on society, this is why we need to continue to invest in filling this gap even though this continues to put a strain on our financial security and peace of mind. As a national publication with a general focus on news and producing long form original journalism we have traditionally attracted readers where this national agenda

has resonated and that means people from Gauteng and the Western Cape have traditionally made up the biggest portion of our audience and as a South African publication the vast majority, 90% or so of our readers are South African based. As a publisher of long form journalism we've attracted a highly educated and urban audience which now reaches around 10 million monthly unique visitors. While certain articles or specific products have a target audience in mind, we focus on key themes that are important to all South Africans in pursuit of our vision and mission and what we believe journalism is for. As a digital publisher we can attract audiences from many different parts of the open web but we find that because of the topics we cover, mostly adults gravitate to our work. Some channels like newsletters might attract more formally employed people or business persons while our newspaper caters to an older generation of people who grew up using and now still prefer that medium to consume their news. We desire to reach younger audiences as many news publishers do and this is where shorter form versions of our work and a multimedia strategy come into play especially when disseminated on social media where the monetary model for doing so is not yet obvious. We pursue a strategy of trying to reach younger audiences and investing in multimedia content on social distribution channels even without understanding where the monetisation might come from because we feel we have a duty to combat mis and disinformation in the void of factual reporting on social media and to build the brand with younger audiences, it might

change behaviours later on. We sometimes joke that we wait for them to become older and grumpier and start receiving mortgage statement on email when they might change their behaviours and come directly to us. Daily Mavericks views on investigative journalism, the challenges and costs, investigative journalism is a craft that needs to be honed over years. One simply does not become a good investigative journalist overnight despite what some editors and other publications might tell you. The first sustainability issue is that we simply don't have enough journalists and  
10 investigative journalists for the size of problems that we have in our country. South Africa, for the levels of corruption that we have is woefully understaffed in journalism and especially in the investigative field. We don't have enough people wanting to become journalists and we have lost an entire generation of those who were in the industry leaving for more pay and less risk in changing careers or retiring early. Investigative journalism is costly to produce, it can take months for a single story to be published and often once published you may be threatened with legal action afterwards that needs to be defended incurring further cost and in some extreme  
20 cases additional security measures are needed to protect journalists and whistle blowers. Due to the market failure of journalism, the value of investigative journalism articles in the current open market economics is valued as the same as a piece of content that can be created by anyone with an internet connection. I've done some rough calculations using some of the Gupta Leaks articles that we



produced where we created, where we published over 70 expose's and using existing open exchange rate CPMs and an average of 50,000 page views of the story, we worked out a rough cost of around R1,500 each for these articles. It's just crazy for the amount of work and the amount of investment and the impact that those stories had that the open market values it at such a low number. It's clear that there is a market failure of journalism where the economics of the service no longer work but there's still massive value being created by the service that is being delivered to the public. Part of the problem is that journalism and specifically public interest journalism is a public good that benefits society as a whole even if you as an individual don't use it, so it just like park, [inaudible 00:43:56] clean water and other public goods. Without public interest journalism we would be worse off as a society and significantly worse off if the remaining tenants of journalism would disappear which is what we are currently facing. I would argue that the remaining functioning elements of democracy would disappear with public interest journalism. We only need to look at the decline of governance and service delivery in our cities and the correlating decimation of local accountability journalism to see how democracy and public institutions die in lockstep with the decimation of journalism. Over the years we have competed for advertising revenues, reader revenues and other parts of the digital ecosystem and I would like to take this opportunity to speak about the cost of mis and disinformation to society and newsrooms in particular. In our

opinion Meta is the largest enabler of the spread of mis and disinformation through platforms that they own including Facebook, Instagram and WhatsApp and it takes the toll on society and newsrooms in the following way. In this context we must take note of these platforms' resistance to dealing with this problem and the inadequate allocation of resources to solving this problem despite making obscene profits quarter after quarter and year after year. The first of the problems or the impact of this is the erosion of public trust. When misinformation and disinformation spreads unchecked it erodes the public's trust in credible news sources. People start questioning the authenticity of all news which make the job of legitimate newsrooms like ours even harder. The scepticism towards news sources to news [inaudible 00:45:48] demand more effort from newsrooms to re-establish and maintain credibility, redirecting resources that could be used elsewhere. It also makes growing reader revenue a harder task than it is already if there is a lack of trust in news organisations. Another is the increase burden on fact checking. Newsrooms are increasingly forced to allocate time, money and human resources to fact checking information that's been widely circulated on these platforms. This diverts resources away from investigative journalism, feature writing and other core journalistic endeavours potentially diluting the quality and the depth of original reporting from other important areas. It's a question of resource allocation but one that has to be done given that these platforms are not taking responsibility for combating this themselves.

Hijacking of advertising tools by bad actors, I mentioned earlier on that this is a huge problem for not only us but for the public as well but platforms like Facebook and Instagram are sophisticated targeting tools that unfortunately can be misused by bad actors to spread misinformation, lies or other agendas. These actors can tailor misleading content to vulnerable or susceptible audiences, manipulating public opinion under the guise of legitimate advertising. This not only manipulates people but also dilutes the value of digital advertising exacerbating financial pressures on newsrooms. Cloned websites and ad revenue leakage, the proliferation of cloned or mimicked websites replicating reputable news outlets to push false narratives is another facet of this issue. These cloned sites are marketed through adverts that run on these platforms and are monetised through ads that display on these platforms drawing revenue away from what could have potentially gone to legitimate news sources, this contributes to diluting the advertising market putting additional downward pressure on advertising rates for genuine news publishers but moreover these ads on these mimic sites can mislead readers into thinking they're engaging with credible journalism further muddying the waters of the information ecosystem. The impact on ad revenue is that when platforms allow misinformation and disinformation to spread, they can also siphon off advertising revenue that could have gone to news organisations. Advertisers may place ads with more engagement regardless of the

content's veracity. The financial pressure further strains newsroom budgets making it hard to find comprehensive journalism. The lack of accountability on major social platforms contributes to the market failure in journalism. When misinformation and disinformation is rampant and unchecked, it distorts the information ecosystem making it challenging for quality journalism to compete on a level playing field. The resources a newsroom must spend fighting misinformation could have been used elsewhere in creating investigative journalism or the news gathering process and other critical functions that contribute to a healthy democracy. Polarisation and societal divide are another aspect where misinformation can deepen these divides fostering polarisation, this creates an environment where people are less open to dialogue and understand making a generous role of informing and educating the public even more challenging attempting to solve this problem as the publisher diverts resources away from other critical areas is something that we have mentioned over again. One example I would like to relay to the commission is in the KZN riots of July 2021 our editor in chief was part of a global task force of editors and representative from major [techno forms? 00:49:47] set up to combat disinformation. As the riots were kicking off certain accounts on Twitter were openly driving hate speech and fuelling the rioter's actions. After notifying the Twitter representatives who sat on this task force of the offending account they refused to take any action against these people or shut down any of these offending accounts. It's unsurprising that X has

decided not to participate in these hearings based on our interactions with them. It once again shows that these task groups are sometimes set up on a farcical and superficial nature and how zero accountability is given to how these tools are used to incur great cost to life and property with no recourse. This barely touches on the mental health impact that many studies have shown that these platforms have in affecting young people in particular leading to serious issues including self-harm, depression, anxiety and other ailments. If social media use contributes to the decline of mental

10 health, those people are unlikely to become healthy consumers of factual news and journalism. They are more likely to be caught in a trap of online abuse and echo chambers of negative reinforcement to content. In essence the unchecked spread of misinformation, disinformation on major social platforms and their unwillingness to dedicate more resources to combating this problem undermines the social fabric and imposes tangible costs on newsrooms diverting the way precious resources from our core mission of delivering truthful impact journalism to society. Competing against big tech and social media companies for people's attention is a complex issue. First we

20 must acknowledge that Daily Maverick was aided in reaching the audience it has with the resources that we had by using these distribution channels afforded by digital platforms however one might argue that if the market economics were better we would have had a marketing budget ourselves to spend on distribution in an ultimate universe. From the examples mentioned above, it's clear that the

combined lack of transparency in dominant market positions have allowed these platforms to act with impunity when degrading the social fabric and the advertising ecosystem from operating in a healthy manner. The downward pressure on advertising rates does not affect these dominant players because even when the individual rates are depressed and there isn't healthy competition it's little incentive to clean up issues like ad fraud and the spread of misinformation because they will just make more of smaller amounts as market dominant players. Our views on how to mitigate the effects of perceived market failure in the news industry. Well it's always been that journalism is the product of the service that we're offering and growing and investing in that service makes more sense. Some organisations are still reliant on legacy advertising models or revenue streams that see the newsroom as a cost centre rather than the lever by which to enable financial support from readers. We've also always tried to maintain a culture of innovation whereas as a start-up we were willing to and had to experiment with the new ways of doing things, as I mentioned we didn't have those legacy revenues to protect so we could go all in on digital where others grappled with and still do digital transformation of their businesses. I want to refer to a discussion paper that was released in 2010 and initiated by the Federal Trade Commission of the United States into the risk of the failure of the news industry. In that discussion paper Google submitted that the business problems of news required business solutions and not regulatory interventions

which were being contemplated at the time. That was 14 years ago and the situation is now much worse. It's clear that business solutions will not fix the failure of journalism, of the journalism market especially when the market is dominated by two players in this country and in most parts of the world. It is our view that policy interventions and reforms are the only thing that can save the media from collapse. Those who spoke out against possible measures and interventions that were recommended in those FDC hearings should be having second thoughts about their objections because the

10 discussions never went anywhere beyond that into anything actionable and 14 years have been wasted. In our view the market failure of journalism is a complex issue and requires a multifaceted approach. Firstly we need to do better ourselves. We need better leaders in our news organisations. As an industry we have not invested in developing the kinds of leaders required to run hard a news organisations. As much as the market failure around us has played out, our industry lacked the entrepreneurs and innovators required to work through these outrageously challenging times. We need to make huge amounts of investment in professional

20 development if we are to address this part of the multifaceted problem. Secondly, we need to create more jobs to create the generational talents that have been lost from journalism in the last 15 years. Newsrooms have been juniorised and institutional memories have been scalped. We need to find a way through policy reform in order to help us create new jobs. We also need to attract

more young people into the industry who believe that there is a viable career for them in journalism and the services around journalism. The market failure deters ambitious people from joining journalism or any of these careers around journalism even in a time when so many young people are looking for purpose in their work and journalism offers this in many many [inaudible 00:55:56]. Next we also need to attract more product and technology people into journalism understanding that the competition for this type of talent puts us squarely in the fight for these people against big business and big tech as well. We need ways that can help us do this because we currently struggle to do so. We also desperately need regulatory and policy reform to improve the environment in which public interest journalism operates. We have heard in these hearings that the constitution and the constitutional court have clarified the important role that journalism plays protecting our rights and democracy. We hear time and time again about the special job that we are supposed to do and yet there are no special consequences or support frameworks to help us do this job. We have written about ten laws that we feel could be implemented that could make a huge difference in our world to create an environment that supports the industry. These policy measures stem from local and international research as well as taking cues from measures that have been implemented in other countries to support the industry through Covid and in a response to the market failure. These include tax incentives to encourage wider support from public, from businesses, investors



and the state to support journalism. These incentives are important because we still want to reward quality and those who create more value for society, we want to be able to still lean on and demand driven approach to supporting those who do well. Some of these examples include zero rating reader revenue for [inaudible 00:57:43] in South Africa, making subscriptions and membership contributions tax deductible. Offering depreciation allowances for investors who invest in media. Zero rating data charges on mobile devices to news publishers so that it's easier for the public to access quality information. Compensating whistle blowers and investigative media as a percentage of assets recovered or fines imposed from a work and offering advertising rebates for businesses to support journalism. Donations regardless of PBO status or vehicle should be made tax deductible and tax efficient to news publishers and all of this is predicated on being a press council member in good standing which would increase the value of press council membership which would allow them to raise their fees and employ more people in being a regulator and an ombud. Finally we need those who benefit from our work to help sustain our work. This includes business in South Africa who have received a free pass as some of the main beneficiaries and big tech companies that employed questionable practices to achieve market dominance and play a rent extractive role in our economy. We believe the best way to implement this is not by using copyright laws or payments for links as some countries have pursued. We believe that this can be done using the concept of

an environmental rehabilitation charge to be levied on those. They have extracted billions from our economy and benefit from the lack of transparency. Just as when a river or a piece of land is damaged by corporate or with questionable business practices, rehabilitation charges can be levied on those who benefit from these market circumstances. If we accept that journalism is a public good and that has been damaged by untoward business practices then the rehabilitation framework might be a good way in which to assess this. In our view a charge for past damages and an annual  
10 rehabilitation fee would be appropriate linked to revenue or profits for the minimum charge and a minimum rehabilitation period of ten years. This could also apply to any new platform who come in and engage similar practices of lack of accountability, poor quality control, advertisers and poor quality control around the spread of mis and disinformation and we generate revenue above a certain amount. Finally just to touch on the competition between Daily Maverick and other news organisations in our early years, many of our news publisher competitors were far better at getting reach on social media especially platforms like Facebook, it was something  
20 we couldn't properly crack and we set focus on growing direct relationships with our readers through newsletters and driving traffic to our home page. This performance on Facebook was a stroke of luck as we never became reliant on them and so when the big algorithm changes happened, we weren't really affected but also in the interim had grown our newsletter base which became a

meaningful source of advertising revenue and eventually members. News publishers should try to optimise their [inaudible 00:01:01:00] Search accessibility, this involves making pages render as fast as possible, optimising headlines and including active data for Search performance. After that there is very little control for publishers on how to influence search traffic although some publishers will look to trends on social media or search results and then write articles in response to that. It is dangerous to run an editorial strategy purely on what is spiking on social media and very rarely converts to the

10 kind of journalism that readers will pay for. These are cheap clicks that can only be monetised through cheap programmatic ads because Search and other Google products like Discover are important sources of traffic, it is a key part of our decision making in how we optimise our efforts without ever compromising our vision or our editorial standards. We have found that having a new strategy that caters to the needs of society works best in the long run. Some products can reward it and can convert readers into financial supporters. We do not have access to other newspaper analytics and even if did I doubt we would change our approach. We have a

20 vision, we work to understand the needs of the South African public and we work hard to create journalism that society needs, not necessarily what they want. We must work hard to make journalism more attractive though and palatable to many more consumers of news whether that includes short formats like summaries or videos in attracting younger audiences. I do also want to spend just a quick

moment to talk about click fraud and ad fraud and how it's identified and its impact on the news industry. Click fraud happens when someone or something like a bot clicks on online ads with malicious intent rather than genuine interest. This can be done to deplete a competitor's advertising budget by consuming their paid for clicks without any chance of conversion or artificially inflating revenue for the website hosting the ads. What this looks like, you will see unusually click rates with low conversion rates and this can indicate that many clicks are not from genuinely interested users or humans

10 at all. Clicks are from suspicious locations or IP addresses can created clicks from the same IP address location that don't match target audiences might also indicate fraud and patterns of activity that don't match human behaviour at all can suggest bot activity as well. How it's identified, advertise in the platforms should be using detection mechanisms including the following, analysing click through patterns, detecting anomalies, monitoring IP addresses and employing machine learning algorithms to distinguish legitimate from fraudulent click patterns. Despite the many resources available to big tick platforms, despite the advancements in AI and despite the

20 huge amounts of data held by these companies, some studies put the prevalence of ad fraud as in one dollar in every three spent of all digital advertising. If I refer back to the stock exchange scenario, can you imagine a comparable scenario on a financial exchange where for example a third of all the shares traded were fraudulent transactions on non-existent companies, we simply wouldn't allow

that. The impact on the digital news ecosystem is that this becomes a financial drain for publishers and advertisers. Click fraud and other forms of ad fraud can drain budgets on useless clicks reducing the funds available for legitimate ad placements on reputable news sites. For publishers it can mean reduced, even more reduced ad revenue due to lower trust from advertisers and potential penalties from ad networks on fraudulent activity even if unintentional. Advertising losing trust in a digital space due to click fraud might cut back on their online spending that includes cutbacks on legitimate news sites. This reduces revenue again that hurts the environment and the ability to produce and distribute quality news content. Both advertisers and publishers have to invest in sophisticated anti-fraud measure diverting resources again [inaudible 01:05:16] innovation and enhancing the user experience. Click fraud muddies the digital advertising waters making it harder for genuine news sites to create the content and secure the visibility and funding it deserves. It's a persistent issue that adds to more challenges that the newsroom would face and one where we have very little control. For organisations building virtual worlds and teaching computers how to see and think and reason, one has to question the lack of progress in clamping down on ad fraud. This may be because as owners of the entire channel they still make the same amount of revenue whether fraudulent ads are run and clicked on as opposed to real ads. Before the advent of ads.txt which added an extra layer of verification to websites it was easy for fake websites to pose as

brand name publishers and steal their revenue by pretending to be them. In a test run by the Guardian in 2016 it was found that without the use of ads.txt other publishers or other fake websites were stealing revenue from the guardian by offering lower rates and being able to divert advertising away from the guardian website even when media buyers were choosing to place those ads on the Guardian. Again we don't know if the demand site buyers these days use ads.txt in all their placements and we don't know if the platforms enforce this when buying through exchanges, again the lack of

10 transparency makes it hard for us to do anything about this problem. Because of the market failure of journalism, there are limited funding opportunities for news publishers. Few investors are keen on the risk associated with media investments and traditional development finance and social impact investors and ESG investors to not even have the media sector on the radar. Corporate advertisers are getting less and less supportive of the news industry and only a few philanthropies support journalism as a whole with some pulling out of journalism and some pulling out of South Africa completely. In reality we are competing for funding scraps across all these sources

20 and some estimates put us at less than 5% of digital advertising budgets these days. As the market failure of news plays out, the pool of philanthropy and developmental finance becomes smaller and smaller and as the biggest news market crumbles and I'm referring to the United States of America, less philanthropic support of the media is available. With war in Ukraine there is less for Africa,

less than .2% of all overseas development aid goes to journalism and of that amount, intermediary organisations take the bulk of that and so even less ends up in creating, is available for actual creation of journalism. We recently saw the launch of [Polaris? 01:08:14], a fund created to support Eastern European news publishers from blended sources of grants, development finance and retail bonds to offer low costs growth and sustainable finance for news organisations. That is the extent of market failure that Europe has had to resort to putting these kinds of measure in place. We have to

10 ask, what about Africa. The primary defence against, and to talk a little bit now about the impact of corporate and government funded streams on investigative journalism and editorial policies. The primary defence against influencing editorial output of the newsroom is the culture and standards that a newsroom practices day in and day out. It is not a given that a newsrooms independence is automatically compromised simply by taking revenue or funding from corporations or even the government directly. Certainly when these become too dominant and when a single source is responsible for most of the funding of the revenue, the risk of complications

20 increases and we have seen this in many examples before. We highly recommend to any newsroom of having a diversified stream of revenue and funding sources especially the larger a newsroom becomes. Some newsrooms won't accept corporate funding whatsoever and others like Daily Maverick have sold advertising since day one and we pride ourselves on the independence of our

newsroom. The threats to the industry are escalating and getting worse, I mentioned even the USA with the world's largest economy and the largest news industry is experiencing an existential crisis with job losses coming out week after week and publishers closing down. We truly are facing the consequences of a failed market and one that was identified over a decade ago. A position that has only been made worse by the practices of big tech and the lack of adequate policy measures and a lack of support from the public and business sectors. I want to end with a special note on the Google News initiative, I know some of my colleagues who have made submissions here before have berated the efforts of the Google News initiative as a charity intended to placate us and maybe this is a cynical view that we also once had but I do want to acknowledge the importance of their effort. Google themselves understood the importance of the news industry to society and to their business model by establishing the Google News initiative that would support the industry in a number of ways. This including funding innovation projects and building tools that would be helpful to the news industry. As a beneficiary of two Google News Innovation grants and the positive impact they have had on our offerings and our [inaudible 01:11:11]. As a beneficiary of two Google News Innovation grants and the positive impact they have had on our offerings and our sustainability [inaudible 01:11:18] grants and the positive impact they have had on our offerings and our sustainability, I can attest to the worthwhile and meaningful efforts that the GNI has had in the



space. While one may argue that in a fairer world news publishers could have and should have been able to afford our own innovation programmes, it's not a given that we would have thought about that consciously and specifically about the projects that we undertook as a result of these innovation grants. We are not an industry known for innovation and we certainly did not show that before the digital disruption hit the global news industry. Many aspects of journalist and South African life can be considered a paradox. A relationship between Google and news publishers is just another one in our world. We have to think of Google as a nation state with different provinces. One province, the GNI programme is committed to the betterment of the news industry while other provinces are happy to chase profits without consideration for the impact on society or the news industry. We have met, interacted with and worked with many employees of the GNI programme, often many of them have come from a background of working in journalism and we consider allies in the sustainability of news. However as litigation rises around the world, there is rising tension with any organisation about how much budget is allocated to the GNI programme and the return on investment of supporting the news industry. We must also acknowledge that we are individuals in having benefited from the Google News Initiative Programme and that is not across the board. In closing I think one way to sum up our submission is to look at Google's motto which is currently 'Organising the world's information' without a healthy journalism sector there is a real risk

that this can easily become organising the world's disinformation. I also do not want the focus to fall squarely on Google because of their dominance in the advertising value chain and the display advertising chain through programmatic channels. Meta as the main enabler of mis and disinformation is also responsible for a huge cost on society and the news industry because of the abovementioned elements of how that cost society and the news industry and their impact on businesses. Thank you.

CHAIRPERSON: Thanks Styli and I see Branco you've joined us  
10 too, welcome, thank you for making the time. I know, like all publishers you're under resourced and over stretched and so we appreciate making the time.

BRANCO BRKIC- DAILY MAVERICK: My apologies, just to clarify, I had a dental surgery so it was a slightly different reason, I apologise for being late.

CHAIRMAN: Not at all Branco, not at all. I mean I think both of us feel there is so much information in this submission and so much to unpack and that is a challenge but maybe Styli and Branco, maybe if I can just start with almost trying to structure it because, so the first  
20 think I think is maybe as the economist here, you know, I get drawn in to things like market failure and aspects but I suppose with the way you're framing it as a market failure is that this is not going to turn around the way that the market has shifted and it's dynamics mean that journalism is unsustainable and as you pointed out Styli, I mean the numbers of journalist are coming down, we have heard

this week that many, even our biggest news properties in the country are loss making but would that be a fair assessment, I mean in your view because of the way the market sits at the moment, this genuinely is existential.

STYLI CHARALAMBOUS- DAILY MAVERICK: Absolutely, yeah absolutely it is existential if we look at all the data that's coming out of South Africa, if we look at the United States which is a much bigger market and has a lot more data on this and conducts a lot more research into this. We see the trends are similar and if the  
10 United States is talking about an existential crisis then we're in an even worse shape. I also just want to clarify one thing as well is that when we talk about a market failure and an industry that's being disrupted and I talked about every industry being disrupted and every industry and every organisation having to deal with disruption and having to innovate, we're not seeing this as a normal sort of creative destruction of a product that is no longer valuable. I used the example in a recent article that I wrote around how Kodak as  
20 dominant manufacturer of film, photography film and what it went through, we ended up with a better product in digital photography and so that was normal creative destruction moving to a better place. What we're seeing with the market failure of journalism is that even as it's being disrupted, journalism is still highly valuable to society especially public interest journalism so there is still value that's there that's being created but what we're seeing is that the economics no longer work and on top of that we're seeing

newspaper publishers and their spin offs like Daily Maverick for example who create the bulk of the public interest journalism who have been more effected by the failing market than let's say broadcast publishers of news for example.

CHAIRPERSON: And I suppose, I just want to try and pack with you the different components, you know funnily enough our guidance in a market enquiry are market features that may adversely affect not just competition but the purpose of the act which has a broader purpose but we can split it up between structure, outcomes and  
10 conduct as well, but is suppose, where I would just like your help, I mean we've moved digital, people are consuming news digitally and there's probably been an explosion in digital inventory as well for advertising and those are maybe irreversible trends, that's the world we're going to be living in. I suppose what one has to unpack is are there features of this market either in the conduct of Google and Meta as he set out or just features in how things work such as social media because people can post it's vulnerable to misinformation and with the world of programmatic advertising, on that, you say it doesn't value the same, they value the same, the quality content and  
20 the other but is that a feature of programmatic advertising by its very nature or is that a product of incentives or other conduct that has occurred?

STYLI CHARALAMBOUS - DAILY MAVERICK: It is, I think if we just look at the world of digital advertising and we look at some of the basics of I guess, its supply and demand. The minute we offer way

more digital inventory obviously the rate per unit is going to come down because that's just simple supply and demand economics but we have to question though is the practices in and around that system that have made the price pressures or the dropping of those prices even worse than they would be normally and so this is where things like not being more proactive about shutting down ad fraud, you know, because the more ad fraud that is allowed in the marketplace, the more price pressure on that because ad fraud dilutes the value of those, of the individual prices, it takes ad revenue away from legitimate publishers and if you own the market you still make money off those fraudulent ads, as one example. The other one is we simply don't know where the other 70% of the value goes when a transaction is transacted in the market place. We also don't know if the people who control the auctions are channelling demand to their own exchanges or are channelling demand to their own properties that generate ad revenue. All of these things contribute to a worsening environment and so yes it is true that the minute you add more supply in the digital space that you are going to get less cost per unit. These other things make it even worse, and then also we mentioned the impact of mis and disinformation and the financial cost that it has by eroding trust which means people are less likely to trust news publications or become a healthy news consumer or if someone, for example, watches a YouTube video or hears a WhatsApp voice note about the dangers of the vaccine and Daily Maverick publishes articles going on, about the vaccine is safe

and that the Council of South African Scientists have said it's all good and whatever it is, those consumers are going to be less likely to a) read us and b) become a financial supporter because there is this distrust. So all these other practices in and around it have exacerbated what the normal supply demand impact would be on the ecosystem and without any transparency to all of this, they've been allowed to carry on and pursue without any recourse. The other one is obviously moderation on what happens on their platform and not having the cost that is associated with maintaining or fighting this mis and disinformation which we do for example. We have processes that prevent that stuff from going out, they don't, they don't have to have quality controls, they get all the benefit from free user generated content but they have none of the requisite cost in maintaining the standards or preventing hate speech from happening or preventing genocide with the platforms being used for genocide or preventing fraudulent advertisers from pushing lies that can affect democratic functions and elections and so when you have all of that, then all those things together negatively affect the individual price per unit of digital advertising but also what then gets allocated towards legitimate publishers, we have all these costs but none of the benefits that the big tick platforms have.

CHAIRPERSON: And Branco you must just jump in if you have any comments at any point.

BRANCO BRKIC- DAILY MAVERICK: I completely echo what Styli is saying. This is the moment where we need to just [inaudible

01:24:03] role of social media, you know, in the future of our society and we believe that if the things do not change, something is going to have to break. We are on one side, we have social media platforms which are on one side playing the role of utility, on the other side they are playing the role of publisher and they're going to have to make up their mind because on one side, as Styli said, they have no responsibility, apart from no costs, no responsibility for what they run on their platforms. At the same time they are applying algorithm that is pushing contents to the people on the platform and  
10 as far as we understand algorithm is [inaudible 01:24:55] because they are choosing the content based on the data they picked up on the user's behaviour. That in itself is a publishing act and what I personally believe and I think lots of people from our industry believe is that at some stage they are going to have to be either forced to drop the algorithm and assume the role of utility or they are going to have to take it the same as other publishers because apart from having almost no financial costs, they have almost no responsibility in terms of what is published and we happen to do all the responsibilities. So literally every angle, every corner, it feels like an  
20 unfair relationship.

CHAIRPERSON: Ja I suppose the central message, as I understand from you is, the incentives are wrong or they are skewed in the wrong direction and there is no regulatory oversight such as the press which might otherwise face some wrong incentives too but there's a code, there's a code of practice and an ethics behind it to

stop those.

BRANCO BRKIC- DAILY MAVERICK: We do not object to what they do per se in terms of what is their business model and what's the social media service they are providing to the audience. We just need to understand there's a difference between them being a very good coder and being a provider of the social service and we believe that where they are playing, they just need to be treated the very same as the other publishers in the market and they need to be subject to the same regulations and the self-regulations that we

10 have in publishing. You know when somebody publishes, I will just give you an example, Pauli Van Wyk, one of our female journalists, every time she publishes and expose against the EFF leaders in connect with VBS fraud, she would get up to 100 threats of rape per hour on Twitter and those threats of rape are actually pushed through algorithms to the people who have shown an interest in seeing the EFF messages so essentially they are being amplified by the Twitter [inaudible 01:27:36] and then, you know, that is not something that the publishers could ever do and could ever, and we as a publisher we would be immediately taken to task for it so we

20 just don't understand why the social media should have freedom to commit those things and then not suffer any consequences.

CHAIRPERSON: I'm interested in that and also Styli's story about the riots. I mean if you're informing Meta of these threats and that content and at least you said you did inform X in that and they don't act, what reason are they giving for not acting?



BRANCO BRKIC - DAILY MAVERICK: I was the member of the subject of Trusted News Initiative which was created just as the pandemic started. It was a body of, made out of [inaudible 01:28:51] media groups globally and the task that the Trusted News Initiative had was to warn about conspiracy theories which were starting in those days at [inaudible 01:29:08] and I informed the body, the body was also, the participants in the body were Google and Facebook and Twitter in those days, X today and as the riots started and as the violence posts by [inaudible 01:29:29] Zuma and other people in  
10 KwaZulu Natal that posted freely and followed and retweeted by the networks. I personally approached the Twitter guys on the group and I was advised to follow the [inaudible 01:29:52] to report the behaviour which I did and a lot of people did and nothing happened and so after that, after the riots in 2021 I actually [inaudible 001:30:11] Trusted News Initiative because the body was actually not attracting me in any way and to be honest I didn't get any response why they would not act to stop the spread of violent threats, I think Styli has...

STYLI CHARALAMBOUS - DAILY MAVERICK: Ja if I have to take a  
20 guess, the minute that they step in and get involved in something like that, it opens up a can of worms for them on the moderation front and then that then means that they then have to become, they show responsibility in one case, they then have to do that across the board which then needs a massive investment in moderation and cleaning up what gets published on their platform and that's not

something that they really want to do because it costs a lot of money and it's messy because what is legal in one country is not necessarily legal in another country, what classifies as hate speech doesn't classify as hate speech and it's a really messy thing. Publishing is really messy and really hard to get right and it becomes a costly exercise to do so and this is why they have hid behind Section 230 in the States which absolves them from being responsible from the content that's published on their platforms but to the detriment of society and these are organisations that have  
10 made obscene amount of profits and have incredible resources at their disposal and they just will not go and do this unless they are forced to and so these practices that we've talked about today contribute to all these negative things both to society and to the news industry and why when a genuine market failure happens and you have these, practices happening at the same time, it contributes to the market failure, you usually only have two recourses, one is philanthropy and one is policy reform and there simply isn't enough philanthropy to support the financial aspects and it's our opinion that policy reform is required to address both the financial aspects of the  
20 market failure as well as the practices that have been employed to date.

CHAIRPERSON: Branco did you want to come back in?

BRANCO BRKIC - DAILY MAVERICK: I just want to say that I echo Styli. If social media platforms were to be brought to our level of responsibility they would not exist, they would be very, very

[inaudible 01:32:57] business and I think it's really important to understand that this is the, we are talking about a failure on many sides to actually understand what's going on here and to understand the difference between the utility and being a publishing company and they exist in the world where they claim to be one thing at the same time that they are bragging and taking profits as to be another thing and I think until that field is levelled and until that clear understanding is, you know, and fairness is brought back, I think we have a really, really tough picture in front of us.

10 CHAIRPERSON: The one think I've been trying to do this week is just to also understand the difference between Search and social media. I mean is misinformation a big problem on Search do you think?

STYLI CHARALAMBOUS - DAILY MAVERICK: Ja absolutely and when we talk about Search we must also include YouTube as the second biggest search engine in the world as part of that and so when you look at those two things combined mis and disinformation is a massive problem because it's not only let's say some random person who puts up a blog or a post on a site that's spreading some  
20 disinformation, there are rogue publishers themselves who have good search rankings and have over the years built up good search rankings that then effectively weaponise their search rankings to push mis and disinformation and we see that in South Africa as well as overseas, so the problem is spread across the entire big tick platforms, the ecosystem but Facebook given it social media

dominance on that side, it's hard to say which one is the biggest, you just have to take a sort of best guess by looking at what's on there and what's available to them to combat it and you can just, you know, just from anecdotal evidence, personal experience, we could say Meta is probably ahead of this because also more social media dominance but it is certainly a problem on Search too.

MS. PAULA FRAY: Sorry, just to follow up to that. Styli in terms of your referral traffic, I mean what are you most reliant on, I know that you said that you didn't become dependent on social media but  
10 could you give us just a quick breakdown?

STYLI CHARALAMBOUS - DAILY MAVERICK: Ja so Google Discover is probably the largest individual source of traffic and with Search, the two together make up about 50% of our traffic, I would probably say it's about maybe 35% and 15%. Google Discover and Google Search. We have direct traffic to our website and we have our newsletter traffic, those two together probably make up another let's say 30% of our traffic and then the balance is split across Facebook which is probably the next biggest one at maybe around 8% I would say, around that, a little bit, 2/3% from X and then the  
20 others sort of like stuff that comes from all over the web that you're not really quite sure where it's coming from or little bits and pieces but that's probably the 90% split is, you know, Google 50%, our own channels 30% and maybe 10% between mostly Facebook and a little bit of X and then the rest is kind of split across multiple sources.

CHAIRPERSON: And Styli mentioned Google Discover, I mean I

think it was a bit of a surprise for us how big this has got, it maybe shouldn't be a surprise as it's on every android phone and with one swipe of the finger you get it but it's not a Google News which is not monetised, it is monetised, it's also not Search, it's a play in a sense into user attention, it's offering a package. How do you categorise that and why it's doing what it's doing in terms of generating traffic and attention I suppose.

STYLI CHARALAMBOUS - DAILY MAVERICK: Ja so, look we don't have, I mean we don't have any real insight into what does better on  
10 Google Discover than let's say Search, we do know it is different content that does well on Discover. Search has a recency bias in its results. Discover can be older articles, it was, I believe someone from the Google team described it as being almost set up for magazine type content and so if you do more of that, it's more likely, or longer form stuff, it's likely to then be promoted in front of people based on their interest across the various Google products like the Android Widget for example or the Google app, and so there's multiple avenues for them to promote it based on data that Google has about the individual and so I think that combination of being  
20 promoted based on interest or based on other bits of data that they have about you has meant it's worked quite well. I think the kind of journalism that we do as well has also, I guess in a way been rewarded by the algorithms at Discover but we didn't even really know that it was a thing until we were analysing our results and we were like hey this thing is now, almost overnight, quite a big thing for

us.

CHAIRPERSON: I think we felt the same and the traffic is often not broken up, it comes from Search but you're right, I think it's got huge. I just wanted to go back quickly to the digital inventory thing, I mean you're right, you've said these other things have exacerbated so that is what you say but just given the volume of inventory, digital inventory, as you said the price will naturally go down, I mean in that world is advertising still a sustainable model for the media unlike when it used to be I suppose, there was a lack of industry and advertising rates could support even the public good nature of it and  
10 maybe just, sorry related to that is, you know we've seen people selling direct and selling, so selling direct they can get a lot more despite the inventory out there and I suppose it's the contextual that you're selling about where you're putting you ad and, so is this a failure that programmatic advertising can't give you context and apart from the fact it's cheaper and people also want to benefit from that.

STYLI CHARALAMBOUS - DAILY MAVERICK: Look we probably may have gotten to this level of where we are now because of the  
20 oversupply of inventory, we may have gotten there, we certainly have gotten here quicker because of all these other things that we've been talking about today because it's fed up this price pressure demand, sorry, the pressure on price and pushing it down. So we certainly got to this place faster. Look you can get, you can make contextual buyers on a few programmatic channels, the

promise of programmatic was that you could even do direct deals with media buyers, the idea with programmatic was that it will replace picking up the phone call or sending insertion orders by email and do away with the manual labour related to executing inventory buyers as well, so there was also that promise too but that's never really materialised because it kind of, you know there's still so many vague and opaque parts of the programmatic buying process, direct buyers through programmatic haven't really taken off because of some of those issues as well as people believing they can get cheaper rates elsewhere. Media buyers also playing their role in this, not really driving home or wanting to be accountable if their purchases end up being a third fraudulent and wasted, they will only be judged on a cost per click or cost per lead even though that might be a fraudulent one. There's multiple aspects that have sort of sped up the position to where we are today but underlying all of that is, we'll still get to that place where the work or the work invested in getting a page of journalism is just not factored into the current market dynamics and that's I guess what you're asking is that would we have gotten to this place anyway and would we have been screwed anyway and potentially we would, it would have taken them a little bit more time if the practices were decent and not questionable in some cases, if there was more effort in cleaning up all these things we have spoken about today, there may have been a more equitable change for publishers to survive in the digital Eco space. So it's still, it's not nothing and it's still an important part of

our business and we have to work harder to maintain the existing levels every year, it becomes harder to maintain that which has been achieved before and we have to also come up with new innovations but I think at the end we are going to need policy interventions both in the advertising ecosystem but also in the journalism sector as a whole if we are going to keep reporting public interest journalism to survive.

CHAIRPERSON: That's what I thought was different about, I mean maybe it's implicit in all the other submissions is that you're clear,  
10 journalism is a public good therefore obviously the social benefits exceed maybe the commercial aspects and so your package of remedies, you've looked to government and I'll come to that but I was interested that you also singled out business and I just wanted to understand that a little more because in your submission I don't think we unpacked it enough but explain that, maybe in a little more detail to us.

STYLI CHARALAMBOUS - DAILY MAVERICK: This is something that we struggle with actually over the 15 years, almost 15 years that we've been around is championing the plight of public interest  
20 journalism, when we talk about journalism as a public good we must be specific that public interest journalism which looks to help protect democratic institutions and help the public make better decisions is the subset of, I guess, journalism in the broader sense and so that is certainly a public good, not all journalism is. But when it is, it does require, there is value to society and there is value to individuals and



there's value to business and if I look at the work of public interest journalism in the last decade and especially in response to state capture, the value that's been created to society works out into the trillions of rands, right, and the problem is and that's why it's a real market failure because that's how valuable the work has been and yet we find ourselves in a position where we're struggling to sustain public interest journalism around the world and so this is where we do need regulatory reform and incentives to encourage the behaviour because business is not connecting the dots and saying

10 actually our business is 20 to 30% better off or more valuable because of the work of public interest journalism, can we imagine what the state of the economy would have been if state capture was allowed to continue to run in the way that it did, can we imagine what the tax system would have been like if Commissioner Tom Moyane was allowed to continue running it in the way that he was or that finance ministers who were put there for questionable reasons to do questionable things are no longer there for example. So all these things add up that influence the macro economic situation of the country and have been made better because of the work of

20 investigative journalism and other public interest journalism and so it's highly frustrating that business leaders do not connect those dots and go, actually why does 95% of our digital budgets need to go to Google and Facebook and leave the country untaxed. Why aren't we allocating even just 10 or 15% of our digital budgets to those people that are helping our economy grow by protecting our democracy and

our democratic institutions and so it's extremely frustrating that when government and business leaders get together and talk about the repair and the recovery of a country that not one single mention of the market failure of journalism is mentioned and what can be done to support that either through direct business support or through some of these policy and regulatory and tax interventions that we mentioned before and so that's why we feel it's highly frustrating that in a business hasn't played its role as one of the biggest beneficiaries of the work of public interest journalism.

10 CHAIRPERSON: And I suppose that is also down to incentives to chase the cheaper advertising and the free riding on the public good?

STYLI CHARALAMBOUS- DAILY MAVERICK: Absolutely and when the cheaper advertising, you know, if we take into account the fraudulent aspect of this plus the cost to society, it's not cheaper, it is more expensive. Google will not protect the democratic institutions of South Africa. Google will not investigate the state capture. Google will not call out those who are abusing power and allow for change to happen because of that and so if you take that all into account it's  
20 actually short-sighted by business. It is not, it is more costly to be sending all this money out of the country and working with, but it takes connecting the dots, it takes vision, it takes getting business leaders to look at the environment beyond just the problem that businesses have but to consider this as a whole and it's really unfortunate and frustrating that we've seen many of these get

together's between government and business leaders and not a single person puts up their hand and says, we have this massive problem that we need to be part of the solution of.

CHAIRPERSON: And on government, again using your framework which I think has been very useful for us, you know, because it's a public good, you know it creates a benefit but you can't, those who create that benefit can't monetise it necessarily and so you need to put in measures to either change behaviour or get incentives for that to be supported. So it seems that's the package that you are looking  
10 at there.

STYLI CHARALAMBOUS - DAILY MAVERICK: Absolutely and the business case has already been proven from the work of investigative journalist and whistle blowers in the last couple of years, billions, we're talking tens of billions of rands have been recovered by the state and the Asset Forfeiture Unit and fines are now starting to be imposed on people who participated in state capture and so there is a real business case for the state to put these tax incentives and regulatory incentives in place so that more public interest journalism can be created and they've already got the  
20 money to do it because they've recovered it right, and so more will bring more and so it just makes sense and we have research to back this up in other countries where we've seen that the minute local journalism is destroyed in certain counties in America, the cost of borrowings goes up because immediately the federal government assumes there will be more corruption taking place. You know there

is research like that, we see it in, we don't even need to go to the States, we can see just here by what's been recovered how valuable public interest journalism is to the country as a whole.

CHAIRPERSON: Branco?

STYLI CHARALAMBOUS - DAILY MAVERICK: I think you're on mute Branco.

CHAIRPERSON: Branco you're still on mute.

BRANCO BRKIC - DAILY MAVERICK: Apologies. I just want to add to the point which is slightly more difficult to quantify but I believe it also extremely crucial is that we are facing [inaudible 01:52:16] globally and especially in South Africa now, the threat to truth. The threat not only from day to day what is truthful and what is not truthful information, we are facing a threat to the actual meaning of truth and we believe that truth is in the centre of every functioning society and if we can't distinguish truth from lies, we can't maintain our value system and without our value system we are sadly and unfortunately going to crumble and the four estate of [inaudible 01:53:05] society are busy crumbling right now and what we are doing right now is that we are holding this line between the truth and the lies and I just want to say that apart from the fact that lots of money has been wasted, lots of money has been lost, the [inaudible 01:53:29] role of the media has been either forgotten or not understood by people in South Africa, people in important positions who should not be there and to me that is absolutely shocking because people don't like to hear this story or that story who are

more than happy to go after the entire institutions and entire sector of society. So make no mistake what's happen now between Google and Facebook and Twitter, it's a massive threat and it's also part of a greater threat which is to undermining the [inaudible 01:54:17] values. If you don't know what is true, if you don't know what's right, we do not have a society.

CHAIRPERSON: Ja an I suppose, you know, one values holding people to account until it's you who is held to account and then you no longer value that but I think it's a good point. I know we've taken  
10 a lot of your time. I had one last question just on your approach to the platforms you say relying on copyright laws and payments for links is not the answer. I don't know if you can unpack that a little more for us?

STYLI CHARALAMBOUS - DAILY MAVERICK: Yeah this is really just in really just in response to some approaches that have happened, you know, initiatives around the world where to get to some kind of basis for compensation or remedial action, people have looked either to copyright law or charging to link to our work and it just doesn't make sense in our approach because then, you  
20 know, if you charge to link to news and you have to charge to link to everything and obviously why the big tick platforms are really, really against that approach, in our world it doesn't make sense and that's why we think that, we think that the environmental rehabilitation framework could be a better way to go recognising the importance of public interest journalism to society and that their practices

contributed to the market failure. If we are just talking about a simple building a better mousetrap then fine, that happens, industries get disrupted all the time but we also are looking at practices which are dubious, questionable and potentially unlawful and so if they have been, if they have done that and they've damaged the environment which we operated, that news operates then environmental rehabilitation might be a better framework than something which then has to go and have potentially massive unintended consequences like opening the copyright law, [inaudible 01:56:49] or  
10 the link tax can and then you might have either ways for the platform to say well fine, we just won't put any links to news on our platform and therefore we don't have any links to pay, link tax to pay or the search traffic, referral traffic completely dries up because they feel that a snippet is violating copyright law. It's useful and it is important for news and public interest journalism to get out as far as possible, so in order to avoid those unintended consequences and probably something that feels closer to our interpretation of what's happened, rehabilitation framework might be a better way of doing it and might be a better way of stopping them from absolving themselves as we  
20 see in Australia now where it's coming to renew those agreements that were initially made a few years ago, Meta in particular is just saying well we'll just stop allowing people to access news completely and that means we don't have to enter into negotiated settlements. If we had an environmental rehabilitation charge because your practices from the last decade have contributed to

this, we could probably say well for the next ten years, regardless of whether you link or not, you're paying this rehabilitation charge and this is why it's justified. So we think that might be a different way to approach it.

CHAIRPERSON: Ja and I suppose that was sitting in my head, it seems to create the wrong incentive. If we need to get more news out there because it is the public good because people need to hear that in itself but also to fight misinformation and disinformation then taxing it in that way seems to be driving them to do the opposite.

10 I mean the other thing that was sitting in my head is well it's often linked to whether or how it's monetised so it can also just not be monetised in which case there is very little payment or as we're told on Google a lot of their ads go to travel or ecommerce which may be absolutely correct but it's a package and so what ads are coming up on the news page is very little even according to them and so it is going to result in meaningless sort of compensation as well.

STYLI CHARALAMBOUS - DAILY MAVERICK: Just lastly on that James, you know, is that if we apply sort of a minimum rehabilitation charge for example and that works out to whatever, it's so easy for  
20 them to recover the cost of that rehabilitation because they still are dominant market players right, so if it ended up being like a, I don't know, for example let's say 2½/3% on the revenue that they make in the country, that could very easily be recovered from, you know, again going back to the stock exchange, if there's a straight fee on every transaction that gets processed on the exchange, it just

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becomes part of doing business and they could recover it very easily so that it wouldn't actually even affect their bottom line.

CHAIRPERSON: Well thank you and I think it's been very insightful and it's good to have a framework and I think it's taken the debate further and that's what you set out to do today I think Styli and Branco, so thank you very much and also thanks for the great journalism coming out of the Daily Maverick.

STYLI CHARALAMBOUS - DAILY MAVERICK: Pleasure, thank you and thank you for allowing our submissions.

10 BRANCO BRKIC - DAILY MAVERICK: Thank you so much.

CHAIRPERSON: Thanks and that is a wrap-up for day 5 and the first week of the Media and Digital Platforms Market Inquiry as we have released our schedule for next week and so we will see you on Monday morning.

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END OF PROCEEDINGS ON 8 MARCH 2024