

**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 14 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 9:

Caxton Media

Campaign for Free Expression

START OF PROCEEDINGS ON 14 MARCH 2024

CHAIRPERSON: Good morning and welcome to day nine of the public hearings of the Media and Digital Platforms Market Inquiry. Today we have Caxton Media running from, well now ten past ten to twelve and then we have the Campaign for Free Expression after that. So, welcome Caxton and non-executive chair, Paul Jenkins. Do you want to introduce your team and then I believe you have a presentation for us.

10 MR. PAUL JENKINS - CAXTON MEDIA: Thank you. Thank you, Mr Chair. I noted from a previous presentation or hearings that there is a degree of informality so please call me Paul and I shall call you James and Paula. Paula and I go back a long way. We have brought the Caxton digital team because that's obviously the focus and I'm going to do quite a bit of heavy lifting at the beginning, but when it comes to the discussions around digital, I'm the wrong generation. So, the younger generation, Servaas de Kock, who is the group executive of digital for Caxton. And we've got Katherine Bell who is Hive Digital who is an absolute expert at everything that has to do with selling ads  
20 and kind of getting things online etc. And then Seelan Naidoo who is the creative and digital director of The Citizen, which is you know, the daily newspaper that we run. So Katherine and Servaas online we have JC Miller who is a digital consultant to Citizen. So we've got The Citizen's mainstream media, but much of our focus today will be, I think, on community media because I think you heard quite a lot from

mainstream and community is slightly different. And it's also got a very, very vital role to play. But I think it's experiencing the same issues and the same difficulties that the mainstream media is experiencing. Erica Zandberg [indistinct 00:20:51] Citizen online and also that's our team and [indistinct 00:20:55] media organisations of journalists that have preceded us at this hearing. And we have been most eloquent. And there's very little that we can say that's original or different or new that has not already been said and I think we can add some insights into our local media business, but we don't have any

10 major kind of disagreements with what the balance of the national media, the media representatives, the free expression organizations, [indistinct 00:21:32]. I think you've got some experts coming. I know that they will be succeeded by Professor [Harber? 00:21:39] and Professor Shiffrin and we commend their views to you because in the lead up to this we've also consulted with lots of people quite widely. And so I think that what you're finding is that the media, who are very fractious and very divided are coming here to tell you a story. There is a theme that runs through it and I think that as civil society, if we ignore that theme that's running through this, we do so at our peril. So,

20 Caxton has been in the local and news business for more than forty years. It owned The Citizen for more than 25 years and one thing that is sacrosanct for Caxton, we are committed to freedom of expression and we are committed to the independence around press so that if the [indistinct 00:22:28] office bearers of Caxton would be Mr Moolman as the owner, me as the Chairman. We are schooled, deeply schooled

in the idea that our editors have the complete authority to set the tone of their newspapers, they write what they want to write. We do not interfere in the editorial. It gives us grey hairs sometimes, but that's the way that the media works. Terry is the controlling shareholder and he has supported the press since we bought the business in the 1970's. And it might be that sometimes we make less than economic decisions inside Caxton and that's because we are actually, this is our voice. This is Mr Moolman's voice and it's kind of, it's very important that we have the right to express ourselves. And that's why we might

10 sometimes keep our publications supported, keep going longer than you would do if you were simply making a business decision for the bottom line rands and cents. I've been involved in the media myself for 40 years. I was a media lawyer at Webber Wentzel, I was an executive of [Joneck? 00:23:31] which owned the Sunday times and I've been the chairman of Caxton for 15 years. So I think, you could say that Terry and I have in ink in our veins. So, ja. From 1985 to 1989 I spent my time in the newsrooms helping journalists at the Argus newspapers and the Y Services, navigate some of the darkest hours of press freedom that we've ever seen. That was when, under the

20 Public Safety Act, the Apartheid government tried to repress the uprisings in Soweto and they tried to suppress the civil unrest and they promulgated draconian regulations on the media. And I can say that I lived through those regulations. Paula, you lived through them as well. You know how difficult it was kind of, you know, getting the press out, getting the media to tell the stories but I would reflect that

not a single story that needed to be told was not told in some way or the other. And that's because we had cohesive newsrooms and the journalists united so there was nothing more energising than the Star newsrooms. The Harvey Tyson or Rex Gibson or [indistinct 00:24:47] Hilliard or the senior writers etc. who were not covered by the state of emergency regulations even though government was trying to push us down. So, since that time, we've had the benefit of a bill of rights and the constitutional democracy. Press freedom was precious. We were threatened with arbitrary detention and today we have section

10 16 of that bill of rights which guarantees freedom of information and the freedom of the press. So any attempt to muzzle the press has a constitutional kind of counter. And the, it's no, you know, I think that you kind of you get schooled, you grow up on a certain diet of importance of your freedoms, but for me freedom of the press is probably one of the most important freedoms. And that's what the media is here talking to you about. So, we can strip it of its artifice but it is actually about that voice and it's about the importance of freedom of the press to a constitutional democracy. So, I would say that despite our constitutional freedom of section 16, the press has never been

20 under greater threat. And that's because whilst our right to publish may be intact, our ability to publish is being hamstrung. So, in the eighties, the other thing I want to say is that in the eighties the technology was different because there was no world wide web. That only came in 1991 as we began to move through to democracy. Newspapers were an entire ecosystem on their own. So they had

upstream markets of advertisers and downstream markets of readers, there were either free knock and drop or paid for with a cover price. Advertisers and subscriptions make the revenue whilst the costs were the newsroom and the presses. So if you envisage you know, what did a newspaper of old look like in 1980? There was no internet. This was the ecosystem. And what happened in that time was that the press, the actual press in the newspaper needed the news and the news needed the press because without both, there was no combined product because a newspaper with only advertising would be an  
10 advertising pamphlet. And news without the newspaper wouldn't get distributed. Obviously there was television and radio. So, there was a symbiotic relationship and there was a balance within the ecosystem. Our business model focused on matching retail advertisers and local area serviced by a commercial centre, a shopping mall with readers. So the newspaper without the local news would be published every week and generally delivered for free to the neighbourhood and they would carry the inserts of the retailers. Because the newspaper ecosystem carried different content, but primarily news, the Caxton knock and drop newspaper would be carried into the home. And that  
20 was the different, we always felt, between having a leaflet stuck in your letterbox which would end up on the ground, whereas the Caxton newspaper would be stuffed full of inserts and advertising, but it would go into the home because the editorial carried that ecosystem. And that's a very vital point because as Dr Radsch or Mrs Radsch said earlier on, if we try and have an econometric approach to try and value

the value of the news versus the value of the advertising etc. we end up going down the wrong route. In the old days when there was an entire ecosystem, Caxton's news carried the newspaper into the home. And the news served a function. There wasn't a question of how many column centimetres of news. The point was, here's the news, the news focuses the reader, the reader's attention is gained and whilst you've got the attention of the reader then you find that they're receptive to reading the advertising. And so the two need each other you know, a very, very symbiotic relationship. And pure knock and drop leaflets were a lot less successful and we felt that the news attracted the reader. In short, news and the platform on which it was served was symbiotic, each needed the other. There was a win-win relationship and they shared the spoils equally. So, if we roll on 30 years, there's two fundamental differences when I look at it now. One, the newsrooms are fragmented. Journalism is a much more solitary kind of thing because it's online and you can sit at home and you can research the internet and you don't necessarily sit in a newsroom like we did of old. So it's a more fragmented kind of ecosystem on news production. But secondly, the digital tech platforms purport to operate untethered from the news and news is relegated to an incidental input by the monopolistic platform owners. And audiences are targeted by ad tech through various content, not just news. So, from the old days we had a symbiotic platform, it was an entire ecosystem. Today news is but one incidental input into a platform that says we don't need news, we can operate however the hell we like because this news

thing is an irritation. But in the old days news was the thing that attracted the reader and brought the reader to the advertising. We say that you can make as many arguments as you like economically and behaviourally, news still forms the cornerstone of the internet. So, I mean if you think about newspapers and digital platforms, they're not dissimilar, both disseminate information, both make money from matching audiences with advertisers, both have an ecosystem of content news and advertising that form the cornerstone of their business. But why is it news is dying as it struggles to tread water

10 whilst the platform owners are the biggest and richest multinationals in the world? So we are now a far cry from that 50/50 participation in the ecosystem. Google considers news to be worth less than 2% of the mix. Finally the world is waking up to this conundrum and the reality of it. Who funds the news and who benefits from it? And at the heart of what we do is our news content. We build and maintain audiences by providing them with interesting and engaging content, predominantly news and because our news is valuable to the readers, they engage with it and with the advertising. And at the same time we can sell audiences to advertisers who want to reach our readers

20 because we're engaging them with our news. In the old days, the cover price of the newspaper in the national market, would invariably cover the cost of the printing and the distribution. And then you'd have the advertising revenue which would fund sales of advertising, the management and the journalists. And the correlation between advertising and journalism was such that the more advertising you



had, the more news you could put in your newspaper because you used to work on a fixed ratio of 40 or 45 or 50. So more advertising, thick newspapers, no advertising, thin newspapers. But the point is that the advertising revenue correlated to the news production. The two went hand in hand. In the free newspaper market we've got a bit more of a challenge because there, there is no revenue from cover price. And at Caxton there are a couple of newspapers that are weekly like The Lowvelder and the Rustenburg Herald that do have a cover price. But invariably they work on the model that they get distributed  
10 for free and we distribute three million newspapers per week and our only funding comes from the insert advertising that we put in them. And, regrettably, less and less run off paper advertising so you run your advertising in the newspaper, that's kind of much more kind of appropriate for the mom and pops stores and the little kind of pharmacy in local area. And then the big retailers, the Checkers or the Pick 'n Pays etc. or the Builder's Warehouse, they will run insert advertising to reach the markets that are in that particular area surrounding the shopping mall. But, in local media, we're reliant on advertising income only. So you can see that, for us, our ability to fund  
20 the news is directly corelated to our ability to sell advertising and to generate revenue from them. So, let me turn to Caxton's media business. We print, publish and distribute physical and electronically. We're one of the largest commercial printing operations in the country so we don't only do newspapers, but we do packaging. We've got Spark Media and Hive Media and The Citizen internal sales team that

sell advertising. We've got 100 newspapers, more than 50 news websites and three million newspapers a day. Digital distribution, Caxton local news and digital platforms. Citizen was founded in 1975. It was a bit controversial at the time because it came out of the [info? 00:34:32] scandal. Today it's one of the largest kind of daily newspapers in the country. Years ago the Star was it at 300 thousand, but that's now down to 20 or 30 and you've seen the circulation levels decline. So, physical newspapers, especially the dailies and the weeklies are really battling with profitability because there's been a

10 tech revolution. And I don't think we must blame everything on the tech revolution, but where we are news producers reliant on advertising revenue, that's where what we're focusing on. What's happened to our [indistinct 00:35:06] ecosystem? Just as a matter of interest, one of our associates is The Witness. It's owned and controlled by Ricardo Jacobs down in the, in Pietermaritzburg. He bought it from Naspers, they handed the baton over, and that newspaper is 186 years old. So the oldest newspaper in the country sits in our stable. Unless Grahamstown has got an older one. I don't know. [Indistinct 00:35:30], how old is that, Anton? Okay we got one

20 of the oldest. And we've got a hands off newspaper owner. So, we've built a sustainable local and national news business model that creates and distributes accurate and trusted news to local newspapers over 3 million households per week. And the evolution of this model is under threat because of the distortions in the digital market. Local news requires a viable business model which Caxton

has worked hard to develop. Local media employs over a thousand employees across South Africa and over four thousand employees in our entire business. We distribute, as I say, a hundred newspapers, our content is free. Local versus mainstream news. Local news is rather different to mainstream news because it is community focused. You've got a very small local community audience versus The Citizen which is mainstream viewed by large numbers of consumers. And again, existential crisis is due to the issues in the distortions in the digital market. Caxton, The Citizen itself, delivers national news in print and digital format. There's a current affairs news publication bringing readers cutting edge, local international business news, horse racing, travel so it's got the whole panoply of information. It's got a sole daily newspaper with free content on thecitizen.co.za and it employs 130 people. So, if I reflect, there's never been a time when the media is not under threat and that's because we operate as a news organisation in a contested space. We annoy governments and citizens alike. We write bad stuff about them, we hold them to account we pursue truth and we have to keep our audiences and advertisers happy. So, you know, very often you'll be running a story and your big advertiser is a bank and then you'll write a story about a corruption in the bank or a kind of overreaching of a client and then the bank manager will phone you and say, but I'm advertising with you and you say yes, but my audience is more important than my advertiser. So we always at war. How do you balance your advertiser and your reader? The platform that we're talking about here doesn't have that

issue. It's agnostic. It just actually, you know, it pushes out its advertising and it doesn't have to worry about whether audiences are happy or whether advertisers are happy, it's a take it or leave it approach. But we've operated in a two sided market and we have to contend with technological change. There's no doubt that news is a public good. It holds governments and the citizenry to account and it is the cornerstone of democracy. The demise and decline of news reporting is catastrophic for free society and if you doubt the value of a free press then go and try and live in North Korea. That's a bit of a  
10 throwaway line that but it's kind of, dictatorships don't have free press. We have, and I can say we can be as critical as we like of government and whatever today, we have a constitutional democracy, we have a free press and we must celebrate that every single day. Our message is that you've heard from, what you've heard from all the media is very simple, be very concerned. This model is broken. News is declining, news is under threat and this is not a false alarm, no one is crying wolf. If I have a look, this is just a little graph here on the size, the relative size of Caxton, Meta and Alphabet. Alphabet, the owner of Google, made a 74 billion in profit in 2023, largely from global  
20 advertising revenue. It's got a \$1.7 trillion market cap. It's profiting as the dominant global digital platform that sells the very advertising that in yesteryear sustained the network of news around the globe. Google is the cornerstone of the digital industry with Meta and Facebook in hot pursuit whilst news organisations are starving of advertising revenue. And in case one may wonder where the content comes from

which generates all this digital advertising, well it's simple. It comes from the original news content of the very news organisations that are dying. So eventually there will be no news content and then I don't know what will happen because the giant will have actually starved itself to death, but nevertheless. In the digital world change has been exponential over the last 30 years, but what has been an exciting technology revolution has also seen businesses and industries decline and disappear and we accept that it is up to the news industry to adapt and meet challenges. But we're here to tell you again, it's not  
10 working. Our business model is under threat. That's not because of a technological revolution or because the media is a slow adopter, but because of market failure and the dominance of the tech monopolist, Google and Meta and they are snuffing out the oxygen of news reporting which is in turn a vital public good and a costly enterprise. But as it is not enough to be unable to breathe, advertising oxygen which previously sustained the newsroom is being diverted to the tech giants and we say that they have parasitically exploited the news content that we've previously sold for advertising revenue to keep us alive. So we're suffering from a double whammy. We've lost the  
20 advertising and the tech giants are exploiting our content. So, if we turn to the digital platforms and their effects on the business news, on the news business, and the tech team will deal with this and provide you with more detail and at the end I will also provide you with the confidentiality, just the text of my notes here so that you don't have to worry about taking everything down. If you have a look at it, the first

point I want to make is that The Citizen and Caxton Media are dependent on digital platforms for roughly 50% of their referral traffic. So let me, before I deal with this, we've had to engage with the tech revolution because it has diverted our audiences from our enclosed walled ecosystem. They've all gone digital. We've had to follow our audiences and that is expected and it would be natural for us to do so and expected of us to do so. That's not our complaint, that the world is embraced in new technology. But in pursuing that technology, we've had to actually face up to the fact that, as we've had a decline in our ecosystem of print revenue and advertising, we've needed to replace that revenue with revenue from a digital environment. And our enthusiasm at the outset was, isn't this wonderful? We are going to be able to distribute for free. It's cheap to distribute and therefore our costs are going to come down. But it hasn't really worked like that because what we've found is that it's been impossible to convert the revenue that we've lost into like for like revenue from the digital platform. And I think it's taken the media 20 years to get their heads around this. Try and try and try as we might, we've lost control of the platform. The platform is untethered from the news, the platform operates independently of the news and therefore we're unable to extract any rent from that platform because we're not the owners of it and therefore we get the scenario that Google can say, you're only worth 2% on my platform. Whereas in fact, on the old platform, it was a joint venture, it was a 50/50 symbiotic relationship and now we are tenants, 2%, we've been evicted, we are the second class citizens in

the platform that exploits our content but doesn't remunerate for it. So, 50% of our advertising traffic comes from referrals and we're dependent on 50% of that for referral traffic. So we can only sell 50% of our advertising directly. The other 50 we get referred. And if you want to know, the advertising reels from direct are very high, but from programmatic, which is actually selling more and more and more of our revenue, the prices are driven to the rock bottom and we don't actually make money out of them. You have a look at The Citizen, we've had a 43% decrease in newspaper circulation, a 23% reduction  
10 in overhead costs and we've reduced our net loss but we're still running in the red, that's the first graph. And the second graph I think might be inaccurate and we've got to kind of redo it, but what we've done by cutting cost is we've reduced our net loss from stratospheric numbers in 2018 down to numbers that might still be manageable. But if it weren't for the benign nature of the newspaper owner and the fact that we've got other businesses, we'd have to close it because it's not making money. It's not something I want to go and tell you know, the investors because we're a listed company, we're worried about our share price and all those kinds of things, but the tail of woe is that The  
20 Citizen is making a loss. And I can tell you, as the printer of other publications, they are absolutely on the bones of their behinds. If they are making a profit they're lucky. We sit and worry about the outstanding kind of print burden. Media24 is making a loss, but I've shown you how much profit the tech platforms are making, something is not right hey. So, the effect of dependence on digital platforms is

that we get low yields in digital advertising and, try as we might, we just actually can't, we can't get it right. So we do not see a viable digital future for news media without action being taken by regulators. This is purely due to what we see as the anti-competitive conduct of digital platforms and the effect this conduct has on the distribution of news content online and the impeding of news ability to monetise content through advertising. So the platform has got a life of its own, it's operated on purely commercial purposes. It doesn't differentiate between news content or other people's content or click bait or false news or whatever, it just wants to make money from advertising. And the public good goes out the window and we sit here as the news organisations trying to actually fulfil a public good, make money out of newspapers, declining print circulations. We're on a hiding to nothing. So the graph there was just the reduction in advertising revenue for the citizen. I didn't put figures next to it because they are confidential. But we've managed to reduce losses and that's by cutting costs. How do you cut costs in a newsroom? What do you do? You fire the news people. You juniorise your newsroom. You retrench. And suddenly you've only got five journalists in a newsroom that used to be twenty. What happens to your news coverage? It's just like it's not there. And so the democratic watch dog function of the news is being imperilled because we have to actually cut our cloth. But we don't get any support or whatever from the owners of the digital platforms who are happy just to put their billions of profits in their foreign bank accounts in the British Virgin Isles [indistinct 00:47:37].



So let's move to the slide that shows that kind of the percentage change in the profitability of our newspapers, local newspapers today, you can see. There's the Caxton's Media profitability going down and there's Meta and Alphabet's profitability going up. And I haven't put numbers next to them but that's like 140 billion and 80 billion etc. So I mean I've just, I've made the point and I just keep on repeating it again and again. Transition to digital is more difficult for local news as well because there's, and we think that there's no viable future for digital news media and especially local without action being taken.

10 Markets have failed because of information asymmetry and negotiating power. So, we're going to tell you a lot of what goes on and the nitty gritty but I think it comes down to two things. Shiffrin says it's about the negotiating power. The newspapers need to have more power and look what's happened in Australia where there's been an effort to restore a bit of the negotiating force of the collective media you've started to see some kind of flow of additional revenue into the newsroom. But before you even deal with the asymmetry and the negotiating power, just think about the asymmetry in the information because Google knows everything about my digital business, but I  
20 know nothing about what Google does with our data and with our audience and with the money that it makes and how it exploits the revenue. So, we've got a whole lot of options like pay walls and subscriptions. Those are really not available to local news. Local news, and the newspaper is free so can you imagine now trying to put your digital local news on a pay wall? You're going to actually just

lose, it's just in the nature of community news where you're dealing with hyper local communities that the community function actually overrides the monetary function and you've got to keep your news free. So we don't have the ability to monetise our content by charging people for it. It's a public good and we're stuck with it. Local news is more dependent on social media, you guys are going to talk to that just now, social media and local media for consumers. 31% of referral traffic comes from local media. So, I'm coming to the end of part one of my statement. Digital platforms prioritise larger mainstream publishers with indexing and ranking and we, as the local media, suffer because we've got fifty local news sites. We never achieve the combination ranking of a Media24 as the biggest news site which Google prefers. So, we're double hamstrung because we don't get the referral traffic, we don't get the, we don't get noticed by the Google algorithm because we're running fifty small sites that are serving our local communities. And the problem is that our local news content is copied and shared widely on community groups, on Meta platforms, on Facebook and on WhatsApp. So you know, our content, it's wonderful to see it being repurposed and distributed etc. but we're not making money out of it, but we're paying for the editorial, we're paying the newsrooms and we're not deriving a benefit. So, at the heart of the problem is a symmetry of information and we need regulation. But I wanted to deal now with the information asymmetry and that is that Google shares nothing. And our tech team will talk to that. But, as we were going through the debate around how we respond to the market

inquiry, your inquiry, it became apparent to us that there's an inherent issue in your jurisdiction which is not, that's not a criticism of you, but it comes out of the act. And that is because you need to get the information in, you can call for information, you can make people give it to you, but it comes at a cost. It comes at a cost of confidentiality because if somebody writes "Confidential" on the top of their document and it falls in as form CC4, I think, that's it. You can't set it aside. You have to comply. But we need, as the media, we need that information so that we can resolve this information asymmetry and go  
10 into a negotiation with Google on an equal footing. But of course that's not in the interests of the big platforms, they keep their information to themselves. So, in that process, we approached what we considered to be probably the most experienced media lawyer campaigner in the country, Dario Milo. And we said to him, is there a way that we can extra information from Google in a process that is separate from you? That wasn't meant as a disrespect to your process, but it seemed to us that we needed to take responsibility for enforcing our own rights. And I had thought of asking Dario to come and join us here, but I'm going to talk to some of the aspects around PAIA and it'll be a bit  
20 truncated, but we can make written submissions to you as to what the PAIA process entails. And I'm also going to, in this part, tell you about the fact that we had negotiations with Google and we were bound by a confidentiality undertaking that said we couldn't talk about them. But I had a fight with Google last week when they wrote a response to my PAIA letter and put "Confidential" on the top of it. I said how can you

actually tell me that you're not going to provide me information and that's confidential? So therefore please redact the letter that you sent. Tell me what's confidential, tell me what's not and if you don't tell me I'm sending it to the media. And they didn't tell me by Sunday so I sent it to Moneyweb. And Moneyweb wrote the story but they kept some of the stuff out which was the story of the negotiations. So I'm now, and then eventually Mr Mackenzie wrote back to me and said we don't claim anything confidential in the letter. So I might just share the letter with you but it does refer to the fact that we had negotiations with

10 Google which they tried to keep quiet. So I haven't resolved this yet. It's an election year and I'm going to live by the statement of Joseph Pulitzer. The Pulitzer prize is one of the foremost kind of prizes and Pulitzer said, there is not a crime, there is not a dodge, there is not a trick, there is not a swindle, there is not a vice which does not live by secrecy. And if we are here talking about the media, if we're talking about our survival and our very survival is about transparency, it's about bringing information and signing light on it, on the issues, I absolutely refuse to be contained and restrained by confidentiality. This must be a debate that is in the public domain. People must know

20 what we're talking about and that's why I had a fight with Google about the confidentiality of their response to my application for them to disclose. We sent them a list of some fifty questions. I've published the letter with our fifty questions on our website. Mr Harber, the Campaign for Free Expression, also sent in a PAIA. He had no confidential relationship with Google and they responded to him,

“Confidential” as well. Why are we trying to hide our information from public scrutiny? So, effectively, in terms of the PAIA process, the information regulator is given rights to enforce applications, Promotion of Access to Information Act. And South Africa has got a very broad and open constitution. It respects access to information and invariably around the world, governments and state and quasi state organisations are compelled to provide information about the way that they administer the lives of their citizens. South Africa’s Information Act goes one step further. It makes provision for private applications

10 for information when that information is necessary to enforce a right. And we are now going to use our rights under the PAIA Act to enforce our rights. And I can tell you that if Caxton makes a promise, we keep it. This will go to the Constitutional Court because the Constitutional Court must tell Google this is the information you must provide. And I’m going to go to their letter and I’m going to highlight what they say about what they think they should provide us and what they shouldn’t. But nevertheless, there are three fundamental rights that we want to enforce. We want to enforce our rights under copyright. We want to enforce our rights to fair competition under the Competition Act and

20 we want to enforce our rights under section 16 of the constitution which says that we have the rights to free expression, to freedom of the media and to freedom of the press. And I go back to what I said at the outset and that is that we might have section 16 rights, but if you don’t have the ability to exercise those rights and they’re affected. And the information that I want from Google has to do with my ability

to enforce my right and therefore, if I brought Doctor Professor Milo here, he would tell us that what we started out as thinking are you crazy actually is a very, very pertinent and real case. And so there's law. I mean there's law about Khumalo versus Holomisa. Every citizen has the right to freedom of press in the media and the right to receive information and ideas. The media are key agents in ensuring that these aspects of the right to freedom of information are respected. The ability of each citizen to be responsible and effective member of society depends on the manner in which the media carry their constitutional mandate. That was Judge O'Regan in Khumalo versus Holomisa. And that's the concord. Every citizen has – Ja, I've read that. We've achieved huge victories for freedom of the press, but without access to information, they are hollow rights. And this is at the centre of this case. And I was going to, I've got some slides here that have to do with the role that the local newspapers play and the kind of role that local content plays in the community because community news, you can just see, if you have a look at these headlines here. They are absolutely critical for shining a light on local government. Local government is perhaps one of the least kind of efficient, most controversial aspects of our administration. And so our local newspapers play a vital role in this and we say that if Google and Meta are affecting our ability to run our media, our section 16 rights affected. We're going to go and hunt that information. Watch Google fight it all the way. But that doesn't matter because we're not expecting the competition commission with its competition

confidentiality regime enshrined in statute to come to our rescue. It might be that you will find a way to suggest some kind of legislative reform, but we don't expect the competition commission to solve this problem. We're going to go and run a parallel process and we're going to do it in the public domain. So, we've got a slide here that talks of the value of local news to citizens and democracy. We act as a local watch dog, we serve underserved communities, we mediate a local identity and a sense of belonging, we make local information accessible. And so part of our PAIA application is to enforce our rights

10 to be able to do that and to fulfil our constitutional duty to provide a voice. We think that local news provides huge value to Google, Facebook etc. because if you have a look, we rank highly in search results. We're a trusted source of information, we're relevant, we inspire local action and engagement, we provide reliable and up to date content, personal experience. All of these things are important to the ecosystem of Googles search platform. Going back to the old days, it wasn't just about the value of a news article and the headline. It's about the entirety of the symbiotic ecosystem and we imbue value and engagement to the tech platform. Without that engagement,

20 advertising doesn't get consumed. But to take an econometric approach to the value of a single article is a false route. I mean I illustrate it like this. You know, you can go and buy a painting in Artist for the Park for R100. You can go to the Louvre and you can buy the Mona Lisa for, it's priceless. Is news kind of R100 artist in the park or is it the Mona Lisa? Well it's somewhere in between, but I don't think

you can actually say let's put media on the scale and weigh it. It's a public good and it's got a much bigger role to play. Right, so now I'm going to move on. Let's see where I'm going to next. I wanted to deal just with Google's response to our request for information. Google marked its response letter, response to the public request for information confidential and it did say unilaterally. It says, "Caxton is not otherwise entitled in law to the information requested. You will appreciate that the information you have requested is confidential and includes proprietary commercial and financial information and trade  
10 secrets. The requested information is also not required to protect the right to press freedom and we deny that Google's products limit the media's prelim. Our products promote freedom of expression including freedom of the press." So that's their position. That was 50 questions that we asked them for information and it related to our information. How does Google track Caxton? How does Google see Caxton's kind of performance in the market? Even that is confidential. So there's a fight heading here and I don't think I can take it any further. Let's see. So, I think if I go to my conclusions, the asymmetry of information as resulted in market failure. We don't have information  
20 about data algorithms, revenue profit, training AI models, ad tech value of content, we have none of that. That leads to market failure where there are no fair commercial terms, no transparency, potential excess of pricing, free riding, abuse of dominance and that results in unsustainable business models for publishers profiteering by the platform and survival of news media is at stake. So, the entrenched



dominance of the digital platforms is the issue that you have to wrestle with and you've heard from so many people, what does it do to you? We have an issue with the conduct of the platform. They're secret, they're indiscriminate, they free ride off publisher content and they have complete control over traffic, no accountability. The effect in our business, low advertising yields, inability to monetise digital news, no incentive for digital investment. And our Caxton media business is under pressure. We've got hundreds of journalists at risk and a hundred publications that consume, that serve consumers across the

10 country. And I think it's quite stark, if you just have a look at what does, what do we know about Caxton and what do we know about Google. Here's my slide. You know how many employees we've got, you know how much tax we pay, you know what our revenue is, you know what our BEE level is, you know how many publications we've got, you know how many journalists we employ. We product an annual report and that's detailed, granular information. But if you go and have a look at what Google tells you, what you know about Google, on all of those metrics, you know nothing. It might be that they publish their information in their annual report in the British Virgin Isles for the

20 whole of Google, R1.7 trillion but we know nothing about what they're doing in this country and that's not acceptable from our point of view. So, that's kind of, and I want to know, sorry that I've had to bore you with so much information. I now need a mouthful of water and I'm going to turn to my team because when I was trying to work out how I actually engage with them and then give them over to you because

these are your subjects, I'm going to ask them each a question and they're going to talk to it and then you'll be able to kind of intervene and kind of get to the nitty gritty of the questions. So I want to start with Servaas and Servaas, you've been involved in a digital journey with Caxton and you know, you're many years on now. What do you see as our biggest challenge?

MR. SERVAAS DE KOCK – CAXTON MEDIA: Thank you, Paul. Morning Mr Hodge. Morning Mrs Fray. Thank you for the opportunity to participate in today's public hearings. Caxton started its digital  
10 journey around 2010 to 2013 and the big challenge we faced at the time was how to distribute local news with a decentralised branch structure. I think that was one of the key points for us. We embarked on this journey mainly because we could see the dominance of digital and the shift that was taking place. By implementing the strategy we had to spend a tremendous amount of money on tech infrastructure by developing 72 websites which was reduced later to 58. We also had to implement proper change management to ensure that we had frequent content updates on our websites. We saw digital revenue as the holy grail where we could increase our profitability due, in theory,  
20 to a lower cost based and greater ridge to our consumers. In the early days, Google was our partner, definitely. Google made all these tools available and assisted us to getting traffic to our sites. Google actively told the industry that content should be freely available and that the publishers needed to fully embrace the power of these technological developments. That has changed since. Today we find ourselves with

a well equipped tech stack which we are now entrenched in and have no plausible alternatives available. We are still delivering high quality journalism on a daily basis, but what is lacking and what I consider our biggest challenge is maintaining sustainable and sufficient digital revenue. Once proclaimed a partner, Google has now turned from a partner into a secretive global competitor with a trillion dollar market gap. The holy grail has gone missing and that is due to Google's dominance in the South African market and the fact that we are not getting our fair share of direct digital revenue budgets as the result of

10 Google dominance. Due to the small portion of direct digital revenues, we need to rely on a secondary revenue strategy, namely programmatic advertising, to fill unsold inventory at roughly a 90% lower yield. We are reliant on Google, Meta and other digital platforms that are able to accumulate enough market power. These platforms, especially Google, has locked us into using an array of inter linked products which it is able to do due to its monopoly. If we stop using Google's products and stop making our news available on Google, we will face an immediate and significant drop in traffic to our websites, leading directly to a corresponding drop in revenue. No publishing in

20 South Africa can afford to do this. We have no choice. Digital platforms use our platforms and that other publishers to make billions of dollars annually. Apart from both the direct and indirect commercial value they obtain from our content, we are unsure how much user information they are gathering from the visitors to Google news and discover and if they reach target, these audiences with additional

commercial offerings which is unknown to us at this point. All we want is for Google and other digital platforms to be fair. Compensate us for the content we provide and offer us an opportunity to continue generating quality news and keep our communities informed. Thank you very much.

MR. PAUL JENKINS – CAXTON MEDIA: Thank you, Servaas. So, it doesn't escape me that Servaas refers to the holy grail. We're pursuing the holy grail of digital advertising and digital revenue, but actually we are the black knight lying on the side of the road saying it  
10 is but a flesh wound, but all we've got is we've got a torso. We've got no legs, we've got no arms, we're in a bad way. So, we're going to look for the holy grail, but I don't know how we're going to get there. Seelan, what are your concerns regarding the funding of a newsroom and sustaining a digital business into the future?

MR. SEELAN PILLAY – CAXTON MEDIA: Morning [no sound 01:10:31 – 01:10:48] servicing the public en masse. Can you hear me? That's better. [no sound 01:11:09] at risk – Is that better? Thank you. The digital business on its own has not been profitable and cannot compensate for the loss in print, circulation and advertising income.  
20 Continuing to employ journalists is becoming extremely costly as publishers feel the return on investment on digital income is not covering the operational costs. Sustainability and profitability are the key to succeed in any business, but we are seeing this dwindle due to the actions of digital platforms and how they have ringfenced themselves by using our content to gain following, data and

audiences. This puts them at a great advantage as they possibly collect this data from all publishers, and as Paul mentioned, are not very transparent about declaring that to publishers, and hold the monopoly when selling these to clients. We, on the floor, when we approach clients on a global scale, brands that operate in South Africa such as Coca Cola as an example, they're mostly sold in international markets on a global scale and targeted at African markets. So the investment is made from South Africa by [employing? 01:12:33] journalists, getting content out there and news, but it's being yielded  
10 internationally. Content, as publishers, is our currency and with these costs of producing content we cannot sustain a business or our income streams which are jeopardised or used by digital platforms to edge us out of the market and leave us dead in the water as publishers. Transparency and control of the indexing of content, digital platforms make use of algorithms that need compliance from publishers to show up [indistinct 01:13:15] or in social platforms. These algorithm changes are an entirely closed book. When they are implemented they are done so with little or no consultation with publishers. We tend to scramble around to comply after a change as  
20 we see a dip in numbers or income. Our income streams are directly linked with website performance and we take a hit for months or on the end of it we see a recovery but at the cost to the publisher. We often find ourselves investing budget towards digital platform boosting or advertising content to see a spike in traffic or build up after an algorithm change which isn't sustainable and organic. Programmatic

channels through Google, which sells off our inventory at lower ECPMs, undercutting our direct sales effort. It creates a volatile digital advertising revenue as well as the challenge of developing a sustainable subscription based model in an era where online content is often expected to be free due to digital platforms. The Google ecosystem has created a closed environment which forces one into using their products with very few alternatives. Although publishers can build out some of these, they come at high development cost and the current situation, with the current situation very few publishers can afford this. So you're forced to do, into a do or die situation. As a mainstream news publisher, we pay a premium monthly fee to use syndicated content from the likes of AFP, Gallow, Getty and even Moneyweb who produce our business content. We pay for that as a publisher. Digital platforms, in the same manner, use our content for free and create commercial value for themselves with no, or minimal, overhead costs. Thank you.

MR. PAUL JENKINS – CAXTON MEDIA: I've got two more to go. We've got JC, who I think is on a link, and I've got a question for him which is quite short, which is how Google's dominance in the search market affects publishers in terms of traffic and monetisation from search as a traffic source. JC, are you there and would you introduce yourself? We can hear you.

MR. JC. MILLER – CAXTON MEDIA: - the latest published stories. This is how users and we all now consume content. The user chooses, but can only do so from what Google presented to them so in terms

of search, where Google dominates 97%, Google decides what the user may or may not read. On the search results pages, they present only what they decide is [indistinct 01:17:02] from the least worthy to the most based on a ranking score they control on the side without transparency. And at relevance to the search [indistinct 01:17:15] has very little impact on a publisher's content ranking when it comes to even the slightest competition. The user takes clicks through to read only what Google presents to them so this entire process up to this point has been monetised by Google on their platform as a search engine. Next, the user will open the post to read it. Analytical software tracks the user engagement and it happens to be Google analytics and feeds information back to Google and even audience data for monetisation. But all this data gives Google more micro and macro control over the fate of the publisher in Google search results. The user is presented with the content, but what the user doesn't know is up to that point, Google requires the content to be of a high standard and to be presented to their specifications otherwise there will be no, or very little, chance of any exposure to organic search traffic. So the user in reality views Google's pre-approved content. The content is 10 unapproved, it will also affect the ranking of the entire website in any future posts from the website. For this there are only guidelines or then a list of rules published that publishers must follow by Google, but it's very vague and not exactly transparent and guides only. During this experience of reading, the user is presented with advertisements. 20 The advertisements must meet Google's approval and preferably, if

you want any change of monetising, be implemented using Google ads [indistinct 01:19:01] that open auction and Google ad exchange is also used to monetise. The way and where the ads are presented, the quality of the ads, the speed that they load at and any third party providers you also use, will affect the potential revenue. Even if a custom solution or alternative solution is used, if Google does not approve, it will affect your search ranking. The user experience in terms of performance is also affected at this point because the technology [stack? 01:19:31] used to present the public's content through the users, must need a very long and complex list of ever changing requirements enforced by Google, on all publishers otherwise you will get less or no readers and have less to no monetisation opportunities for the content. Important. This is not Google's platform they control with self-made up rules, regulations [the matrix or? 01:19:58] or performance, this is the publisher's platform where the user is now reading the publisher's content. In conclusion, I admire and appreciate the entire Google stack of solutions and tools Google provides for publishers but we have to step back with Google at our side and take a holistic look at everything, as we are doing now, to get a full perspective. Perspective can be nothing other than a full view of how much control and dominance Google holds over publishers. That of the long list of [indistinct 01:20:32] publishers, like News24, enjoys instant ranking irrespective if they do or do not make any of the long list or enforce some publishers. They're entertaining a lead on a story before it's even



published. This may or may not be unintentional but for publishers it's real either way. Google is creating the entire industry inclusive of its freedom and ability to freely publish, evolve and grow and even survive. Thank you for the opportunity to speak today.

MR. PAUL JENKINS – CAXTON MEDIA: Thank you, JC. You've been very patient. I've got one last person to present to you. Katherine is our secret weapon and she's going to talk to you about that the community, the local media, Caxton Local Media are facing, which is I think very pertinent to your questions about how our local media is  
10 faring and she's our kind of content and the digital expert. So, Katherine, over to you. From a commercial point of view, at a local level, what are some of your challenges?

MS. KATHERINE BELL – CAXTON MEDIA: Hi. Good morning and thank you for affording me the opportunity. There are quite a few issues and I think quite a few of them have probably already been addressed in the days prior, but I've highlighted five of the main ones we currently face. The first being revenue. From a revenue perspective, Caxton Local Media is really struggling to grow our revenue and remain competitive. While we are continually having our  
20 direct revenue source, the actual consumers intercepted prior to them reaching our sites and we are therefore reliant on the digital platforms for up to 50% of our traffic. Over recent years, search platforms, Google in particular, have adapted their technologies in a manner that holds consumers from coming onto our own news platforms. In effect, they now own the consumer. Through story snippets that appear on

search results which draw consumers onto the platforms, users often get the information they are seeking from us without physically having to click onto our titles. We thus not only lose that user, but the data and potential advertising revenue that comes with them. News forming part of search results also provides platforms with significant value. Through the presence of products such as Google News and Google Discover, Caxton Local Media's content is being shared once more, often resulting with the consumer not needing to click through to our actual titles and engage with our content directly. Once more, we then lose that user and the potential advertising revenue associated with them. The rapid uptick in Google Discover's growth is achieved on the back of the availability of up to date and relevant news content. This is a further example of digital platforms using news content to attract consumers and scale their very own products at the expense of the news publishers. Caxton Local Media is highly highly dependent on Facebook due to the nature of community news and how users engage and interact with the local communities on Facebook. Local news is incredibly valuable to Facebook for this very reason. However, due to the deprioritisation of news and Facebook's algorithm, and the organic prevalence of prioritisation of news, we have to physically pay Facebook in the terms of boosting to get users to see our content on the platform that they have actively opted in for by following our very page. If left without the hard cast of the boost and we left it to the organic algorithm, a very marginal percentage averaging 10% or less of our actual users would see our own content.

From a digital revenue perspective, quite simply, more users equal more ad units available to monetise which equal more revenue. However, by this big player taking our users away, we physically have less users on site which equals less ad units available to fill which A) makes us less competitive in the market as less advertisers are willing to buy our inventory as we are seen as smaller or potentially less valuable. And B) it reduces the revenue we're able to make which naturally has a direct impact on the sustainability of our business. Our clients will openly tell us that the majority of their ad spend will always

10 go to the platforms that have the biggest audience and scale. I experience this reality every single day where we simply cannot compete with Google's scale and audience which, to be honest, has been built on the back of our very own content and newsrooms which is leaving us outmatched and outsmarted every day by our supposed partners. The second big issue we're facing is our tech stack. From a tech stack perspective, as publishers, we simply are forced to make use of the Google stable. They potentially monopolise the market and there aren't really any plausible alternatives. All of the Google products plug into each other so seamlessly. If we're looking at the

20 GAM360 ads, DV360 as well as then also moving onto products like Looker Studio, GA4, Google Search Console and the list goes on. We have proactively, and at length, explored alternate SSPs. However, Google's stake in the market is just simply too large to compete with and moving away from their suite would likely result in business suicide for Caxton Local Media. For every impression that runs

through Google Ad Manager, we are charged. The main objective of making the choice and GAM being our SSP and ad exchange, is the by demand that should come with it as it is Google after all. In principle, in a programmatic transaction, Google brings the programmatic buyers and presents them the opportunity to bid on our inventory and therefore thus can charge us for facilitating the transaction. However, I joined the digital media industry in 2016 with a particular focus on programmatic from 2020. It was only yesterday that I learnt that Google also charges us for unfilled impressions.

10 Essentially what that means is that if that ad slot is left blank on our titles, we make zero revenue from it, it is not an ideal user experience, it is a blank space on the page, yet we are still required to pay Google for it. Literally for a demand that by choosing them, they were meant to facilitate and failed to do so. In addition to this, I think it's also just important to take note that, as a South African company, Google is charging us in US dollars, not rands, something that can be quite detrimental in this current economy as a South African business. Additionally, we then are also required to pay VAT on that which they are not imposed to do. This is not the level of transparency we really

20 do expect from the partners we do business with. Thirdly, from an investment and digital point of view, over the years Caxton has really invested a plethora of resource into growing our digital strategy and focus in the business. However, to be honest, this has become quite a costly and futile task. Over the years we have spent a large amount of resource training and educating and upskilling staff members on

the digital ecosystems of our partners as we are reliant on them, only to have them at minimal to often no notice, entirely change the algorithms leaving our skills and knowledge essentially redundant. Additionally, as these big players are so closed in the sharing of their information, it's made it exceptionally difficult to understand how their algorithms work and to use them to our advantage, let alone work hand in hand with these so called partners. Another issue we've really been struggling with is the level of support we receive as a so-called partner to Google. As publishers working on a [high per 01:28:31]

10 local level, we have over 50 sites serving over 100 local titles within our network. The best way to serve ads across such a multitude of sites from a centralised point, which is our business model, is for all ads to be plugged into one ad server. However, in recent years, Google has made the criteria for this a lot more challenging and created an account type called MCM, being Multiple Campaign Manager. This format of Campaign Manager allows publishers to sell inventory across multiple titles. Despite the fact that we own or physically have shareholding in all of our titles, we still have to go through an extremely lengthy application with Google to achieve this

20 form of account manager and they rejected our application and instead requested to downgrade our level of support with them. This form of ad serving would not only enable Caxton Local Media the ability to better serve ads programmatically and increase our yield, which is also beneficial to Google as they are taking a percentage cut of all of our revenue, yet it appears they've rather tried to decentralise

our business and disaggregate Caxton Local Media. We are not provided with adequate explanations for these actions and this is not how we expect our business partners to act toward us. Nor were we even told in writing that our application had been unsuccessful or the reasons as to why. And the last challenge is just user data and personalisation. I think, as you all know, to be successful in any business, we need to be providing the value and solutions to the consumers that they are seeking from us. In order to that as publishers, we need to understand our users to cater our solutions to  
10 meet their very needs. Once more, the lack of transparency has made this increasingly difficult as these platforms are either intercepting users before they arrive on our platforms by using our own content thus removing our ability to attract or gain any data on that user to better understand them. Or the users that do still stand on our site, they are collecting this data over and above the capabilities that we have to collect data on our very own users thus making it almost impossible for us to create our user experience and, as a result, grow our revenue as there is such little transparency from these said partners. Thank you.

20 MR. PAUL JENKINS – CAXTON MEDIA: Thank you, Katherine. So we get to the part where we are now all yours and I'm sure you've got lots of questions and we'll do the best to answer them and you'll please excuse me if I kind of plead that I'm ignorant and find better people to answer you. But thank you very much for being so patient and allowing us to present to you and for being so engaged with us.

Thank you.

MS. PAULA FRAY: Thank you very much. A really comprehensive presentation, but also for your submission and the information that was in the submission. I wanted to focus, maybe Servaas, you and Steven can help on this and focus on local media because as you said, lots of people have come here and spoken about national media, the Association of Independent Publishers is coming tomorrow and so we'll also get their perspective. But I wonder if you could give us a sense, I mean you've spoken about the impact, how difficult it is to be  
10 able to really have a sustainable business model for small local media online. I wanted you to really give me a better picture in terms of what digital has meant on the ground for your local media. And I mean, part of the process of having a public hearing is that you get to explain to the public really what your business is and how your business has been impacted. So, in terms of what we're talking about today, what has the change been for your local titles in terms of your ability to staff them, to grow them and to serve the readership over a period of time?

MR. SERVAAS DE KOCK – CAXTON MEDIA: Thank you, Mrs Fray. It's quite a big question so I'm going to start from one side and work  
20 through it. I think if I start with the last part to address from a staffing point of view. Staffing has been challenging especially as Paul has mentioned as profitability was going down, we had to relook what was going on in our newsrooms. And I think, if I get to our local brands, our local brands is very strong brands in our community. It's trusted brands in our community. The community trust our brands, that's

where they get news. So what we had to look at is how can we increase the touch points to our community? How can we give our community more news in different places? And I think that's, in essence, what happened here. When digital evolved or there was a spike in digital, we had to look and see where are the community engaging with the different platforms. And that's the approach that we took and that's why we created Facebook groups, to make sure that we can offer people news there. So our biggest partners, and apart from just delivering news, another aspect was the engagement of the community with us as the publisher. So we want to get feedback from the community, we want to know about stuff happening in the community and stuff like that so that created that channel of local engagement which I think is completely different from your mainstream media. From a local point of view, I think the relevance of content is extremely important and that's why we see high levels of engagement on these different platforms from a local point of view. I hope I've answered your question.

MS. PAULA FRAY: In terms of staffing, in terms of titles, have you had to close titles over the years? Have you had to have your newsroom shrunk?

MR. SERVAAS DE KOCK – CAXTON MEDIA: Yes, if you just look at, I think when I commented we reduced our size from 72 to 58 and yes, we had to look at certain publications. We had to close certain publications so we had to take a look at the business and see what is profitable and also where, in the past we could have had the luxury of



having five or six different titles in a specific community or in a specific area, that is reduced. So yes, definitely. There was definitely an – And the thing is also, some of the newsrooms we had to centralise where you had de-centralised structure. You had to look at how can you provide news from a centralised structure in certain areas? So those type of things are the things that we had to look at.

MS. PAULA FRAY: In your submission I think you spoke about news deserts. Are you, is it your contention that very often when local newspapers close that there isn't necessarily someone else who  
10 comes in and takes, that space that in fact people are left without any news, local news?

MR. JC MILLER – CAXTON MEDIA: Absolutely. Absolutely. If you go and look at, if you just look at, if you go for instance, like a platform like Google Discover and you see how many sources provide you with local news about a specific area, you'll see that it's extremely limited.

MS. PAULA FRAY: I actually went to local news. I went to Google Discover this morning to check if any local media was there. I mean do any of your stories ever feature on Google Discover?

MR. JC MILLER – CAXTON MEDIA: Yes, definitely. I'm going to ask  
20 Katherine to elaborate a little bit on that and give you some more information, but yes, we feature, all our publications in different areas, we do feature.

MS. KATHERINE BELL – CAXTON MEDIA: I'll answer to the best of my ability, but once more, as is the tonality of this entire conversation, we have such limited insights into what is actually happening. From

what we can pull from our own sources, we do have impressions being served there [indistinct 01:36:39] marginal. With the click through onto site I think being quite in line with what you've seen across the industry so no larger uplift even though there should be due to the nature of the community engagement with it. I think it's, again it's just fighting independently at a hyper local level against such large titans, from a news point of view, before we even get to these digital platforms. I think it's just so hard to even penetrate that market.

MS. PAULA FRAY: And then, just for my own understanding, have  
10 community newspapers traditionally been able to support their news, be profitable on their own or have they been cross subsidised?

MR. J.C. MILLER: No, local newspaper [doesn't? 01:37:22] profitable. Ja, definitely.

MR. PAUL JENKINS – CAXTON MEDIA: Can I just make a distinction there and I think it's, it's an issue that I think we all still have to wrestle with. So Caxton is, we call ourselves local newspapers because we are at a level a little bit higher than what the AIP is going to come and talk to you about which we long since resolved at a hearing in Cape Town in about 2012. We will be local and we won't call ourselves  
20 community. Even though we serve communities, we're not that small that we call ourselves community newspapers. So Kate Skinner will come and tell you that they are the community newspapers. Our local newspapers, there's 70 of them or 100 of them and essentially we have to look for a viable commercial model for our newspapers and then our digital kind of has to leverage off the back of that. To make it

viable where you actually have consistent distribution to an entire neighbourhood every week, there's a cost to the platform, there's a cost to the newspaper. You produce a 30 page newspaper, you put inserts into it. So you need to have a well of advertisers that will support you which generally come out of your local centre, your kind of Rosebank mall or the records where you've...that will be a local newspaper. When you get even smaller and you don't even have the local mall to support you and you're now trying to serve a community, which is you know, full of spaza shops and kind of informal settlements, then you really face a challenge because your newspaper is free, your cover price isn't sustainable and you've got to attract revenue from advertisers and your publication rate is uncertain. So, in a sense you'd think and hope that digital would actually then give you an alternative form of publication where the costs of distribution and printing and things like that are much cheaper. But of course then access to data begins to become the problem. So, you know, it's just like...and if you wanted to know where literacy and where newspapers are really really needed, they are needed at the grassroots level. Caxtons is a little bit of a level above that and I'm afraid I don't know how to wrestle with the solution to, let's call it, the complexity of Google for a grassroots publication that is producing maybe once a month, twice a month we can try and help them with printing prices. Distribution isn't a problem because distribution, even for Caxton, is the back of a bakkie. But you know, we can give the access to the printing, but where do you find you're

advertising? And what we're finding is that the run of paper advertising, which is suited to the mom and pops, and the spaza shop or whatever because you know, you're in 20 thousand newspapers and you're saying come to the store, you know, the supermarket, that, we're finding that even in our kind of centres, the Wimpy is not advertising or the Pick 'n Pay or whatever. So run of paper is diminishing, people are going for the lower cost digital revenue, digital advertising. That doesn't work so you know, look I don't know what the answer is, but the lower you go into the community, I think the  
10 advertising problem becomes more difficult. And maybe you would say, well Caxton has found the sweet spot because we found the place where the advertiser and the kind of community dove tail at the most optimum point. And so we're seeing maybe less decline whereas at a kind of national level, you know, the pressures are huge, you've understood those. And at the micro community level, I don't think we've got answers. I don't know whether that helps you, Paula?

CHAIRPERSON: Maybe just to follow up on that, Paul, because I think you've raised an interesting thing about you know, we've focused on the big ad tech and the big advertisers, but the smaller  
20 advertisers, are they going to things like Facebook marketplace? Are they going to...I mean I know Google invests a lot in getting businesses online is that then more direct advertising through Google. I mean what is your experience, if you engage your advertisers, your mom and pop, your local store, what do they say where they're going? Because it may not just be trying to get an impression on a major

search engine, it may be in other forms.

MS. KATHERINE BELL – CAXTON MEDIA: Paul, from my experience, they are going to the bigger guys, just again because of the accessibility and the ease of use. They've positioned themselves extremely frontward facing to the daily consumer and they are so prevalent that it is very easy to use. So I think it's the national adoption whereas I mean, even being educated and in the marketing space, you don't really think of the filter through to media until you physically live in it, you just think about advertising. So I think to them then their  
10 immediate guttural reaction is to go to these big digital platforms.

CHAIRPERSON: Because we have focused, I mean why I'm raising this is should we be interested in things like Google Maps and how people appear? Are they seeing that as an alternative form of advertising? The Facebook Marketplace, it takes away that group of advertisers that are important to community.

MS. KATHERINE BELL – CAXTON MEDIA: I don't think that's something I can really answer. I deal more with the national efforts, but it's definitely something. If we speak to at a local branch level, we'd probably be able to give more insight into.

20 MR. PAUL JENKINS – CAXTON MEDIA: I want to know, where've our local advertisers gone that used to be doing ROP? Where are they now? Where's the pharmacy? Where are they advertising and how does digital serve them?

MR. JC MILLER – CAXTON MEDIA: Ja. James, the point I want to raise regarding Google products and what you're asking is that we

need to understand that although we're talking now about the publisher can't and the publisher website, the moment you log into your browser and you start using Chrome, Google starts generating or getting information from you as a user. So every single product that is linked in a specific way to your website is generating information or data about that user and we don't know what Google is doing data. So, definitely, I think the whole Google product stacked at the end of the day will have an effect. Not necessarily from a primary focus point of view, but definitely from a secondary focus point of view.

10 CHAIRPERSON: I just had two follow up questions. So, Katherine, I thought the way you framed the issue was interesting and different to what we're hearing from Google. So, Google and Facebook will say, we bring you audience, we give you opportunities to reach an audience. You're saying you're there intercepting your audience. So maybe if you could just unpack that, why you say that they're intercepting rather than bringing your audience?

MS. KATHERINE BELL – CAXTON MEDIA: Sure. I think it's from our point of view it's easy for them to choose that narrative because it suits the storyline more whereas, from our point of view, we're very  
20 much strong held into we need them, there's no doubt about that. The magnitude of what they are doing, as I mentioned, if we move away it's detrimental to any future sustainability of our business. So what we are saying is more, let's be a bit more transparent and let's walk this path as so called partners together as opposed to them using our collateral. You know how much resource goes into creating one piece

of journalistic content and the minimal or marginal revenue you can make off that and then for them to essential free load without us seeing any or reaping any benefits or rewards for that. We are not getting to know that user. They have chosen to deprecate third party cookies which has made our first party data strategy so integral, but if we are not even getting that user on our platform, we can't physically collect data on them. So, we don't have much more to do except for the fact that when we might [indistinct 01:46:01] they can say, oh but your click through rate is within the range of whatever percentage it may be. That's so minimal if you look at the 100 percent of the users coming in. We're getting such a small piece of that pie onto our platform. So we can also turn around and say with products like Google Discover, sure that's potentially people who might not have seen our content before, but where's the opportunity cost as to how many of those users that used to come direct onto our platform no longer have that opportunity at all because they've been entirely removed by a Google product that is more curated to them. So it's more just let's be transparent and work more openly with each other than completely taking that user away from our experience.

20 MR. JC MILLER – CAXTON MEDIA: James, can I add to that? I think it's unknown to us to what is the value of the user to Google. And if we talk about clipping the ticket, so before they send the user to the us, in what way are they clipping the ticket and what value are they extracting out of the user and how much money are they making off the user? So it's easy to say, ja, we're giving you traffic and we're

sending users to you. If I can use a simple way with the Google Discover, how much money are they making when the user is landing on their site? How much money are they making before they send it to us? So we don't dispute the fact that we're getting value from referred traffic, the question being is that how much value is that user worth for Google?

CHAIRPERSON: And I'll come back to that but I just wanted to follow up on one thing and Servaas I think you said initially they were a partner. And I just want to understand how things have changed  
10 because we're looking at this now almost as you would say a point of dependency, but it may not always have been that way. And what I'm interested in is the fact that we hear about you know, news initiatives that started way back. Even Facebook sort of having a journalistic training interaction. A lot of how to use the platform, how to take advantage on it, but has there been a shift of courting you to now sort of saying well, we have you?

MS. KATHERINE BELL – CAXTON MEDIA: Sure, so as Servaas mentioned, when we started or embarked on our journey so 10, 15  
20 years ago, Google very much came in and said let's hold hands, let's walk this journey together, let's be partners in this. Come, we'll show you the way. And the recent years where there's now shifted entirely is they've become our competitor, they no longer, they provide services to an extent where they are partners, but they're our direct competition now where they are taking money and advertising and people, which are what the businesses is based on, they are



physically taking those people away from us. So that piece of the advertising budget that we are fighting for to make our business profitable, they are taking.

MR. PAUL JENKINS: You know, I think what might be helpful is just to reflect on the recent engagements because there was the AIP, there was Media24, there was Mail and Guardian, there was Arena and Caxton. And we entered into a whole engagement with Google which was subject to a confidentiality agreement, we couldn't talk about it. But when we were asking them for their comments on the  
10 PAIA, they wrote to us and they've now said that letter is not confidential anymore. And I think it's helpful to understand, the language that Google is using and the language that you've heard Katherine and us use, which is, we're at odds here because although we're talking about partnership and the words are easy to use, you can't have a partnership unless there is the utmost good faith. You can't have a partnership unless both partners know what is going on. So this is an asymmetric partnership where in fact we are the slaves and the vessels and whatever and Google is the dominant platform and yet we need them. So they write to us and they say, "In line with  
20 our non-binding letter of intent agreed with the PSS and AIP, we extended a showcase offer to Caxton." Now this is a new product that they're going to introduce called Google Showcase. And we're going to take seven of our articles and we're going to post them every day and then Google is going to be magnanimous in directing traffic and paying us for this news infrastructure that they're going to create that

is especially curated for, curated by each of the individual platforms. “We committed to good faith negotiations promised in the letter of intent on measures that we believe will support the South African public, interest news publishers in transitioning their businesses to the digital environment and will achieve meaningful progress towards sustainable and vibrant news ecosystem.” I mean, this is motherhood and apple pie, it’s fabulous. “We are disappointed that Caxton decided not to accept our showcase offered to date. Despite our efforts to adapt the proposed agreement for Caxton’s circumstances” because

10 we had you know, kind of fifty websites. And we said well, can you aggregate our traffic? No, no, you’ve got to have a single URL. So in order to access Showcase, you’ve got to have a single URL and we can no longer then kind of maintain 50 websites, serving 50 communities, we’ve got to have one. So mass and size is all important as opposed to I desire to be kind of devolved into the communities. So they’re disappointed. “We remained open to progressing such discussions with you should you wish. As we have explained, Showcase enables the transfer of appropriate value from Google to publishers through the display and curation of selected high quality

20 journalistic content on Googles specialised news surfaces including Google News and Discover. This benefits readers and publishers. Publishers can control and design the content that is shown in this showcase and users can access high quality news content on events that local, national and global newsrooms highlight through their Showcase panels. We repeat that Google remains available and

committed to progressing engagements with Caxton on a potential Showcase deal.” We rejected the offer and I’ve said in my letter, in my news, sorry in my Moneyweb article, the offer was derisory because it doesn’t reflect. It reflects the 2% perception of Google to the value of our content. So we’re talking about partnership but we’re the 2% partner and they’re the 98% partner. So, I think when it comes to the issues that you’re resting with on the day to day basis, yes they bring us traffic, but they don’t remunerate us for the traffic and don’t know, we don’t have access to the information so that we can sit around a  
10 table and say, it’s not fair, you’re not paying us our fair share. It’s like look, kind of we’ll send you something through the hole in the wall and you should be jolly grateful that we’re sending you traffic. So I’m sorry, it’s just, it’s not a partnership and it’s not an equal kind of exchange of benefit and remuneration etc. That’s where we’ve got the mismatch.

MS. KATHERINE BELL – CAXTON MEDIA: James, sorry if I could just, I’ve pondered your question and I think perhaps there was where the change in the relationship went from partner to competitor was one can’t help but think maybe there was an ulterior motive at some point. At the beginning it was very much let’s be partners because  
20 they very much needed our news to build and develop their platforms. Now they’re in a position where they’re established and they’re gaining traction and it almost appears that since they on longer think they need us as much, there’s no need to be playing as nicely anymore which is, it’s disappointing but it seems what has happened.

MR. JC MILLER – CAXTON MEDIA: If I can add one point, James. I

think it would be insightful to look at the amount of digital revenue that they extracted out of South Africa in 2010, 2011 and compare it to now and I think with that their position has changed significantly from being a partner to being a competitor. So we're actually now competing against them.

CHAIRPERSON: And ja, on Monday, or sorry Tuesday, I took Google through an exercise using Statistica information and their global information. And that would, that exercise would come to an 8 billion in revenues and a profit of 2.7 billion. They also said they had 100  
10 employees but their advertising is billed through Ireland. So, I mean those are things that are around. Do they, I mean does that in any way change how you think about that partnership and relationship?

MR. PAUL JENKINS: I mean Showcase was meant to be a product that would be the vehicle for remunerating us fairly for our news. Showcase had another aspect to it with AIP which was a trust. So, if they're making billions of rand out of South African, then you would expect that if in the traditional ecosystem news is worth half of that, that there'd be an offer that would aggregate somewhere near a billion for South Africa news. And I'm afraid to say that if we'd had had an  
20 offer as the South African media for a billion rand, then I don't think we'd be sitting here crying because that would actually make our news environment at least semi-sustainable. We'd be putting money back in, but that's not the language that Google's talking. What we've seen around the world is you know, as Google realises that it's kind of game is up and the powerful jurisdictions are ganging up and coming after

them, they are making more and more concessions. But South Africa, they tell us, is not the same as Australia. South Africa is not the same as Europe. South Africa is the poor cousin. You know, we're a gorilla, we'll sleep where we like.

CHAIRPERSON: I suppose we're not Australia or Europe because we have a more fragile democracy. So, interesting. But I just wanted to pick up the issue of volume and value, that sort of debate because I mean even as we discussed with Google, it's setting out for us I think, some of these principles and how one should frame them. Those are  
10 important now, you know, that's a process for us. And you would have heard Google criticise the [fair? 01:57:08] report. They do have the 2% but talking to Reuters Institute yesterday, Rasmus I think, sort of said probably 2 to 3% might be accurate in the sense of that there is so much content. And so you know, even if that is the case, you mentioned earlier not taking a sort of econometric approach but assume for instance it is 2 to 3% then what would you say to a volume based approach of assessing value?

MR. PAUL JENKINS: I mean that obviously is where the rubber hits the road. So, although we're told it's 2 to 3%, I go back to the Shiffrin  
20 approach, the kind of game theory, the fact that you've got a monopoly here, that in our old experience of news and the ecosystem, there was a 50/50, there was a sharing and there was an engagement that news brought to the person that's reading the advertisement. So advertising on its own ends up on the floor next to the letterbox, that's the leaflet stuffing, but the news gets the advertisement carried into the house.

So, you don't evaluate the volume of the news, you evaluate the psychometric effects of the news or the psychological effects of the news in creating engagement. Now, there might be content and there's clickbait. So, you know, yes there's clickbait. So what does clickbait do? How engaging is that? If news has to play itself off against the value of clickbait, I'm afraid we're going to lose, but then we're going to actually have to throw away the news as a public good and we're going to have to say look, what kind of society, why don't we just get AI to produce our news? We close our newsrooms and off  
10 we go. So it's a hard, it really is a hard issue and I think if we, as the media, get sucked into a volumetric approach to this problem, then I think we will undervalue the Mona Lisa and we'll end up regarding our news as you know, kind of kindergarten sketches. But we think that news actually creates the engagement. We think that news is the fundament of the internet. And it doesn't matter what Google says, we're sticking to our story. I don't know, does that answer it?

CHAIRPERSON: Servaas [indistinct 01:59:45]

MR. SERVAAS DE KOCK – CAXTON MEDIA: James, ja I just want to add to that and I think if Google discloses some information to us,  
20 because at this point they're giving us nothing, we're sitting with and we're asking questions, like Paul was saying, we were saying give us some information so we can get information, we can make an assessment, we can sit and evaluate. At this stage they say trust us, we're telling you we're doing this. But nothing, they don't provide any type of data and that makes it extremely difficult to just say yes, we

accept the fact that they say it's 2 to 3% so just to comment in that regard.

CHAIRPERSON: And just taking Showcase, we didn't have enough time to really get to that with Google, but you say, Paul, that there are seven articles that you select?

MR. PAUL JENKINS: Daily. So you take your seven articles, you post them and then they will give you an offer for your participation based on your data and your engagement and the size of your website and the number of hits and unique visitors that you have. Somehow, along  
10 the line, an offer will come out of Google and they'll say right, this is what we think you're worth. How they get there, we don't know. We've asked questions about, well sorry we haven't asked questions about that. One of our colleagues, on a confidential basis, has asked questions about that and I might stray into the stuff that probably is confidential. But the process was itself, to my mind, just a case of here's a take it or leave it.

CHAIRPERSON: And I suppose I just want to just pick on that. I mean, I think we had a discussion, I can't remember who last we talked about. I think the different stories, I think it was in fact Adriaan Basson  
20 from Media24 that some stories, even on your own, that get much better engagement and others less. So would you be picking out your seven best stories and being paid on that basis?

MR. PAUL JENKINS: So, the curated Showcase kind of environment would be totally under the editorial control of the individual publisher. You could put out your best stories, the stories that you think are the

most valuable, whatever it is, your reward is going to still be the same, but you would choose what you want to put in there and then that would be your, their contribution would be to create the platform and you would populate it. And then you'd get your yearly kind of offer and it would run for three years, but what it didn't do was it didn't compensate. It didn't deal with, let's call it the ecosystem effect, the combined value of news together with the platform and it certainly didn't fill the hole in our newsroom pocket. What we're looking for is news that is sustainable, a newsroom that is sustainable and to be  
10 able to derive, from the digital platforms, revenue that can sustain an editor, three sub editors, kind of deputy editors, journalists on the ground and proper news reporting. That's what we're looking for.

CHAIRPERSON: I just want to go to Meta. You've talked a lot about Google.

MR. JC MILLER – CAXTON MEDIA: Sorry James, can I just comment one thing on that, on Google Showcase? The one thing to be reminded with this is that according to Google, only Citizen qualified for Google Showcase. The fact that because they were doing it on a traffic basis so the fact that all the local sites was on different URLs  
20 and smaller, so the local offering of what we got didn't qualify. So we had to look at the different option. So with this offer that they presented was basically, it was only Citizen included in there.

MS. KATHERINE BELL – CAXTON MEDIA: Do you mind? I think, in addition to that, it's also very much a product catered for national news which a large part of our business is not focused that way and



it's not a one size fits all approach. So, even if we were all on the platform and we're entitled to choose seven pieces of our choice, what's relevant at a local level is not relevant nationally. So if we're going to pick a story that's relevant in the Sandton Chronicle, that's not relevant to the people sitting in Hoedspruit or George. So it also becomes, it's a solution that they put forward but it doesn't actually cater our needs or what our readers are looking for.

CHAIRPERSON: I just want to go back to, to sorry, sorry Paul we've just got limited time, but I mean a lot has been said about Google. Do  
10 you think that you don't have an issue with Meta or Tik Tok or X or the rest of social media? Is this just a Google issue?

MS. KATHERINE BELL – CAXTON MEDIA: From my perspective, the issue is not limited to Google. I think it's at this point that the issue of Google is so Goliath in front of us that it's, we're getting, dealing with that before we can get to the next steps. I did touch on Facebook a bit, but I think as Tik Tok is growing, as they've moved over to WhatsApp, those are just hurdles that are, there's no doubt we are going to have to cross in the near future.

MR. JC MILLER – CAXTON MEDIA: I think we're using more tools of  
20 Google at this stage and I think that's why it's more prominent, but as Facebook and those guys will provide tools and log us into using that automatically, then that will play a bigger part.

CHAIRPERSON: Maybe just in terms of remedies, I mean again Erasmus Neilsen made an interesting comment and I think we'll pick it up more with Anton Harber, but he kind of said where we are now

it's a winner take all and the remedies being proposed are just going to achieve the same outcome. They service big media, they don't service a diversity of media. I mean just to get Caxton's perspective on that comment. And I probably framed it a little more bluntly and he was far more diplomatic, but ja. Or at least benefit the most.

MR. PAUL JENKINS – CAXTON MEDIA: The Gibbs conference pulled together a lot of the media and there was a them and thus. There was a sense, at that point in time, of them and us. The big guys, as you can see, engaged with Google but bound by confidentiality  
10 which, I must be careful, my note says, from my lawyer says be careful. Be careful you might get sued, but nevertheless, I think it's very important that this is a privilege, well it's not a privilege, it's a semi privileged occasion and I think we've got to be transparent because if we sit her and sit on our hands because we can't talk about stuff because of the word confidentiality, I think that's crazy. There's nothing confidential about Showcase. So, the Gibbs approach was quite divisive in the sense that the mainstream media who would then try to sit around the table with Google, didn't participate. And it was very apparent and I mean I've been in the media for 40 years, not by  
20 accident but because we are very, very focused on the fact that you can't sustain the public good of journalism without plurality of voice, without diversity, without everybody being able to participate. And when we came off the rails, we decided, as Caxton, that there will never be a confidential kind of arrangement again. Whatever we do has to be known to everybody because the suspicion and the kind of

division that it creates is just horrific. So I think that we as the big media have a responsibility to see that the little guys actually have a way forward and are also looked after proportionately. Media24 has got a bigger loss and therefore they need more money than perhaps we do because we're smaller. And the little man in the street or the little media in that AIP will talk to you about, there might be a different solution for them, it's a great thing, but we need to accommodate all news, all players, plurality of voice and we need to come up with the solution that this trillion dollar company, if we're talking Google, Meta, etc. that we find a mechanism that contributes towards maintaining the newsroom and maintaining the reporting of news. Look, Caxton wants more money on its bottom line. We're a commercial organisation, we're listed. So you know, there's a tension of how do we make money out of our platforms, how do we make commercial money, how do we make this a sustainable business? There's people that are in media not for the sustainability but because of the public good. We've got to accommodate them all. So I mean I don't have a disagreement with what Rasmus is saying.

CHAIRPERSON: And I think we've been clear from the start of this process and the importance of having an enquiry as opposed to just running some legislative process is that you know, this is South Africa, we need a, if there is a solution we need our own approach to this, but copying and paste, as someone put it earlier this week, from abroad, may not serve our needs. We are different and that's why an enquiry was so important. I mean it also seems that some of that is

falling apart and I think it's important to have a long run sustainable solution and that's why fixing the markets may be the most appropriate aspect. But I mean you do see what's happening abroad. Do you have aspects which you think South Africa is different and how we might approach this differently to, just for the panel at least to think about, especially as we still have time in these hearings to get ideas from people.

MR. JC MILLER: I think the diversity in the country is one aspect we need to take into consideration and I think we need to make sure that  
10 our community get news and that they are informed and that they entitled to news. And I think that makes us different to what other countries, Europe and Australia and even the states. So, in that regard, definitely there's a difference. And also, if we're going to squeeze, I'm talking now from a local media point of view, if there's going to be less local news available in our communities and our communities are not going to be informed, it's going to be a massive, massive issue.

MR. PAUL JENKINS: The audience that is the audience of a community newspaper is our audience tomorrow and it is kind of  
20 national news audiences the next year. So we've got to be very, very astute to look after the entire infrastructure. And it might, and I think we're at the point where newspapers are a kind of, you know they're on a different trajectory to digital. The digital kind of environment is a fabulous environment if it's not dominated by a single player or two single players because it provides for easy dissemination, it provides

for wider dissemination and it provides for communities to be informed. We've got other issues in terms of access to broadband, the internet and things like that. We need to solve those issues because if we're going to use digital solutions to address the news deserts, then that would be a fabulous thing but then we need to give people access to broadband. The more literacy you have, the more news you have, the more news organisations you have, the less information you have, the better your democracy works. And we're all living in this country, we're all operating businesses here so we all are invested.

10 And that's why I think it's so important that we've got civil society. You're going to hear from Anton just now. I mean and the other civil societies that you've heard from. We have to all collaborate. And, I mean, Caxton wants fair compensation for its media which it expends a hang of a lot in making. You heard from Moneyweb the other day. Ryk van Niekerk came and gave you his perspective. He needs money. He's not sustaining his newsroom, he's running at a loss. It's just, it's unsustainable. So when you wake up in a year's time and Moneyweb is closed, you'll say well there goes an independent provider of financial news. Financial Mail is, it's well known in the

20 market. They are potentially for sale, they're potentially going to close. That's your financial journalism. So we've got a crisis. If there was a more, if there was a 30%, apportionment of the profits that Google makes from this country into an equitably administered fund, it would go a hang of a long way because that would be, how much is your number there? That would be a billion and a half rand a year. And if

you asked Anton whether he could actually do something with a billion and a half rand a year to make a sustainable news kind of environment in South Africa, maybe some of us would get less than we think we're worth, but we'd all get something. And it would be a jolly sight better than seeing 80 billion dollars of profit in Ireland and the Isle of Mann which pays no tax in South Africa. So I think the starting point is, sorry and I think you've got a much more difficult job to wrestle with because the US SEC etc. are wrestling with anti-trust because the size and the dominance of this single player is exercising governance now, not  
10 only in America, but in Europe. I don't have an answer, but I think that creatively there is, there's enough will and there's a united media in South Africa. There might be a bit of green eyed monster getting in the way you know, if somebody thinks that they're getting too much, but transparency is what's going to solve that. Sorry, I can't add more than that.

CHAIRPERSON: Just one last question just from what you've raised. I mean you've raised the responsibility lies with many and I think we also heard from Styli from the Daily Maverick on Friday about sort of government but he also raised the issue of business and you've  
20 raised, in a sense, [indistinct 02:16:07] with your business who you want to hold to account but then has to advertise. I mean your perspective on businesses role in this and the solution. Is there a role, from your perspective?

MR. PAUL JENKINS: I think that business regarded as somebody else's problem. This is a democratic problem. Moneyweb would be so

fantastic if all the banks decided that we would put some of our advertising spend behind the Financial Mail, behind Moneyweb, behind you know whatever mainstream financial publications there are. But they don't. So how do you force a business to actually support a publication that is promoting the free flow of information with advertising? What's happened is that many news organisations are starting to come up with this idea of donor funded or benefactor funded media. I don't think that's an answer. I don't think that you can force business into supporting the media. I think again, they've just  
10 got to, businesses will advertise and it's a free market and I think that if you start forcing too many solutions on too many people then it becomes like a subsidy and it becomes uneconomic. So I think that business and advertising, that's where the answer lies. If you're in the business of publishing then you're either going to fund it because you've got other forms of income and because it's a passion in which case you almost philanthropically funding your businesses. Caxton indulges in a form of philanthropy in supporting its media. But I think that we shouldn't go too far and try and you know, impose solutions on big business. And I think the problem is that then you say well  
20 government, let's impose a tax. But that problem, the problem with that is that you then start to affect the other side of media which is its independence. So I think we've got to find a more equitable way of taking this platform and if media worked, for better or worse, under a printed ecosystem in the 80's then I think we've got to say what is the, we've got to find a way of determining a fairer value for the

contribution to the platform as opposed to having a platform that is untethered from the content. And if the platform which is generating these billions is paying its fair share towards the sustaining of media, the structure I think will kind of follow once we've got the solution and there's a principle of forcing, or regulating, that the platform has to come to the party.

MR. JC MILLER – CAXTON MEDIA: Sorry James, can I add?

CHAIRPERSON: Unfortunately we are out of time, I do apologise, but we'll obviously take your submissions. But it has been incredibly  
10 useful for us. I think Caxton does come with a different perspective given your local media portfolio and thank you so much for highlighting that for us. And I think what you said about being a level above the independent community media means we've got multiple layers that might be affected in different ways and it's useful to understand how those layers are affected. I think it would be useful for us to get more information and more information where your mom and pop advertisers have gone but we'll engage further on that. But I think, as Paula said, thank you for all the submissions you've made, the effort you've put into this inquiry. We know you're resource constrained but  
20 I think it would lead to a much more insightful inquiry outcome if we have that information and so we thank you for that. So thank you, Caxton. And we're going to take a five minute break and then we'll be followed by the Campaign for Free Expression. And we'll run a little over time so we ensure that CFE gets its full hour as well.



ADJOURNMENT

CHAIRPERSON: Welcome back to the public hearings of the Media and Digital Platforms Market Inquiry. I think we're privileged, I would say, to have Anton Harber, a prominent veteran of the journalism industry, coming here in your capacity as the campaign for free expression. So welcome, Anton. I know you've got some opening sort of statements and presentation and then we'll have questions for you.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION:

10 Thank you very much. Yes, I have a few things to say and then happy to engage in discussion. I hope not to take too much of your time. Thank you for the generous introduction. Just two housekeeping points. I've been referred to as Professor. I'm former professor. I'm here in my CFE capacity, but I also run a thing called the Henry Nxumalo Foundation which enables and funds investigative journalism so if there are any issues around that that you want to discuss, it is an area I know quite a lot about. Let me just start by thanking you for the opportunity because these hearings are really important. I think the fate of our journalism and our news industry may  
20 lie in your hands. I know it's tradition now to say no pressure, but I'm saying pressure. If we don't find a way of addressing the market failures, then we could see the continued decline of our news media and its partial or even full collapse. I mean full is a big word, but near full collapse. You might ask why a freedom of expression activist is concerned at the need to deal with social and online media and

possibly regulate it. These platforms, after all, have contributed significantly to the sharing of information, the building of communities, the democratisation of discourse. They can, and some do, a fair amount of good, but unregulated, exercising enormous power without accountability, they can and some do significant harm as well. To put it bluntly, if market conditions are destroying our news media and our journalism, then free expression is hollowed out. We might be free to say what we like but we don't have the means to really convey it. If our free expression is drowned out by misinformation, hate speech, violently dangerous messaging, as if I think a real danger, then that free expression will exist only on paper and in theory. We are awed by the power of these platforms. They've become the gatekeeper to most of our information, the gatekeepers to most of our information, deciding what is important and what is not, what news to elevate, what to brush aside, which voices should be promoted and which should be demoted, what is acceptable speech and what is not. We have built up a [no sound 02:30:36 – 02:32:29] that it was at its peak in the early 1990's when newspaper circulation hit its highest. We've already had the closure of some important and major titles like the Pretoria News. And this is the year I think it will accelerate. We have heard mention of the financial mail this morning. It confirms what we're all hearing. I think it's also known in the industry. You know, the Sunday Times was the giant of the industry. It was the Google of the 1990's. Dominant, a money machine in the industry and its future is now precarious and uncertain and I think that demonstrates the extent of the existential

crisis. I'm hearing of major media companies that struggle to pay their bills. All are retrenching. The aim is no longer profit, but just survival. Whole areas of our daily life that were previously covered by multiple newsrooms such as the courts and town councils are now only sporadically covered. We've always had, to use the phrase used earlier, news deserts, but we are seeing these creep from the fringe to the centre as kind of wave of increasing desertification in our news ecosystem. One particular area of concern is hyper local news, much of which came from the community media sector. I think this is one of the hardest hit with many titles and radio stations ceasing or downgrading their operations in the last few years. We've always struggled to know what's going on in our small towns and rural areas even when there were more community papers. I would say now that we know less than ever. And I think in our discussion of solutions, there's a real danger that the small, local, vernacular, including the vernacular outlets, are forgotten in a deal with the bigger national media. But it's one news ecosystem. If the locals and the hyper locals go then the nationals also lose that feed of news. It's important to consider the ecosystem as a whole. A lot has been said this week about what the demise of our media and our journalism means for democracy, I'm not going to dwell on it because much has been said, but I want to add a couple of aspects that I think are sometimes under played when one talks about the impact of the decline of our news media industry. The first is how it hurts the working of our economy. Without trustworthy journalism there's poorer governance, there's

more corruption, there are blockages to the economy which we would know less about or nothing at all. Individual businesses also rely for their decision making on the flow of news and information. Some business leaders have recognised this in their support for elements of the news media in recent years as their support has been, as the support of some has been important in keeping elements of the news sector alive. Paul addressed this a little and I would emphasize that some businesses moved in to support specialist units in our news ecosystem and that support has been very important in keeping some

10 of the work, particularly investigative work, going. That's at one end. At the other, good journalism and an active media has a tangible impact in the quality of life of ordinary citizens whether it's to report things like that their grants are late or to explain to people their rights and how to exercise them, it's a critical role. When news media retrenches journalists, it is the crooks, the thieves, the corrupt, the state capturers, the demigods who celebrate. It is the citizens who feel the pain. And I want to emphasize, and this is something I've seen because I do quite a lot of work with the media across southern Africa, many of which their ecosystem is defined by deep financial pressure.

20 And where you have that financial insecurity, what you see is the loss of independent journalism. You see journalism, but you see very little independent, critical journalism because without the financial security, an outlet has to be more careful, take fewer risks, be cautious of who they criticise, worry about legal action or withdrawal of advertising. The days when newspapers were making lots of money, they could

better withstand threats to their independence. The Sunday Times, the giant it was, when the advertiser said we're pulling out, they would shrug their shoulders and say, that's a pity because they knew they would come back. Nowadays it's much harder to say goodbye to an advertiser. I also don't want to suggest that the big tech platforms are wholly responsible for the problems in our market. There's also been management and editorial failures that have contributed. I don't know if we need to go into that now, but one can't blame everything on the big platforms although they do play an important role in the overall ecosystem. I listened carefully to the evidence given this week by some of their platforms and some of them portray a kind of mutually symbiotic relationship with the news industry. Very sharp contrast to how they are seen and portrayed by publishers and editors. I would say that this relationship is one of potential symbiosis, could serve both parties well, but is falling short. As I said, the tech platforms can and some do play an important role but they can also do tremendous harm if left to their own devices i.e. if we leave them without the sort of oversight, accountability or regulation that oversees other media. Let me deal quickly with two issues that have been disputed in the course of these hearings. On the issue of fair compensation and the information that's needed to establish what there is, what fair compensation would be. There's no doubt that to have a fair discussion and negotiation around fair compensation for the use of news material, publishers and broadcasters need more relevant information. Without it it's like playing a game of rugby where only one

side knows the rules. I hear the concern from the platforms that there is a limited information they can provide, but there are ways of dealing with this which I think are within your powers. You can be given the information confidentially and can determine values that could inform the discussion. A third party expert could do it and also conditions of confidentiality. And I would urge you to use your powers and authority to ensure that both sides get to know the rules. Google told us that they release a lot of information but I think this is only at a certain level, most of it dealing with the publisher's own sites and audiences, 10 not at a wider or country level, the sort of information we need for this discussion. I believe you have copies of our letter of request for information and our PAIA application to Google and we're following up with other platforms in the near future. And I think the questions upended to that will give you an idea of what we see of questions that need to be asked of them and which they need to answer in this regard. There's also a good guide, I think, to the data needed for a fair exchange in the research document, Data Sharing to Foster Information as a Public Good, published by UNESCO and if you don't know it, I'll send you a link. The publishers have repeatedly said that 20 the platforms arbitrarily and silently, often silently, tweak their algorithms in ways that affect the publisher's audiences causing huge fluctuations that leave them quite helpless and often bewildered. As the gatekeeper to our news, the people who can decide what to promote and what to demote on our news agenda, that platforms have a special social responsibility. I thought a bit about how, at the peak

of the newspaper industry, the newspaper distributors were semi cooperative. They were owned by some companies, but they operated in a broadly cooperative manner. As publishers, I recall us meeting with them weekly to discuss what and where our papers were selling, how to reach our audiences better, with detailed lists of where the paper was selling and it wasn't selling. Now it's in the hands of, well we don't really know. Who or why the algorithm might be tweaked to the benefit of some publishers to the detriment of others. It's an extraordinary power and for it to be exercised in secret is worrying, even dangerous. It's like changing the rules of rugby in the middle of a game. It can make rugby even more confusing and obscure than it already is. The platforms were exercising an extraordinary power that is easily misused or abused if they're not accountable. That's essentially what I wanted to say. You know, I'm here to spotlight what I think are the biggest technical and structural challenges to free expression, many of which are not readily apparent, but which are shaping our information, our knowledge and our public discourse. Thank you.

MS. PAULA FRAY: Thank you, Anton. You spoke about the Henry Nxumalo fellowship. Not fellowship, but the foundation and I wonder if you could just say a little bit about the impact of the current economic situation in media on investigative journalism and what that might mean for the country.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Definitely. It's well known that investigative journalism is the most

risky and expensive kind of journalism because it takes time, it takes resources, it takes special skills and it's usually the first to go when people have to make cuts. And I don't think you need me to tell you what an important role it's played in the history of this country. A huge shaper of our, influencer of our national politics for a long time. So the Henry Nxumalo Foundation is designed to try and fill some of that gap. It raises money and gives it for investigative projects. So sometimes there's somebody in a newsroom who says I've got a great story but I need three months to do it and my newsroom can't do that, we will  
10 enable that. So that's the kind of work we do.

MS. PAULA FRAY: Do you see a shift in the kinds of stories that are being investigated because of constraints in the newsroom? Are you seeing a shift away from the very big investigations to investigations that might have quicker returns?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Yes. We are finding, look I think the days when you know, like of the info scandal when journalists, or a team of journalists, could work on it for two years, those days are gone. We support a group for maybe up to six months, a team of journalists. So yes, it tends to be smaller,  
20 quicker, doable stuff that needs some time but not crazy time. What I am finding in my observations are that there's a wider range of investigations that are coming up which I think is quite healthy. They tended to all be around, you know, corruption and related issues but we're seeing a lot of stuff in environmental crime and other stuff.

MS. PAULA FRAY: Just the last question from me around



investigative journalism, is it possible for us to be able to quantify the financial impact of financial journalism on the country just in terms of maybe not all investigations but some of the key ones in terms of what they've saved the South African economy?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: I

wouldn't know. I mean it would take an imaginative economist to do it and I couldn't even guess except to know that the financial cost, I would say, is one aspect. The financial savings, but you know, the political social things are much bigger and of course those have  
10 financial implications, but I would have no idea how to measure them.

CHAIRPERSON: Anton, I just wanted to pick up on Paula's previous question, the one before she just asked. Just on, I mean I think one had a sense that at the point of almost crisis in the Zuma years, a lot of support happened for investigative journalism around corruption. Have you seen that sort of backtrack a bit in more recent years or is the level of support still there coming out of at least business more broadly and international funders?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: No.

Because of the role investigative journalists played in that period,  
20 there's been excellent support ca that niche. So, certainly in the first few years after that, we saw three or four of top level teams at work. Now that has shrunk a bit, it has shrunk a bit because inevitably that kind of philanthropic support can't be sustained forever. So we still have very good pockets, but yes overall I think there's an inevitable shrinkage. It goes in waves and state capture brought a good wave

and I would say it's receding now.

CHAIRPERSON: And I did mention in the last session that I would come to you on this, some of the points made by the Reuters Institute, Rasmus Nielsen, about on, so let me just unpack the first one. His view was almost with the path we're on, you're going to have a winner take all environment where one or two, and I assume he's talking about national, might survive because they could build a subscription brace and a paywall and will all target people like him who are probably people like us as well. But outside of that there may be a  
10 desert for the rest of population and the citizens. I just wouldn't mind your comment on how you see it playing out because you talk about collapse or near collapse?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: I'm sorry, I was unable to see his presentation yesterday. But certainly the global pattern is very clear. Certain more global and mostly financial titles are making sometimes more money than ever through successful paywalls. New York Times, Wall Street Journal, Financial Times, The Economist, The Guardian, to the extent that it's grown into a global title. And I think that pattern is reproduced here in that outlets  
20 in South African have struggled to make paywalls work because I think of our economic situation and the inequalities in the society. It's quite notable, I mean let's just speak about it quite frankly, that News24, which is the big, I suppose it's now the Sunday Times of our news sector, recently announced that it had hit 100 thousand subscribers. Now that's significant. I don't think it's enough, but it

indicates that they might be the only people successfully getting and building a subscription base. It's interesting to ask why that's the case. I think it's because the position they're in has given them more scope to spend and experiment and do what it takes to build it and others have been less able under financial pressure or less willing under financial pressure. But yes, I think we're facing a real scenario where we are left with those who can make paywalls subscribe and they're inevitably focusing on wealthier readers who can afford to pay for it. And then those pockets that may get philanthropic support or that kind  
10 of support. I mean I would point out that newspapers at their peak were only bought by 25 or 30% of the population. So it's a bit like a return to that situation where the financial situation defines the news market essentially by class.

CHAIRPERSON: And maybe just to pick up on that, before I come back to the sort of global and local dimensions, I mean you have said in your presentation here, that platforms have done a lot of good in democratising news and stretching, giving voices to others and again I'm just going to draw from Rasmus from yesterday, but he made a point that people have also gone to social media because they're not  
20 seeing their voices in the mainstream media and they're looking for their voices or people like them to give expression to their view of news in social media. I mean, if we have to find the symbiosis, where do you think it sort of lies because you can't throw out all the good necessarily as well? I mean, have you given some thought to that?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Well,

you know, if there was a way, one would want social media to have the same kind of regulation that traditional media does which means them taking responsibility, or at least some responsibility, for their content. I mean I think what gets us here essentially has been that American law, I think it's called Section 203, which absolved the platforms of responsibility for their content and it was argued, maybe rightly at the time, I think under the Clinton administration, that it was needed in order to open up the internet as a place for innovation and growth. But now we carry a terrible burden because of that rule.

10 Essentially, many of the problems we're looking at are because they do not have the same responsibility for the content they carry, that the traditional media does. Some of them have, we know as I said, accepted some responsibility for their content, but I think they've only done what they've been forced to do and it has proven inadequate. And of course, in the case of X, they stopped doing what they did. If one's going to deal with disinformation, in the end it's got to be about the platforms taking full and proper responsibility for what they carry. And that has its complications, I agree it's not easy.

CHAIRPERSON: I just wanted to pick up on that point because that  
20 rule, as you rightly point out, is an American law. It's not South African and we have our constitution. So has the media sought to hold platforms to account here under our constitution for the kind of disinformation that thrives and in particular, the tax on journalists that were highlighted as well last week that these platforms can be used for.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: I

mean there's certainly been pushes from the media and civil society in some groups and journalist groups angry and upset about, for example, the attacks on journalists, so it's a good example and the impact that has. But I think that's around the world and it's because of that kind of political pressure that they've done what they do. But in my view, that Section 203 is now a huge albatross that needs to be looked at again. I hope I'm getting the name right. I can't remember if it's 203 or 204.

10 CHAIRPERSON: I think 203 rings in my head as well, but I think we know what you mean. It's the fact that they're not responsible for the content that others post on their platforms.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION:

That's right. It treats them like telephones rather than media.

CHAIRPERSON: And I think that even may come up for US Supreme Court scrutiny soon if I recall. I just wanted to go back again to this sort of winner takes all because, I mean as you rightly point out, New York Times, Financial Times, The Economist, may be here, it's News24, but is there a global dimension to this as well in terms of  
20 some of the let's say foreign media, big global media becoming then more prominent, even in a South African context? And I raise it because you know, whilst we were preparing for this week I was just sort of Googling around the Joslin Smith story to see how they reported, but I was just surprised that it was Associated Press, BBC, Washington Post and then News24.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION:

There's no question that publications like The Guardian and the New York Times are moving into the gaps created by the demise of, the decline of media in places like South Africa. There's no question that you know, they used to have, they used to sell newspapers across America, but mostly in New York, the New York times that is, that were measured in , hundreds of thousands. They have over 10 million global subscribers now and that's part of what makes them viable and of course it's much easier for us to, it's expensive, so it's limited to  
10 only those who can afford quite a lot of money, but it's more easily accessible to us and there's no doubt that when we do a search on South African things, often they come up. So yes, globally you're going to see those that are flourishing in for very particular reasons becoming increasingly dominant as others become silent or quieter. In South Africa, let me just qualify what I said. I mean News24 is the biggest commercial, but of course the ABC is the biggest, has the biggest audience of all. And we know that it's in a constant state of financial precariousness and how unhealthy that has been for its operation and its independence and the impact it has.

20 CHAIRPERSON: And to move from global more to local now, I mean I think we all accept that a local newspaper can't put up a pay wall. So what are the implications? I mean are we going to see winner take all or are we going to see corporate local papers predominate if things remain unchanged?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: So

let me say, there would be greater capability to work behind paywalls if many of the publications were able to spend more on what makes paywalls work. I mean I think the problem is we've been a downward spiral because you know, to make a paywall work you have to spend on editorial. You have to make it enough value for people to spend money. But in fact the financial pressures have meant retrenchments which then make a paywall much harder to work. So we're in that, we're in the downward spiral of you know, retrenchments, reduction of the newsroom therefore the audience is less interested. It requires  
10 significant investment. And that's really what, for example, the New York Times did. When others retrenched they were able, for various reason, for example, and The Guardian, to spend money on not just sustaining but growing their editorial. New York Times 20 years ago, which always has one of the largest newsrooms in the world had about 11 or 12 hundred people. They're now up to 18 or 19 hundred. They've been able to invest to get that audience. So I do think the likely scenario is...the other point about paywalls that we've learnt from streaming outlets, there's now a proliferation of streaming outlets, but most households can only pay for one, maybe two. So it's going to  
20 affect that market. They're unlikely to all survive unless they're specialists, unless they go for specialist niches within the audience. So I think what you're likely to see surviving are, in a market like South Africa, is one big player because people can only afford one and then specialist operations like Bekisizo or AmaBhungane that are sustained in non-commercial ways.

CHAIRPERSON: I want to come to the value of news, but just one question I had, I mean around diversity, plurality of views, I mean we have heard also from radio and of course the SABC as you pointed out, how important is that diversity amongst the sort of former print, let's say, who now may have a digital presence, as opposed to try and bring that from radio because some of the community radio is trying to give a voice to that community and it may serve that and they, I think some of the viewers, I mean they haven't been as hard hit yet, but it's coming and it will come. So should we be looking at that across  
10 the different mediums or should we be focused on sort of the digital, let's say diversity of views and the former sort of traditional press?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: I mean, let me say that in what I've described, the big loss, as I think you've pointed to, is diversity. That's the big loss to our society, our media and our society and our economy. Fewer voices, less diversity of voices, probably fewer languages because we've just got a long history that English and Afrikaans [media? 03:03:05] has been the only ones to really have much sustainability, viability. Diversity in this country has largely been carried, as you point to, by radio or  
20 broadcasting, but mostly radio. Diversity and language certainly. Radio is an easier medium to sustain. I think it's worth thinking about that. Print is the most difficult because every extra reader costs you more whereas radio, you in a sense, have a fixed cost. You can treble your audience and your costs don't change so that's a great thing about radio. So radio is a critical element of diversity, there's no



question, but I think one has to think differently about different medium. I mean I think print is not going to contribute but online can because there will be greater access, there can be greater access online. And so one thing, for example, about whether the public media shouldn't have a stronger online element because, in a sense, that's the future and even radio is going to be carried more online eventually than the way it's currently transmitted.

CHAIRPERSON: Maybe just on that point, I mean we've obviously seen the success but under threat of the Daily Maverick as a digital  
10 native. I suppose what you're raising now, I mean we've had a lot of focus on who's traditional and how to survive, but should there be a lot more focus on how do we promote digital natives then and do you think those solutions are different to what's being discussed by those who are more traditional?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: You know, if I had a couple of hundred million to throw around, there's no question in my mind I would put it into new digital online operations because the advantage is not to have the baggage that traditional media, traditional media has struggled and been slow to stay abreast.  
20 And Daily Maverick has had an advantage in that it didn't carry a lot of that baggage. So, yes I think the future potential lies in new online digital media, you know carried by a generation that are digital natives that are comfortable in that. There are other issues of course, like the cost of data.

CHAIRPERSON: I suppose, I mean the one challenge, and Daily

Maverick highlighted, this is when you're a digital native you then rely fully on the digital ecosystem and some of the problems we've been talking about. And I think we have seen, globally, the rise of some other digital natives that made a splash like BuzzFeed, but not have collapsed. Just, what you're seeing, sort of locally and globally about that balance for digital natives, is it, you said you would invest rather than the traditional, but they may be a Hobson's choice because you don't have too good options but are they facing similar problems and - ?

10 MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION:

There's no question, Daily Maverick struggles with digital advertising which is why they started a print product. So yes, I mean when I, I say I would invest in that because I think you know, that is the future but the business model is not viable yet. So that's why it would require a large invest to develop and either make a paywall work or to find a way to make the advertising market work for you.

CHAIRPERSON: And on the, I mean a much debated question of the value of news and I suppose on one level we hear the sort of ads per page or on a social feed they're just inserted. So from those social  
20 media, they will say effectively, well it's not associated with your content, I'm just throwing it in to a feed so I'm not even saying it's got value for that. And I suppose we've heard from the media around almost the social value, but that's not always a commercial value as well. So I just want to get your perspectives on how we should think about this issue of value, not just broadly but also to the platforms.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Ja, I mean what I hear is the platforms trying to argue at sort of on clicks and on actual impressions and trying to take it down to that level. And I think that's inadequate. I think that it's a critical part of a total package that gives Google, for example, a credibility and a standing and a usefulness. It may not be that you go in search of news, but if you get news as part of the package and you get credible news as part of the package, it's one reason you would broadly go there and linger there and engage. And that's much harder to put a value on.

10 CHAIRPERSON: Yes, certainly I think you are right, that is much harder to assess because you won't always have a metric like clicks or impressions and it's easy to run towards those. But that would effectively value a credible news story and I think Styli said you know, they assessed the clicks on an investigative story and it would be R1500 for one of their Gupta leak stories. But you would effectively value a piece of misinformation the same as a piece of credible information.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Ja, I mean two things that Google said that I certainly raised my eyebrows and I thought needed further investigation. They said that they favour, 20 what is the phrase they used? Original content. But I must say, when I do searches, I often find in the top few, non-original content. Some of those aggregators that we all know about in Singapore and places like that. So I'd certainly raise my eyebrows because it's not something I always see in the workings of the algorithm, but I don't

know so it's hard for me to ascertain. I also heard them say they only earned from clicks and my reading of their advertising offering is that they also earn, in certain forms of advertising, from impressions. So I may be misreading it because it's quite complicated but that was what I understood when I went to read what advertising offerings they have.

CHAIRPERSON: Yeah, I mean you're right, it's important to unpack.

I think getting transparency on an algorithm that is constantly changing is a serious challenge, but whilst they may or may not promote original content, what they do do is promote ad spend and I think part of the problem which was raised is sites are putting up ads to promote their presence such as that BNN and then attracting the clicks. That seems to be one of the challenges and I think someone raised the point of the assessment of the advertisers, not just the content. I don't know if you have a view on that at all?

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: I don't think so, no.

CHAIRPERSON: I just had sort of one last partly comment, partly just get your view on the transparency. I mean you're right, we have the powers to get that information and we have got some of that information. But we often do, so what we often do in many cases is take a remedy to the affected parties to get feedback and get assessment. And it strikes me, we still have a challenge here if we were to do that because even if we know the information, the media doesn't and so there's going to be a challenge in just assessing it. So it strikes me that the transparency has to be more.

MR. ANTON HARBER - CAMPAIGN FOR FREE EXPRESSION: Yes, I wasn't suggesting that as a sole solution. I certainly think they need to tell the industry. They need to be open about more than they are, but I accept that there might be some things that there's a good argument that is truly confidential. I think they exaggerate the confidentiality now, as everyone always does. So there is more they can share openly and with the industry. I accept that there might be some elements that are harder and then I guess we'll have to trust you.

10 CHAIRPERSON: Well thank you, Anton Harber and the Campaign for Free Expression. It's certainly been a privilege to get your insights and views given your experience and involvement in the industry. But I think that is all for today's program. Just to announce, tomorrow we have the Institute for Technology and Network Economics. We have the Independent and Isolezwe coming. And then we end off with AIP, the Association of Independent Publishers and we'll get that perspective from those also in communities where there isn't the kind of business support, as Caxton pointed out, which face far more of a challenge. But thanks to all of those who have come today, Caxton  
20 and the Campaign for Free Expression and we'll see everyone tomorrow.

END OF PROCEEDINGS ON 14 MARCH 2024